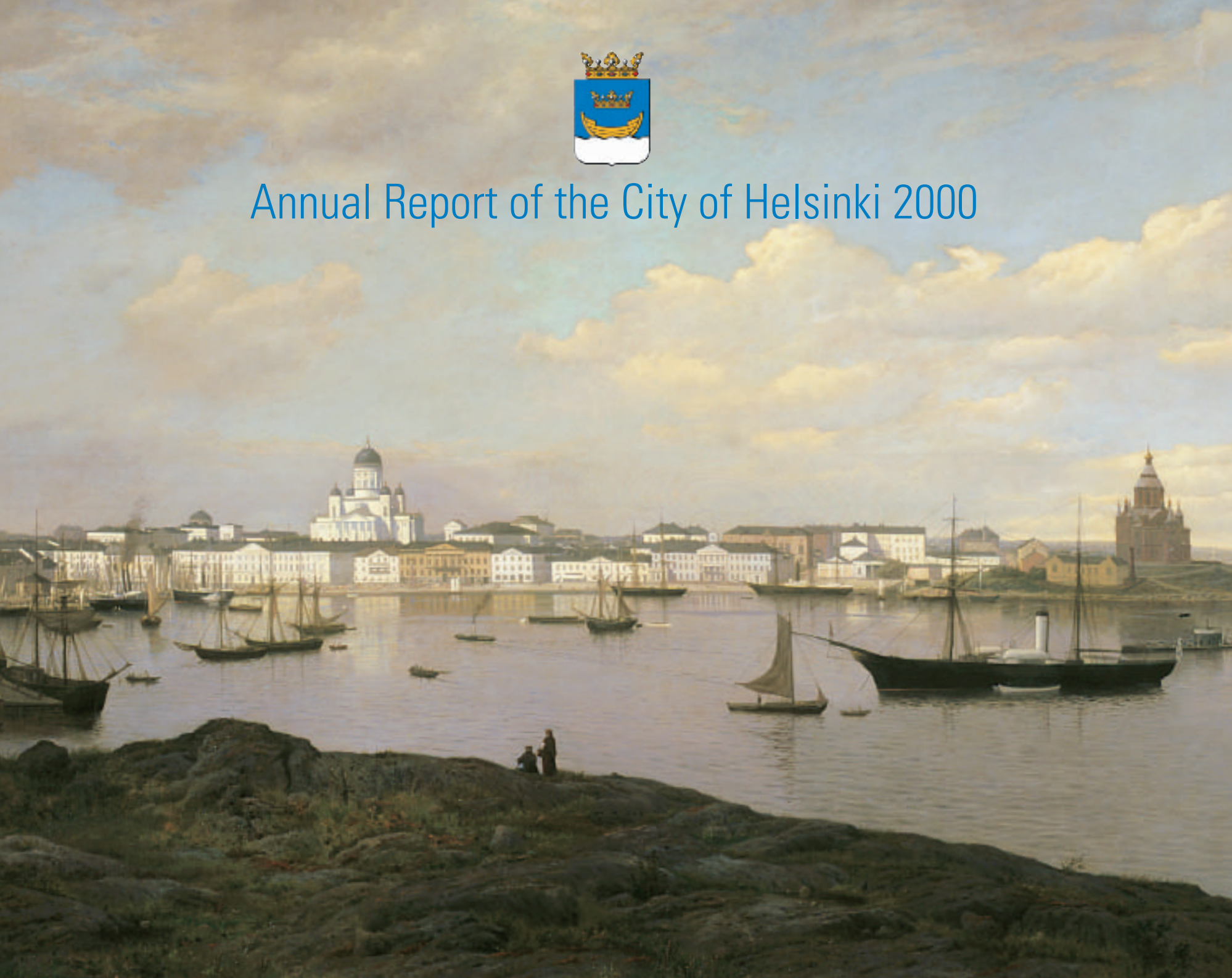




Annual Report of the City of Helsinki 2000



Helsinki

Helsinki is the capital of Finland and the centre of the country's administrative, economic and cultural life. About 1.2 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
- a high standard of living

Helsinki has been a member of Eurocities since 1993 and has been voted to hold the presidency of the organization in 2001.

Finland joined the European Union in 1995 and adopted for the Euro at the beginning of 1999.



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Annual Report of the City of Helsinki 2000



2000.hel.fi
European City of Culture



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A Message from the Lord Mayor

In Helsinki, the turn of the millennium came to a climax in a favourable atmosphere. The City was able to celebrate its 450th anniversary in conditions of steady economic progress and its status as a European City of Culture brought Helsinki into the limelight on the international stage. The foundation charged with making City of Culture year a reality constructed a common framework for all those taking part to create culture and to consume it. The rich and variegated year has left many viable seeds to germinate.

Many City departments took advantage of the celebration year to make their activities known to city-dwellers in a new way. Good City services play a key role in improving the quality of life and Helsinki wants to offer its residents services of sustainable quality. Here in Helsinki urban culture is held in high esteem at all times, not just during major celebrations.

The City's population growth slowed slightly to about 4,500. Despite the efforts of various interests, the housing production required by the growth in population in the Helsinki region did not get under way. At the end of 2000 there were 555,500 people living in Helsinki. Gearing up to the effects of continuous population growth is, and will continue to be, one of



Helsinki's key operating principles over the next few years.

In the local elections held in October 2000, the City Council was elected for Helsinki for the years 2001–2004. Of the 85-strong Council, 30 were new members. Turnout in Helsinki was below 51%; this is regrettable, as we know how the varied basic services needed by citizens are produced and that the decisions about them are made in the sphere of autonomous local government. The City's wide responsibility for its citizens is also reflected in the number of its employees who totalled 38,700 at the end of the year.

Apart from slowly shrinking unemployment figures, the year 2000 was an extremely positive one for the Finnish economy. The City's economic situation remained steady. In connection with approving the annual accounts, the City

set aside the lion's share of its EUR 388 million surplus for use in the years to come.

