

No. 168

Article 22 of the Constitution of the ILO**Report for the period 1 June 2017 to 31 May 2022, made by the Government of Finland****on the****EMPLOYMENT PROMOTION AND PROTECTION AGAINST UNEMPLOYMENT
CONVENTION, 1988 (No. 168)**

(ratification registered on 19 December 1990)

I LEGISLATION AND REGULATIONS**Unemployment Security Act (1290/2002)**

The following amendments have taken effect during the reporting period:

Act (86/2022) and Act (85/2022), in force from 31 January 2022 to 28 February 2022

Act (1015/2021) in force from 1 December 2021 to 31 December 2022

Act (861/2021), in force from 11 October 2021 to 30 November 2021

Act (548/2021), entry into force on 1 July 2021

Act (423/2021), entry into force on 1 June 2021

Act (232/2021), entry into force on 1 April 2021

Act (1271/2020), in force from 1 March 2021 to 31 December 2023

Act (1240/2020), entry into force on 1 August 2021

Act (1144/2020), entry into force on 1 January 2021

Act (1142/2020), entry into force on 1 January 2021

Act (494/2020), entry into force on 1 August 2020

Act (296/2020), in force from 1 May 2020 to 31 December 2020

Act (192/2020), in force from 8 April to 30 June 2020

Act (172/2020), in force from 1 April 2020 to 31 July 2020

Act (1311/2019), entry into force from 1 January 2020

Act (1267/2018), entry into force on 31 December 2018

Act (380/2018), entry into force on 1 June 2018

Act (906/2017) entry into force on 1 January 2017

Act (1267/2018), entry into force on 31 December 2018

Act (1138/2017), entry into force on 1 January 2018

**Key amendments to the Unemployment Security Act (1290/2002) falling within the purview of
the Ministry of Social Affairs and Health****2017**

- The maximum unemployment allowance payment period was reduced from 500 days to 400 days. The maximum duration was reduced to 300 days for claimants with less than three years of employment history. The maximum duration was maintained at 500 days for unemployed individuals who satisfy the employment condition on reaching the age of 58 years. The waiting period was extended from five days to seven days, the increased earnings-related component

paid for the period of services to promote employment was reduced, and the increase component and increased earnings-related component paid after a long career were abolished.

- 60 per cent of the combined health insurance benefit contribution referred to in chapter 18, section 21, subsection 1 of the Health Insurance Act, the employee's earnings-related pension insurance contribution referred to in Section 153 of the Employee Pensions Act, and the employee's unemployment insurance contribution referred to in Section 18, subsection 1 of the Act on the Financing of Unemployment Benefits is deducted from the salary or annual earned income component, minus 2.68 percentage points, when calculating the salary on which the employee's earnings-related allowance is based. This amendment means that the increases in the employee's earnings-related pension insurance contribution, the employee's unemployment insurance contribution and the daily allowance contribution for health insurance will not affect daily allowance benefits.

2018

- The Unemployment Security Act was amended so that unemployment benefit is paid at a rate reduced by 4.65 per cent for 65 days if the claimant has not demonstrated activity over the preceding 65 days of unemployment benefit payment by being employed for a period of working time required to accrue the employment condition for one calendar week, or earning corresponding income from self-employment, or spending five days in a service promoting employment over the said 65-day period. The waiting period was also reduced from seven days to five days. (activity model reform)

2019

- The Unemployment Security Act was amended so that income earned by a jobseeker employed in short-term or part-time paid work is reconciled with unemployment benefit over the benefit application period for which the income is paid. The amendment took effect on 1 April 2019. Prior to this amendment this reconciliation was based on earnings, meaning that income earned from paid work was adjusted according to the time of working, i.e. the time of earning the income. Reconciliation of wage income is still based on the principle of earnings if a claimant's weekly working time has been reduced due to lay-off, or if payment of unemployment benefit is based on a "weather impediment".
- The provisions of the Unemployment Security Act governing family members of a self-employed person were amended as of 1 July 2019. These amendments concerned a family member of a self-employed person with no ownership, no voting rights and no control over the undertaking, who works in a family business and whose pension insurance complies with the Employee Pensions Act. The amendment recognises such a person as an employee when subject to the Unemployment Security Act. The employment condition for a person who is defined as a non-owning family member of a self-employed person is 52 calendar weeks.

2020

- The basic daily allowance payable under the Unemployment Security Act was increased. This increase also applied to labour market support corresponding in size to the basic daily allowance. The amendment affected the size of the earnings-related allowance.
- The activity model provisions of the Unemployment Security Act were repealed following implementation with unemployment benefit waiting days.