The vigorous economic growth in the Helsinki region is largely based on the development of information businesses during the 1990s. Behind it there is long-term work by various interests in converting the knowledge capital of the universities into business activity. The City has intensified its cooperation with the University of Helsinki and other universities, and a new cooperation agreement was signed in autumn 2000 with Helsinki University of Technology. The concentration of biotechnology – the development sector of the future – in Finland and especially Helsinki, is also a signal of the comprehensive pulling power of our city. We believe that investment in expertise will bring the people of Helsinki the best possible conditions for an economically secure life now and in the future.

Networking at the regional level has proved to be a strong point in economic and industrial policy marketing, and cooperation to improve competitiveness at the international level is continuing between the local authorities in the Helsinki Metropolitan Area and the Regional Council of Uusimaa.

In Helsinki, international aspects are becoming more and more clearly visible

in people's work and in their everyday lives. We face internationality as a more all-embracing idea and a more natural issue than before. This is the right direction for Helsinki.

Helsinki has participated in networks of European cities in a way that has rapidly opened up opportunities for fruitful cooperation. The importance of metropolitan areas in EU politics has increased more and more over the last few years. In 2000 Helsinki was chosen unanimously to chair the Eurocities organization in the coming year and the UCUE (Union des Capitales de l'Union Européenne), the grouping of capital cities in the European Union. Helsinki also maintains international relations with important cities outside the EU.

As a dynamic, modern city, Helsinki is a kind of model European city for the start of the twenty-first century. Success in maintaining economic competitiveness and success in developing a balance in living conditions for its residents at the same time, are crucial factors, and the long-term work done to secure them is the key to becoming aware of Helsinki's present situation. This gives us a good start.

A handwritten signature in dark ink, reading 'Eva-Riitta Siitonen'.

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 by special 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.

On January 12, Helsinki City Council assembled for its 125th anniversary council meeting in the presence of visiting dignitaries. When local authority decision-making began in 1875, the representatives were chosen by elections where the right to vote was determined according to the tax rate. At that time, 10.6% of the City's population had the right to vote and there were 48 councillors. From 1919 onwards there has been universal and equal suffrage at local elections.

In local elections for the period 2001–2004, held during the year under review, 30 new councillors were chosen as members of the new City Council out of a total of 85. Of the changes that took place in the relative strengths between the political groupings, most media attention was devoted to the rise of the Greens to become the second largest group.

Ms. Suvi Rihniemi (in the middle) chaired the City Council, with Ms. Hannele Luukkainen (on the left) and Ms. Tuula Haatainen her deputies.



City Council 2000

85 members representing the following political parties:

- National Coalition (Conservative) 26
- Social Democratic Party 21
- Greens 20
- Swedish People's Party of Finland 7
- Left-Wing Alliance 6
- Centre Party of Finland 2
- Christian League of Finland 2
- Metropolitan Area Independents 1

Audit Committee

- Audit Department

Auditor

City Board 2000

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

26 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
- Audit Department, General Administration

Deputy Mayor for Cultural and Personnel Affairs

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

Deputy Mayor for Social Affairs and Public Health

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

Deputy Mayor for City Planning and Real Estate

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

Deputy Mayor for Technical Services

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

City Board

The City Board is responsible for

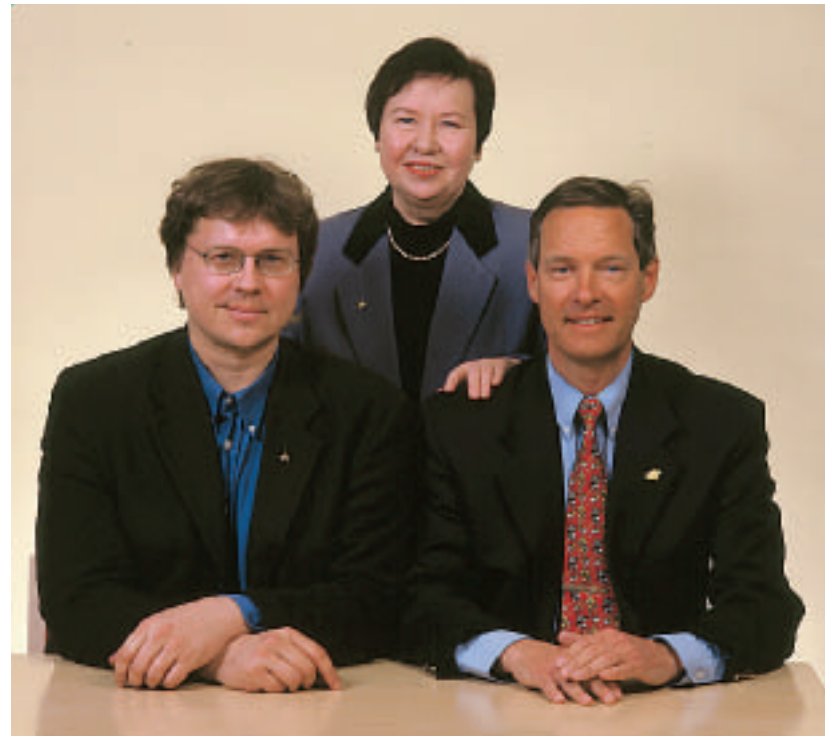
- administration and financial management
- preparatory processing of business to be dealt with by the City Council
- implementation of Council decisions
- examining the legality of Council decisions

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.

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. ●

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



The Lord Mayor's Sector



A successful economy in the Helsinki region

The City's annual accounts for 2000 show good economic progress. Tax revenues in Helsinki amounted to EUR 2,163 million. The accumulated revenue from tax exceeds the figure in the budget. The City's operating margin remained well within the budget framework, with operating income growing in almost the same proportion as operating expenditure.

To offset the positive accrual of tax revenues, the cumulative government financial contribution was in the negative for the first time, to the tune of almost EUR -13 million. Because wind-fall yields, such as sales of land or equities, have considerable effect on the annual results, there is a need for caution in considering how to finance future investments and services. We are still paying the costs of the last

recession and nobody else is going to foot the bill for Helsinki.

The favourable development of enterprises operating in Helsinki and its environs is reflected in the labour force situation and in the markets for office and commercial premises. The quality and quantity of vocational training were reviewed, taking into account the needs of business, as there is great demand in the rapidly growing technology sectors for staff with special training. The projects launched as follow-up work to the earlier trade and industry programme were completed in 2000. Construction of office and commercial premises continued at a brisk pace.

Helsinki anniversary year

The City's central administration handled much of the organization for the year of festivities. As far as the 450th anniversary project was concerned, the City Office took care of the coordination the City Council's 125th anniversary celebrations, the city's own 450th anniversary celebrations and the City of Culture events. At the celebration session of the City Council on January 12, 2000, a foundation was established to commemorate the joint 450th anniversary and City of Culture year, with the aim of providing studio apartments for artists.

An active EU city

The City has taken an active part in the running debate within the European Union on urban policy and future EU administrative practices. Helsinki was chosen to hold the presidency of both the Eurocities organization and of UCUE (Union des Capitales de l'Union Européenne) for 2001.

The Eurocities organization has established a firm position as a lobbying organization representing the interests of major cities. Key issues concerning the future of cities will be coming up during Helsinki's presidency of Eurocities in 2001.

Several City departments have implemented projects linked with their sectors in the form of international cooperation and within the framework of EU programmes. The most extensive project was one in the Community Initiatives Urban programme which was undertaken in collaboration with the City of Vantaa and completed during the year under review. The cities have lodged an application with the government to continue the work under the Urban II programme.

Marketing

More investment was put into marketing Helsinki than previously, both inside and outside the framework of Cultural

Lord Mayor of Helsinki Eva-Riitta Siitonen

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

Key figures

In euros (EUR 1 = FIM 5.946)

- Budget, total EUR 4,066.3 million
- Income EUR 20.4 million
- Expenditure EUR 186.1 million
- Expenditure per inhabitant EUR 336
- Investment EUR 15.4 million
- Personnel total 1,245
- % of total City employees 3.3

Capital year. For example, the City contributed to the Finnish pavilion at the EXPO 2000 Hanover world exposition, which proved to be the most popular pavilion in several visitor surveys. The theme of the annual celebrations of the Berlin journalists' association in January was 'Finland and Helsinki'.

Helsinki's status in the competition for international congresses was examined while drawing up a congress strategy and, following its recommendations: a convention bureau was set up within the City Tourist Office early in

2001. In terms of tourist numbers 2000 was a record year.

After long-lasting renovations to the external walls, Finlandia Hall enjoyed its first full operating year. It turned out to be a record year in many ways; 1,100 events were arranged altogether, drawing 321,000 visitors. The busiest year in Finlandia Hall's history also produced favourable economic results.

Sustainable development is always important

In the environmental sector, work on Helsinki's sustainable development action programme continued throughout the year under review. A report dealing with the indicators used in assessing sustainability in the activities of the City, its residents and the business community, was completed in the autumn. Sustainable development projects led by residents were also supported in connection with preventing marginalization and social exclusion.

Environmental activity focused on food safety issues, renovating polluted land, combating environmental hazards caused by traffic and investigation and prevention of defects caused by damp and mould. Helsinki's environmental reporting procedure has aroused a good deal of interest; in the 2000 environmental reporting competition the City received an honourable mention



The Swedish royal visit was the undisputed high point of Helsinki's 450th anniversary celebrations. It received an enormous amount of attention from the people of Helsinki and the mass media.

for being the best organization in the public sector. On the international front environmental education projects and action to improve the state of the environment in the neighbouring areas were continued.

A safety strategy was drawn up for the City of Helsinki in 2000 with the main emphasis on improving the way average Helsinki residents see their safety on an everyday basis. This is being done by stepping up cooperation between various interests, such as the police, the business community, residents, parishes and the City, and targeting action at the grass roots level.

Regional cooperation

There was close cooperation between the mayors in the Helsinki Metropolitan

Area over drawing up a joint action document for the State and the Metropolitan Area. Working groups have begun to implement the proposals. Cooperation has been extended as required by the joint action document to cover the municipality of Sipoo as well, in drawing up a picture of land-use development. All the local authorities involved will deal with the development picture during 2001.

IT developments

In line with the City's information technology strategy, major IT development projects in Social Affairs and Public Health and in the Education sector made good progress during the year under review. The main focus of IT developments for the whole City was

on improving the IT infrastructure and developing existing services for the people of Helsinki. Interaction between residents and the City administration has developed with the help of the Internet.

The threat to computer systems posed by the millennium bug was successfully avoided. Linked with the development of the information society, there was close cooperation in the Telecities and Global Cities Dialogue networks. ●

Education and Culture



Antti Viinikka



Ilkka-Christian Björklund

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 188 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. During the



A picnic in the park at Kaivopuisto – as they used to be in olden days.

summer, the City Library was awarded an important prize by the Bill and Melinda Gates Foundation for its work in promoting the use of information technology and the Internet. The Access to Learning Prize, worth 6 million US dollars, was awarded for the first time. The citation highlighted the importance of The Cable Book Library (Kirjakaapeli) in the Lasipalatsi as a provider of progressive, IT-based library services. The prize-money will be used for a number of things including the development of a service station for information.

The City is also proud to offer resi-

Deputy Mayor
Antti Viinikka
Deputy Mayor
Ilkka-Christian Björklund (1.8. 2000)
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

In euros (EUR 1 = FIM 5.946)

- Income EUR 36.2 million
- Expenditure EUR 465.2 million
- Expenditure per inhabitant EUR 841
- Investment EUR 92.6 million
- Personnel total 9,210
- % of total City employees 23.8

dents a large variety of cultural events and activities. The Helsinki City Museum comprises several separate institutions, each specializing in a different area. Helsinki also has its own art museum, which boasts a considerable collection of Finnish contemporary work.

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.



Many parks in the city were dominated by a number of 'City of Culture' concerts that were a great success with the general public.

The Opera House is also a source of civic pride.

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 organized by the City, which also runs youth centres and clubs and

arranges a wide variety of leisure activities.

The principal element in the year 2000, particularly amongst cultural activities, was Helsinki's status as one of nine Cities of Culture. Visitors to City of Culture events totalled more than 5.2 million. Assorted art education schemes and community projects were of key importance. Various forms of cooperation, between City and central government and between City and private enterprise, were implemented

in conjunction with City of Culture year. Surveys and follow-up studies have been carried out on City of Culture year to make the most of the experiences gained. The City administration has also set up a cultural committee to draw up a cultural plan that takes these experiences into account.