- The minimum age for the right to additional daily allowance was increased from 61 to 62 years for those born in 1961 and thereafter. The upper age limit for granting unemployment benefit and the obligation to pay unemployment insurance contributions was amended with those born in 1965 or later to follow the change in the minimum old-age pension age under the Employee Pensions Act.

2021

- No special conciliation period or related imputed income will be applied on an interim basis. Unemployment benefit may be paid as an advance temporarily on application for no longer than six months. This temporary amendment to the Unemployment Security Act remains in force from 1 December 2021 to 31 December 2022.

Temporary amendments related to the COVID-19 pandemic:

- Unemployment benefit was paid for the waiting period as basic daily allowance, an earnings-related allowance or labour market support. Central government was responsible for financing unemployment benefit paid for the waiting period. The employment condition for employees was also shortened. Unemployment allowances paid on grounds of lay-off are disregarded when calculating the maximum period of payment of unemployment allowance. The temporary amendments to the Unemployment Security Act were in force from 15 April 2020 to 31 December 2020. Unemployment benefits paid as of 1 July 2020 also did not count towards the maximum unemployment allowance payment period.
- An Act on Temporary Exceptions to the Unemployment Security Act due to the COVID-19 Epidemic was in force from 11 May 2020 to 30 November 2021. The income from self-employment used for adjusting benefit was assessed on the basis of a report provided by the claimant. Provisions governing the special conciliation period and imputed income were not applied. Unemployment benefit could be paid as an advance temporarily on application for no longer than six months. The protected element in conciliation of unemployment benefit (i.e. the portion of earnings that is disregarded when reckoning adjusted unemployment benefit) was temporarily increased as of 12 June 2020.
- Unemployment benefit for the waiting period is paid as basic daily allowance, earnings-related allowance or labour market support. Conciliation of self-employed income may be based on information provided by the claimant. This temporary amendment to the Unemployment Security Act was in force from 31 January 2022 to 28 February 2022.

Act on Public Employment and Business Services (916/2012)

The following amendments have taken effect during the reporting period:

Act (337/2022), in force from 23 May 2022; chapter 12, section 6, subsection 2 to 31 December 2024 and chapter 13 section 1 a to 31 December 2023

Act (21/2022), in force from 1 March 2022 to 31 December 2033

Act (1379/2021), in force from 2 May 2022

Act (1344/2021), in force from 1 January 2022

Act (422/2021), in force from 1 June 2021

Act (1270/2020), in force from 1 March 2021 to 30 June 2025

Act (1139/2020) in force from 1 January 2021 to 30 June 2022

Act (496/2020) in force from 1 July 2020 31 December 2020

Act on Local Government Pilots on Promoting Employment (1269/2020)

In force from 1 March 2021 to 30 December 2024.

Act on Multisectoral Joint Service enhancing employability (1369/2014)

Act (1383/2021), entry into force on 2 May 2022

Act on Co-operation within Undertakings (1333/2021)

Entry into force on 1 January 2022.

The new Act on Co-operation within Undertakings (1333/2021) entered into force on 1 January 2022. The new act introduces a concept of continuous dialogue, which aims to develop the long-term relationship between the employer and employees. In addition, reform aims to improve the employees' ability to exert influence and to access information. The Act applies to companies and organisations employing at least 20 persons. The provisions on administrative representatives apply to companies that employ at least 150 people in Finland. The Act would is not applies to central or local government agencies or public bodies.

In accordance with the new Act, the employer and employees (or their representatives) must engage in a regular dialogue. The dialogue can address, for example, financial situation of the company or organization, workplace rules and practices, personnel structure and competence needs or wellbeing at work. The ways to carry out the dialogue in practice would be agreed at workplaces. As a rule, the dialogue should take place on a quarterly basis. In small companies with 20–29 employees, the dialogue should be held twice a year. If the company has not elected an employee representative, one dialogue per year would be sufficient. A plan for developing the work community referred to in section 9 of the Act is formulated as part of the dialogue.

Before the employer makes a decision on matters that have a significant effect on the employees, such as reductions in workforce, the employer must consult the employees or employee representatives. This process is called change negotiations in the new Act. The procedures of change negotiations remained largely the same as in the previous Act. However, the employee representative has more rights than before to make proposals and propose alternative solutions. In addition, the Act would specify the time when negotiations must start.