Special focus on employment

The City has successfully continued to combat and treat joblessness. Unemployment figures are now half what

they were at the height of the recession. Using additional funding for employment projects from the European Social Fund, efforts are being made to promote private enterprise, prevent marginalization, increase customized precision training and, especially, to solve the problems of immigrants. ●

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 emphasized 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 2000, it was possible to provide the required social welfare services and financial support within the framework of the approved budget.

In Social Affairs and Health, the main emphasis was on improving the quality of life for old people, children and young people, and a new drugs strategy was drawn up for the City. At the beginning of 2000, a project was launched on services for the aged, which to begin with focused on improving care for the aged at home. Social Affairs and Health



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

In euros (EUR 1 = FIM 5.946)

- Income EUR 174.3 million
- Expenditure EUR 1,336.7 million
- Expenditure per inhabitant EUR 2,416
- Investment EUR 66.2 million
- Personnel total 20,235
- % of total City employees 52.3

was also a prime mover in drawing up the City's policy programme on families and children, as it was in preparing the strategy on drugs. Helsinki is continuing to implement a containment strategy, with the aim of halting the growth in drug abuse and the harmful effects that accompany it, and minimizing abuse by current users.

Families living in Helsinki were able to choose from various daycare alternatives for their children: local authority

daycare and preschool placing, home care allowance, or private care allowance. There was a place for every child needing daycare, as there were no queues, and the number of children below school age who were in daycare went down by about a thousand. The biggest challenge in daycare was to reconcile the growing needs in new areas with the declining needs in older areas.

Free pre-school teaching for six-year-olds started in August and was mainly organized in daycare centres. An outline curriculum was drawn up in collaboration with Education and this was then fleshed out in cooperation with local schools.

The hopes and expectations of old people to be able to live at home as long as possible are encouraged. One of the things that has been done to help in this area has been to boost home-care services by increasing the number of vacancies for home help by 76. The City is also supporting increased supervision in sheltered housing and group homes for old people by stepping up its own activity by 16% compared with the previous year and by buying in services from the private sector. The number of people receiving allowances for taking care of close relatives at home also went up by 18%.

One of the biggest reorganizations in health care in Finland was implemented in Helsinki and Uusimaa at the



The City supports parents in bringing up their children and aims to have a strong influence on the development of children's education and the creation of a stimulating environment for growing up.

beginning of 2000. The Uusimaa and Helsinki Hospital Districts and the Helsinki University Central Hospital joint municipal board ceased to exist and a new hospital district joint author-

ity was established. The key aims of the reorganization were to dissolve the surplus capacity in specialist medical care, weed out overlaps, centralize emergency services, strengthen basic

health care and increase the efficiency of decision-making on levels of treatment. ●

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 master plan for 2002 is under preparation. The master plan is intended to provide solutions that will enable the City to respond to population growth and preserve its vitality and competitiveness. Environmental issues

feature prominently in all aspects of urban planning 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.

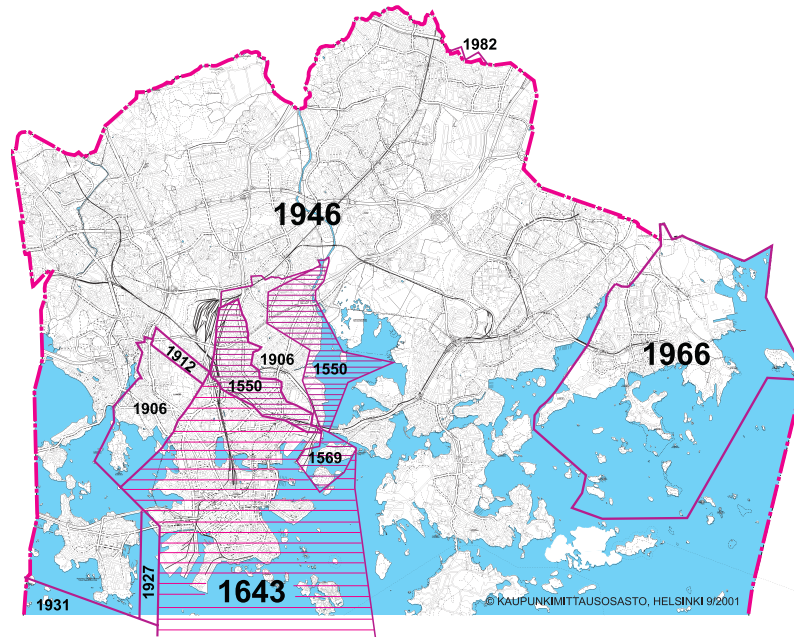
Tide turns in construction growth

The year 2000 was a fairly lively period for building construction, especially in terms of completed projects and the number of building permits granted. Towards the end of the year, however, starts were down compared with the

previous year. Despite the relatively plentiful number of building permits, there were distinctly fewer housing and office building starts than in 1999. The reduction in starts was particularly visible in housing construction. There is a natural tendency towards uncertainty as a long period of growth flattens out.

Ruoholahti – flagship for office and commercial building

Construction of office and commercial buildings continued vigorously in Ruoholahti. The last sites in the Helsinki



The City's administrative area since 1550.

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

In euros (EUR 1 = FIM 5.946)

- Income EUR 152.0 million
- Expenditure EUR 127.2 million
- Expenditure per inhabitant EUR 230
- Investment EUR 55.3 million
- Personnel total 1,087
- % of total City employees 2.8

High-Tech Centre were sold and construction of phase two got under way. Building on the Nokia site continued and the Itämerentori office complex was finished. Ruoholahti is becoming one of Europe's biggest centres for information technology. When all construction projects in the area are completed, there will be around 11,000 IT professionals working there.

Collaboration with the University of Helsinki continued. The Biomedicum scheme at Meilahti was completed, while building work started at Viikki on the third phase of the Biokeskus (Helsinki University Biocentre) and the



Over the centuries, the town that was founded at the mouth of the Vantaanjoki river has grown into a modern city containing a number of growth centres and several centres of expertise. The photograph shows the unveiling of a memorial erected at the point where the city was founded.

Helsinki-Gardenia centre. One of the aims in pressing ahead with these developments at Viikki was to provide further support for Helsinki's proposal of the area as being an eminently suit-

able location for the European food authority. Construction continued on the university's Kumpula campus area. At Arabianranta, work started on renovating the old Arabia factory building as

an industrial design centre and on constructing the first building for small enterprises. ●

City-owned Public Corporation 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. The Port of Helsinki is Finland's number one port for export shipping and is in a leading position for groupage cargo imports. In addition, more than 9 million passengers pass through the Port of Helsinki every year.

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.

Greater efficiency gives greater satisfaction

Technical Services succeeded in taking care of its principal functions according

to the targets set by the City. The Port of Helsinki set new records in both unitized cargo traffic and passenger traffic, and the port's service capacity was used very efficiently. Sales of water remained steady.

Satisfaction with public transport services continues to grow. Helsinki was given top marks out of all the Nordic capitals in a survey of public transport passenger satisfaction, commissioned by Stockholm Transport. The number of passengers grew by 3.1% on the previous year. Bus services came under pressure from fuel price fluctuations in terms of costs, but were able to survive with credit.

Helsinki Energy strengthened its



'City of Culture' year supported the use of non-vehicular public transport. The 'City Cycles' were all the rage.

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

In euros (EUR 1 = FIM 5.946)

- Income EUR 1,006.2 million
- Expenditure EUR 1,111.0 million
- Expenditure per inhabitant EUR 2,008
- Investment EUR 326.2 million
- Personnel total 6,893
- % of total City employees 17.8

position in the electricity markets, despite the fact that the markets were subject to concentration of business activity, internationalization and keen competition. Exceptionally low price levels, heightened competition and a warmer than average year led to a drop in district heating demand which reduced overall income and profitability to some extent.

Helsinki Energy purchased three hydroelectric power stations which augmented the utility's range of energy sources. During the year under review, a construction project for a new heating

plant was launched in conjunction with Helsinki Energy's associated company, Vantaa Energy Oy.

Helsinki-Gardenia, the new gardening and environmental information centre under construction at Viikki, reached the topping-out stage and will commence operations in autumn 2001. The centre is being implemented in collaboration with the University of Helsinki.

The first stage of planning the extension of the Metro to the west of Helsinki was completed. The proposed line of the Metro, running in a tunnel for its entire length, from western Helsinki to the neighbouring city of Espoo, was put forward for comment.

One big celebration

Helsinki's 450th anniversary celebrations and its status as a European City of Culture were both clearly visible in the street scene. The City was decked out with flowers and flags by the Public Works Department and festive flood-lighting was organized by Helsinki Energy. Regular cleaning of public areas was stepped up so that it was even more pleasant than usual to live in such a spruced-up City. The Public Works Department received numerous awards for carrying out their work so well.

One of the principal projects in the year of celebrations was the art garden at Töölönlahti Bay, which was given a



Mass catering has been seen as important throughout the ages. In this celebration year, Helsinki Catering helped with the catering at various events in many different ways.

particularly favourable reception by the general public. All in all, an unusually large number of urban and environmental works of art were created in the City. The most important of these was the Lähde monument, completed in honour of the centenary of President Kekkonen's birth.

In mid-July, the Cutty Sark Tall

Ships' Race visited Helsinki. Over 80 sailing ships took part in the race and, at its height, there were around 3,000 young sailors in town. The event brought close on half a million visitors into the city centre.

Technical Services received recognition for their active work in the fields of environmental reporting and com-

munications. In a competition for environmental reporting, Helsinki Water was awarded second prize in the separate environmental reports section and the City of Helsinki received an honourable mention as the best organization in the public sector for its development project on environmental reporting. ●

Finland's economic growth continues

The Finnish economy has been following a favourable trend for several years. In 2000, gross domestic product grew 5.7% compared with the previous year and favourable progress is expected to continue. Export growth continued to be vigorous and private consumption continued perhaps even more rapidly than forecast. Cost increases remained relatively modest. The rise in consumer prices of 3.4% resulted mainly from increases in the price of oil and higher interest rates. The number of jobs increased along with the brisk economic growth. The average annual unemployment rate decreased to 8.1% from the previous year figure 8.6%.

The economy of the Greater Helsinki Area grew more quickly than the average for the whole country. This is explained largely by the electronics industry, where growth in production has been in a class of its own compared with other sectors. Output of business services again increased rapidly, too.

Structure of municipal revenues varies

The composition of municipal revenues varies greatly from region to region. Municipal tax revenues are made up of local taxes, which are set by the municipalities themselves, a share of the corporation tax paid by companies, and property tax. The local tax rate varies from one

municipality to another between 15% and 19.75%. In 2000, the local tax rate in Helsinki was 16.5%.

In Helsinki, tax receipts are exceptionally large, making up 62% of total revenue, with income from operations, such as sales revenue and fee income making up a 36% share. A little over 62% of tax receipts comes from income tax levied on wage earners. The second most important source of tax revenue is the quota of corporation tax returned by the central government 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.

Helsinki economy on an even keel

The economic situation of the City of Helsinki remains steady. The impact of vigorous economic growth can be seen particularly in the increase in the accrual of corporation tax and municipal tax revenues. The impact on the increase in municipal tax revenues caused by the stock options offered by companies to their staff, as part of their contract of employment, has been considerable. Revenue from corporation tax increased because income trends for companies were better than expected. The City's tax revenues totalled EUR 2.2 billion. Tax revenues amounted to EUR 0.3 billion more than

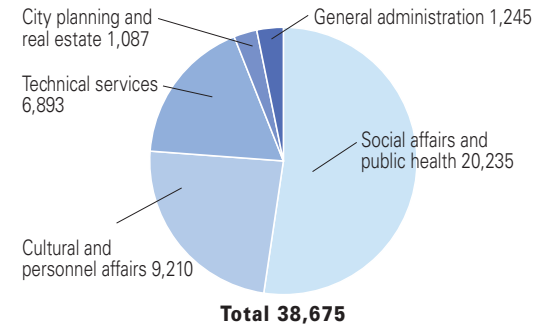
was budgeted and 18% more than in 1999.