In addition, employee representation in company administration was specified. Employees shall be represented in the body of the company or organisation, which deals with important business matters, finances and personnel issues.

Employment Contracts Act (55/2001)

Act (167/2020), in force from 1.4.2020 – 31.12.2020

Act (163/2020), entry into force on 9 April 2020

Act (127/2019), entry into force on 1 July 2019

Act (377/2018), entry into force on 1 June 2018; added new section 4a to chapter 6 on Notice-period pay when observing variable working hours

Act (204/2017), entry into force on 1 May 2017

Employers' obligation to notify Employment and Economic Development Offices (TE offices) about dismissals based on financial or production-related reasons

The Amendment (163/2020) re-included in the Employment Contracts Act's chapter 9 provisions that require employers to notify TE Offices of the dismissal of employees for Financial or production-related reasons and to inform the affected employees of their right to an employment plan.

Under the chapter 9, section 3a of the Employment Contract's Act, when an employer gives notice on production-related or financial grounds to at least 10 employees, the employer must notify the employment and economic development office of the notice given to the employees without delay. The employer must append to the notification information on the employee's profession or job descriptions and the date when their employment contract ends. In addition, under the chapter 9, section 3b of the Employment Contract's Act, in the situations mentioned in the section 3 a, the employer is required to inform the affected employees of their right to an employment plan. Corresponding provisions were also re-included in the Seafarers' Employment Contracts Act and in the Act on Public Servants in Local Government. Furthermore, a provision regarding preparedness for receiving employer notifications was re-included in the Act on Public Business and Employment Service.

Provisions regarding employers' duty to notify TE-offices on financial production-related dismissals and to inform affected employees on their right to employment plan were repealed in 2017. Re-inclusion of such provisions was proposed by the central labour market organisations in an agreement published in June 2019 associated with further negotiations on the 2017 pension reform.

II Direct Request 2019

Articles 7 and 8 of Convention No. 168. Promotion of productive employment. In this regard, the Committee refers to its detailed comments under the Employment Policy Convention, 1964 (No. 122).

The Act on Vocational Education (531/2017) was reformed in the beginning of 2018. Two reports on the state of implementation of the reform of vocational education and training were completed in 2021. According to the reports, the implementation of the reform has progressed properly. The new legislation has improved the efficiency of the implementation of education and makes it easier for individual study paths and study periods. The reform has been harmonising vocational education and training and operating practices. The new legislation on vocational education and training supports the organisation of working life-oriented education and training and has increased cooperation between education providers and companies.

Social partners participate in the anticipation of skills and training in the National Forum for Skills Anticipation. In addition, social partners are part of the Working Life Committees which contribute to ensuring the quality of vocational education and training and working life orientation by monitoring the quality of implementation of vocational education and qualifications. Both of the Committees work under the Finnish National Agency for Education.

Article 21. Suitable employment. The Committee requests the Government to explain how the criteria specified in Article 21(2) of the Convention, namely the age of unemployed persons, their length of service in their former occupation, their acquired experience, the length of their period of unemployment, the labour market situation, and their personal and family situation, are taken

into account by the administrative authorities in assessing the suitability of the employment or service offered.

The Nordic labour market service model and the amendments of the Act on Public Employment and Business Services (916/2012) entered into force on 2 May 2022. In the Nordic labour market service model, jobseekers apply for work on their own initiative and receive support for the process. Each jobseeker's need for services and prospects to apply for work are assessed individually. Jobseekers have more opportunities to influence their job search.

An initial interview with the jobseeker is arranged, if possible, within five working days of the start of job search. In the initial interview jobseeker's situation is analysed, and an employment plan is prepared. Jobseeker and expert discuss what kind of jobs jobseeker could apply for or whether he or she needs to acquire training or change fields.

The assessment of service needs is a key part of supporting employment. In the new model, each job seeker is subjected to an individual service need assessment, which primarily charts the jobseeker's capacity to find employment in the open labour market. Service needs are assessed regularly in the interviews and discussions as well as in connection with the updating of employment plan. The assessment examines what services jobseeker needs, what types of possible employment options jobseeker has based on his or her competence, and what kind of suitable vacancies are available.

The assessment of service needs takes into account:

- jobseeker's competence and professional skills and his or her own goals for developing them,
- jobseeker's ability to work and function that affects job search and finding employment,
- jobseeker's job search skills,
- the likelihood of becoming unemployed and prolonged unemployment, and
- other factors affecting jobseeker's employment.