The City's operating expenditure and income remained well within the budget framework. Including City-owned public corporations, investments by the City totalled EUR 556 million.

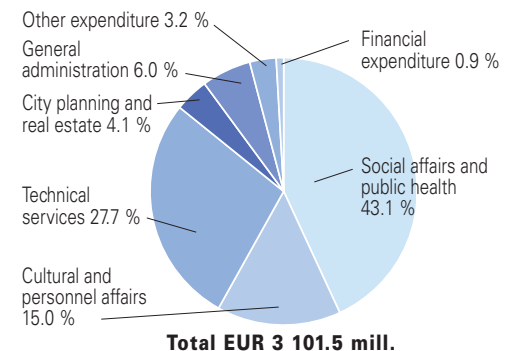
The annual coverage for the year under review amounted to EUR 506 million, compared to EUR 351 million in the previous year. According to the budget and omitting City-owned public corporations, the annual coverage was EUR 362 million, compared to EUR 180 million in the previous year.

The surplus for the year under review, before reserves and changes in funds, was EUR 388 million. It was decided to transfer a total of EUR 226 million from the surplus into reserve funds. The City's indebtedness declined further, amounting to EUR 404 per capita at the end of the year; at the end of the previous year this figure was EUR 451. Liquidity remained high throughout the year with cash on hand sufficient for 66 days' outgoings. The financial performance before reserves of all City-owned public corporations was positive. The City-owned public corporations were able to enter as income the return on basic capital set as budget targets and the interest on establishment loans, and make repayments to the City on establishment loans according to plan. ●

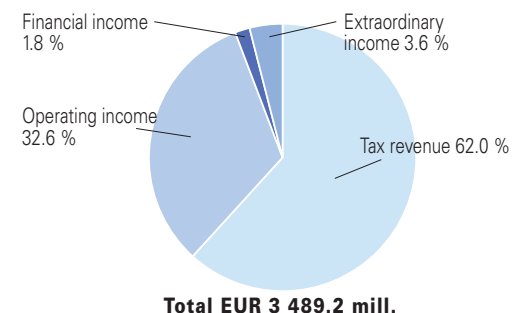
Personnel by sector



Breakdown of expenditure



Breakdown of revenue



THE BALANCE SHEET OF THE CITY OF HELSINKI

	31.12.2000 EUR mill.	31.12.1999 EUR mill.
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	37.4	33.0
Other long-term expenditure	37.6	27.3
Advance payments	1.6	0.2
	76.6	60.5
Tangible assets		
Land and water areas	2,266.9	2,241.1
Buildings	1,178.0	1,119.5
Fixed structures and fittings	1,658.7	1,646.5
Machinery and equipment	157.9	154.0
Other tangible assets	6.2	5.5
Advance payments and works in progress	236.7	204.4
	5,504.5	5,371.1
Investments		
Shares and participations	620.5	498.3
Bonds	0.5	0.5
Other loan receivables	569.6	564.8
	1,190.6	1,063.6
FUNDS FOR COMMISSIONED TASKS		
Assigned by the State	300.8	280.5
Special margins on endowment funds	3.2	2.3
Assigned by other instances	546.9	444.7
	850.9	727.6
CURRENT ASSETS		
Inventories		
Materials and supplies	54.5	53.2
Incomplete products	2.0	0.1
Advance payments	0	0.0
	56.5	53.3
Receivables		
Long-term receivables		
Loans due	0.1	0.1
Other receivables	3.9	5.3
	4.0	5.4
Short-term receivables		
Sales receivables	71.3	78.3
Loans due	0.9	0.5
Other receivables	54.5	51.1
Accrued income	126.9	88.1
	253.6	218.0
Total receivables	257.6	223.4
Financial asset securities		
Investments in financial instruments	530.5	594.7
Bonds	75.4	0
	605.9	594.7
Cash in hand and at banks	8.8	7.9
TOTAL ASSETS	8,551.4	8,102.1

	31.12.2000 EUR mill.	31.12.1999 EUR mill.
LIABILITIES		
OWN CAPITAL		
Basic capital	2,972.4	2,972.4
Connection fee fund	27.2	19.5
Revaluation fund	1,851.4	1,856.4
Other funds	612.1	397.4
Other equity	456.7	427.5
Surplus/Deficit for previous financial years	260.3	155.6
Surplus/Deficit for financial year	149.5	104.6
	6,329.6	5,933.5
DEPRECIATION DIFFERENCE AND VOLUNTARY PROVISIONS		
Depreciation difference	100.7	120.9
Voluntary provisions	123.9	109.3
	224.6	230.2
OBLIGATORY PROVISIONS		
Pension provisions	463.6	487.5
Other obligatory provisions	10.6	21.3
	474.2	508.8
CAPITAL FOR COMMISSIONED TASKS		
Assigned by the State	303.0	282.8
Endowment fund capital	3.2	2.3
Other capital for commissioned tasks	552.8	437.5
	859.0	722.6
BORROWED CAPITAL		
Long-term		
Bonds	198.9	245.1
Loans from financial and insurance institutions	0.9	1.0
Loans from public-sector bodies	1.3	1.6
Advances received	0.8	0.8
Other long-term liabilities	0.8	0.8
	202.7	249.3
Short-term		
Bonds	23.1	0
Loans from financial and insurance institutions	0.1	0.1
Loans from public-sector bodies	0.2	1.0
Advances received	13.9	12.4
Accounts payable	106.0	116.6
Deferred credits and accrued charges	247.7	259.9
Other short-term liabilities	70.2	67.7
	461.2	457.7
Total borrowed capital	663.9	707.0
TOTAL LIABILITIES	8,551.4	8,102.1

THE INCOME STATEMENT OF THE CITY OF HELSINKI

	31.12.2000 EUR mill.	31.12.1999 EUR mill.
OPERATING INCOME		
Sales proceeds	658.6	650.2
Fees and charges	118.5	132.4
Subsidies and grants	26.6	26.5
Rents	197.3	176.2
Other income	40.3	32.0
	1,041.3	1,017.4
Production for own use	94.9	84.5
OPERATING EXPENSES		
Personnel costs		
Wages, salaries and fees	-939.1	-960.2
Personnel-related costs		
Pension costs	-239.3	-212.6
Other personnel-related costs	-84.7	-104.4
Purchased services	-802.9	-639.7
Materials and supplies		
purchases during financial year	-305.7	-300.2
decrease in inventories	1.8	-2.8
Grants	-228.0	-197.0
Rents	-100.4	-92.0
Other expenses	-30.9	-23.3
	-2,729.2	-2,532.2
GROSS MARGIN	-1,593.0	-1,430.3
Taxes and government contributions		
Tax revenues	2,163.1	1,838.6
Government contributions	-12.7	15.0
VAT refunds	-86.6	-80.8
	2,063.7	1,772.8
Financial income and expenses		
Interest income	53.6	50.6
Other financial income	8.3	6.9
Interest expenses	-22.2	-28.1
Other financial expenses	-4.4	-21.4
	35.3	8.1
ANNUAL COVERAGE	506.0	350.7
Depreciations and write-downs		
Planned depreciations	-259.0	-244.6
Extraordinary income and expenses		
Extraordinary income	140.7	69.8
Extraordinary expenses	0.0	-30.2
	140.7	39.6
PROFIT/LOSS FOR FINANCIAL YEAR	387.8	145.7
Changes in reserves and funds		
Change in depreciation difference	20.2	3.1
Change in reserves	-14.6	-15.9
Change in funds	-243.9	-28.2
	-238.3	-41.0
SURPLUS FOR THE FINANCIAL YEAR	149.5	104.6

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	2000 EUR mill.	1999 EUR mill.
CASH FLOW FROM OPERATIONS AND INVESTMENTS		
Operating income		
Annual coverage	506.0	350.7
Extraordinary items	140.7	39.6
Adjustment items for operational cash flow financing	-162.6	-83.4
	484.1	306.9
Investments		
Investment in fixed assets	-555.8	-403.4
Share of investment expenditure	4.1	19.0
Proceeds from the sale of fixed assets	144.1	71.6
	-407.6	-312.8
Net cash flow from operations and investments	76.5	-5.9
CASH FLOW FROM FINANCIAL OPERATIONS		
Changes in lending		
Increase in granted loans	-41.6	-30.6
Decrease in granted loans	36.8	30.7
	-4.8	0.1
Changes in loan portfolio		
Increase in long-term debt	5.0	0.2
Decrease in long-term debt	-29.2	-163.2
	-24.2	-163.0
Changes in own capital	7.7	0
Other changes in liquidity		
Changes in capital and reserves for commioned tasks	13.2	-81.2
Change in current assets	-3.2	8.0
Change in long-term receivables	1.4	0
Change in short-term receivables	-35.6	-0.7
Change in interest-free long- and short-term debt	-18.9	95.5
	-43.1	21.6
Net cash flow from financial operations	-64.4	-141.3
CHANGE IN CASH RESERVES	12.1	-147.2
Change in cash reserves		
Cash reserves 31.12.	614.7	602.6
Cash reserves 1.1.	-602.6	-749.8
	12.1	-147.2

INCOME STATEMENT OF CITY-OWNED PUBLIC CORPORATIONS 31.12. (EUR MILL.)

	Helsinki Energy		Helsinki Water		Port of Helsinki		Helsinki City Transport		Helsinki Textile Service		Helsinki Catering	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
TURNOVER	395.7	419.6	85.0	83.0	69.0	66.4	184.3	181.2	5.8	5.7	35.4	36.4
Production for own use	5.4	6.6	2.8	2.8	0.9	1.1	2.8	2.6	-	-	-	-
Other income from business operations	9.4	8.7	0.5	0.2	0.3	0.1	9.0	8.0	0.0	0.0	-	-
Materials and services	-201.9	-193.4	-15.6	-14.5	-11.4	-11.4	-84.9	-77.9	-2.0	-1.9	-15.0	-16.0
Personnel costs	-59.3	-62.2	-12.2	-12.5	-14.8	-14.1	-69.3	-71.0	-3.0	-3.0	-15.1	-15.1
Depreciations and write-downs	-76.8	-75.8	-25.3	-24.4	-11.1	-9.8	-25.7	-25.5	-0.2	-0.1	-0.3	-0.3
Other operational costs	-22.0	-20.8	-2.3	-2.3	-9.6	-9.3	-7.7	-5.1	-0.1	-0.1	-4.3	-4.9
OPERATING SURPLUS	50.5	82.7	32.9	32.3	23.3	23.0	8.5	12.3	0.5	0.6	0.7	0.1
Financial income and expenses	-25.5	-27.1	-31.2	-32.2	-4.2	-6.0	-10.4	-10.3	0.0	-0.1	-0.0	-0.1
SURPLUS/ DEFICIT BEFORE PROVISIONS	25.0	55.6	1.7	0.1	19.1	17.0	-1.9	2.0	0.5	0.5	0.7	0.0
Change in provisions and funds	-25.0	-41.7	0.3	0.3	-19.1	-16.8	1.9	-2.0	-	-	-	-
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR	0.0	13.9	2.0	0.4	0	0.2	0	0	0.5	0.5	0.7	0.0

CITY-OWNED PUBLIC CORPORATIONS: STATEMENT OF SOURCE AND APPLICATION OF FUNDS 1.1. – 31.12. (EUR mill.)