In addition to these things, the assessment considers, for example, jobseeker's competence accumulated in leisure activities as well as his or her own wishes and goals. The assessment identifies possible shortcomings in jobseeker's competence and the best ways to acquire expertise. In order to determine the need for services, jobseekers can be referred to work capacity evaluations. The development of the jobseeker's competence, work ability and functional capacity can be assessed in cooperation with education, healthcare and social welfare service providers.

At the start of the job search, the jobseeker and the TE Office or participating municipality create a personal employment plan, where they agree on services supporting the job search and the number of jobs the jobseeker should apply for. The employment plan specifies the goals of job search, how jobseeker promotes his or her employment and what services are needed. The implementation of the employment plan is monitored in job search discussions.

Depending on jobseeker's situation (e.g. long-term unemployment, immigration) the specialist from the TE Office or the municipality draw up together an employment plan, activation plan, integration plan, or a cross-sectoral employment plan. The labour market situation in the region is taken into account in the employment plan, which lays down the number of jobs the jobseeker should apply for. If no relevant vacancies are available, the jobseeker is not obligated to apply for work. Jobseekers should apply for jobs they could reasonably assume to get. No requirements are posed on jobseekers beyond their capacity.

As a rule, jobseekers select the job opportunities they apply for and when they apply for them. Jobseekers have to apply for work in order to receive unemployment benefits. The situation of each jobseeker is assessed individually. The jobseeker should apply for four jobs each month. Exceptions to this rule are possible due to incapacity for work or lack of job opportunities to apply for, for example.

Fulfilling the job search obligation is possible by applying for a job, requesting additional work from employer, searching for work opportunities as an entrepreneur, creating and publishing a job applicant profile at Job Market Finland and applying for another job opportunity like aforementioned. In addition, TE Offices and municipalities participating in local government pilots on employment can submit job offers to jobseekers. Job offers are binding if the job search has lasted six months starting from the initial interview. The job offer is not binding if the jobseeker has already applied for the agreed number of jobs before receiving the job offer and reported this to the TE Office or municipality.

In the Nordic labour market service model, jobseekers do not lose unemployment benefits and their amount is not reduced as long as the jobseeker has applied for work and implemented the employment plan. Sanctions related to unemployment benefit were staggered. In the first case of forgetfulness or neglect, a jobseeker receives a reminder, which does not affect the payment of unemployment benefits. If a jobseeker repeatedly neglects their employment plan, the sanctions become more severe.

III APPLICATION OF THE ARTICLES IN FINLAND

Article 2

Government's employment measures

During its current term, the Government of Finland takes employment measures that bolster the economy, aimed at achieving an employment-generating impact amounting to 80,000 new jobs. The Government's employment rate target requires an increase in the labour market participation of people with partial work capacity, those with poor employment prospects, the young and older people and those with an immigrant background. Effective measures are needed to promote the employment of these people. Working careers will be prolonged at the beginning, middle and end.

The aim is to change the course of labour market policy from passive to active, as in other Nordic countries, and to target services more efficiently than at present.

Employment measures include inter alia TE services reform, Nordic labour market service model, decisions to improve employment rate and transition security of persons over age of 55, working capacity programme and immigrant integration.

Articles 7 to 9

Nordic labour market service model

In the Nordic labour market service model, jobseekers apply for work on their own initiative and receive individual and intensive support for their job search at an earlier stage. Jobseekers are required to apply for a certain number of jobs in order to continue their right to receive unemployment security. A jobseeker will receive a reminder in the first case of forgetfulness or neglect. The model entered into force on 2 May 2022.

The jobseeker meets a specialist from the TE Office or the municipality every two weeks for the first three months of job search. After that, the jobseeker meets a specialist every three months. In case of prolonged unemployment, an intensive but shorter period of meetings takes place every six months.

During the meetings, the jobseekers' need for services, their skills and opportunities to look for work are individually assessed. Based on this, the jobseeker and the specialist agree on services supporting the job search and the number of jobs the jobseeker should apply for each month. As a rule, the jobseeker has to apply for four jobs each month. However, exceptions to this rule are possible due to reduced capacity for work, for example. The labour market situation in the region is also taken into account. The specialist supports the jobseeker in finding suitable job opportunities in different ways.

As a rule, jobseekers select the job opportunities they apply for. For example, submitting a job application for a vacancy or submitting an open job application to a company that is not actively hiring is considered applying for a job. Jobseekers have to apply for jobs they could reasonably assume to get.