	Helsinki Energy		Helsinki Water		Port of Helsinki		Helsinki City Transport		Helsinki Textile Service		Helsinki Catering	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
CASH FLOW FROM BUSINESS OPERATIONS AND INVESTMENTS												
Operating income	54.3	84.0	27.0	24.5	30.2	26.8	23.7	27.5	0.7	0.7	1.0	0.3
Investments	-155.4	-39.4	-22.1	-19.6	-9.0	-12.4	-47.9	-28.9	-0.3	-0.3	-0.2	-0.4
Net cash flow from business operations and investments	-101.1	44.6	4.9	4.9	21.2	14.4	-24.2	-1.4	0.4	0.4	0.8	-0.1
CASH FLOW FROM FINANCIAL OPERATIONS												
Changes in loan portfolio	100.3	-8.8	-7.3	-7.3	-1.9	-1.9	17.6	-0.1	-	-	-	-
Changes in share capital	4.8	4.3	2.9	1.9	-	-	6.2	4.0	-	-	-	-
Other changes in liquidity	-4.1	-40.4	4.4	-3.6	1.4	-0.7	-6.9	-2.2	0.0	0.3	-0.5	0.4
Net cash flow from financial operations	101.0	-44.9	-0.0	-9.0	-0.5	-2.6	16.9	1.7	0.0	0.3	-0.5	0.4
CHANGE IN CASH RESERVES	-0.1	-0.3	4.9	-4.1	20.8	11.9	-7.2	0.3	0.4	0.7	0.3	0.3
Change in cash reserves												
Cash reserves 31.12.	4.0	4.1	17.3	12.4	101.9	81.1	6.1	13.3	3.8	3.4	3.6	3.3
Cash reserves 1.1.	-4.1	-4.4	-12.4	-16.5	-81.1	-69.2	-13.3	-13.0	-3.4	-2.7	-3.3	-3.0
	-0.1	-0.3	4.9	-4.1	20.8	11.9	-7.2	0.3	0.4	0.7	0.3	0.3

CONSOLIDATED BALANCE SHEET

	31.12.2000 EUR mill.	31.12.1999 EUR mill.
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	108.4	86.7
Tangible assets	7,700.1	7,453.4
Investments	579.3	472.3
FUNDS FOR COMMISSIONED TASKS	259.0	191.3
CURRENT ASSETS		
Inventories	62.9	56.8
Receivables		
Long-term	4.3	5.4
Short-term	282.6	240.2
Financial asset securities	620.8	617.9
Cash in hand and at banks	119.2	91.1
TOTAL ASSETS	9,736.6	9,215.1
LIABILITIES		
OWN CAPITAL	6,113.5	5,776.1
MINORITY INTEREST	35.4	31.2
RESERVES		
Accumulated depreciation difference	133.9	141.9
Voluntary provisions	169.7	149.6
Obligatory provisions	492.3	522.5
CAPITAL FOR COMMISSIONED TASKS	562.0	342.2
BORROWED CAPITAL		
Long-term	1,597.5	1,571.1
Short-term	632.3	680.5
TOTAL LIABILITIES	9,736.6	9,215.1

Assets of the funds

	31 Dec. 2000 EUR mill.	31 Dec. 1999 EUR mill.
Insurance fund	51.9	50.4
Sports and recreation fund	43.4	25.9
Housing loan fund	73.9	71.7
Loan repayment fund	188.2	130.7
Kamppi-Töölönlahti area investment fund	13.6	3.5
Housing production fund	104.3	62.5
Emergency fuel supply fund	52.7	52.7
Suburban improvement fund	84.1	-
Total	612.1	397.4

Brief facts about Helsinki

Helsinki Founded in 1550 The Finnish Capital since 1812	Housing Dwellings total 290,100 Owner-occupied dwellings 46.1 % Housing density, m2/person 32.2 Rented dwellings owned by the city 54,000	Transport and communications Registered cars per 1000 inhabitants 327 Public transports within the city, total journeys 210 millions Port of Helsinki Total cargo traffic 10.9 mill.t Share of total national imports of general cargo 40 % Telephone connections per 100 inhabitants 75 Number of mobile phones per 100 inhabitants (in Finland) 58 Number of Internet extensions per 1000 inhabitants (in Finland) 107	Health care Sub-district heath centres of the city 31 Hospitals of the city 7 Primary health care: Out-patient visits total 2.7 mill. visits per inhabitant 4.8 Beds in health centre 2,398 per 1,000 inhabitants 4.3 Specialised medical care: Out-patient visits total 0.6 mill visits per inhabitant 1.0	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 Vocational training institutions 15 Comprehensive schools and upper secondary schools 188	Tourism Passengers (million) via Helsinki-Vantaa Airport 10 via Port of Helsinki 9 via railway station 40 Hotell guests (million) overnight stays, total 2.4 of which by foreigners 1.4 Hotells 44 number of rooms 6,974 number of beds 13,127 International congresses and events 108 participants 30,260
Environment Total area 686 sq. km Land 185 sq. km green areas and parks 31 % Population density inhabitants per sq. km 3,000 Shorline 98 km Islands 315	Labour market Jobs 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 - Q) 36.4 % Number of companies 31,144	Technical services Energy supply Sales of electricity 7,257 GWh Sales of district heating 6,537 GWh The share of coal used in energy production is 35 % in 2000 Water supply Sales of water 72.0 mill.m³ Water consumption, litres per capita a day 220 Treated waste water 98.9 mill. m³	Social welfare Child day care: places per 100 1–6 years olds 67 Care for the elderly: Places in sheltered housing 3,339 per hundred 75 year olds and older 9.6 Places at old-age homes 2,393 per hundred 75 year olds and older 6.8	Culture and leisure City Library Book loans, mill. 9.2 loans per inhabitant 16.5 Museums 80 Recreation areas and parks, hectares 5 351 Recreational trails and jogging tracks, km 475 Sports halls, swimming halls eq. 72 Outdoor sports grounds eq. 395	
Mean temperature in 2000 whole year 7.2 °C warmest month, july 17.1 °C coldest month, january, -2.2 °C					
Population Total population 2000/2001 555,474					
Age groups 0-6 7.7 % 7-15 8.6 % 16-64 70.2 % 65-74 7.2 % 75+ 6.3 % Life expectancy men 73.1 women 80.1 Finnish nationality 95.3 % Other nationalities 4.7 % Finnish-speaking 88.0 % Swedish-speaking 6.6 % Other languages 5.4 % Household structure average size 1.9 1-member households 47 % >5-member households 3.5 %	Labour force (15 – 74 year olds) employed 289,100 unemployed 19,000 participation rate, % 72.1 Degree of unemployment, % 6.2				