TE Offices and municipalities participating in local government pilots on employment can submit binding job offers to jobseekers. This means that jobseekers, whose job search has lasted six months, have to apply for the job in order to continue to receive unemployment benefits. The job offer is not binding if the jobseeker has already applied for the agreed number of jobs before receiving the job offer and reported this to the TE Office or municipality. As a rule, jobseekers report on their job search through an online service.

The Nordic labour market service model is estimated to increase employment by about 9,500–10,000 people. The impact on employment would be fully achieved from the beginning of 2025. In particular, the discussions organised every two weeks at the start of the job search are expected to support employment. Based on research, regular interaction with jobseekers, active employment services and job search monitoring will shorten the periods of unemployment.

Sanctions for failing to apply for work

Looking for work is a precondition for receiving unemployment benefit. Failure to apply for the jobs offered by the TE Office or municipality results in a temporary loss of unemployment benefit. However, in the Nordic Labour market model, a jobseeker receives only a reminder in the first case of forgetfulness or neglect. In addition, the periods of sanction when the unemployment benefits are not paid have been staggered and shortened.

Local government pilots on employment

Local government pilots on employment began on 1 March 2021 and will end on 31 December 2024. In local government pilots, municipalities are partly responsible for the provision of employment and economic services (TE services) in their area for a certain customer groups. Customers in local government pilots are inter alia jobseekers who are under the age of 30, immigrants or foreign-language speakers. The pilots aim to increase employment among unemployed jobseekers and to direct them to training and education more effectively. Another objective is to create new solutions to ensure availability of skilled labour. The objective of the pilot is to coordinate different services better and to find efficient services for the customer.

TE services reform 2024

Employment and economic development services (TE services) are set to be transferred to municipalities from TE offices during 2024. The policy is related to the Government Programme's employment objective and the increase in municipal responsibility for employment services. The reform aims to create a service structure that will contribute to rapid employment of jobseekers and increase the productivity, availability, effectiveness and diversity of employment and business services.

The transfer of TE services to municipalities brings them closer to customers. Transferring the responsibility for employment, municipal education and business services to one organiser promotes the objective of faster employment. Municipalities are in a good position to offer targeted and tailored services that meet the needs of customers and local labour markets.

In connection with the transfer, a funding model will be created for municipalities to develop their employment promotion activities in order to increase employment by 7,000–10,000 people.

The reform will take into account equal access to services. It will also safeguard linguistic rights and services for those in a weaker labour market position. In addition to the transfer of TE services, the Nordic labour market service model and the reform of digital TE service will create positive employment impact.

Vocational education reform

The Act on Vocational Education (531/2017) was reformed in the beginning of 2018. Two reports on the state of implementation of the reform of vocational education and training were completed in 2021. According to the reports, the implementation of the reform has progressed properly. The new legislation has improved the efficiency of the implementation of education and makes it easier for individual study paths and study periods. The reform has been harmonising vocational education and training and operating practices. The new legislation on vocational education and training supports the organisation of working life-oriented education and training and has increased cooperation between education providers and companies.

Target groups of government's employment measures

The Government's employment measures aim to improve employment of people with impaired work capacity or who are over age of 55. Furthermore, employment measures are especially targeted to reduce youth and long-term unemployment and to promote immigration.

Working capacity programme to improve employment of people with impaired work capacity

The Government's Working capacity programme seeks solutions to the acknowledged problems in the employment of persons with partial work capacity. Promoting employment can be achieved by providing appropriate services to support work capacity.

Working capacity programme includes inter alia following measures:

Rising the number of working capacity coordinators

TE-service pilots for jobseekers with partial work capacity

A special assignment company to employ people with impaired work capacity who are in the most difficult labour market position (Työkanava Ltd)

Public procurement

A new strategy and centre of expertise for social enterprises

Working capacity coordinators and TE-service pilots

The number of working capacity coordinators at TE Offices has been increased in 2020–2022. The purpose is to improve the services available to persons with impaired work capacity so that the labour market demand for this group of people would increase. The special needs of people with partial work capacity are taken into better consideration.

The TE service pilots began in March 2021 and they will continue until the end of 2022. The aim is to improve the relevance of TE services for people with partial work capacity. Particular areas of development include recruitment services and service packages that best support people with partial work capacity. At the same time, the service pilots will seek ways to improve the availability and supply of relevant training. Closer cooperation between jobseeker services and employer services is also an area under development.

Työkanava Ltd

Työkanava Ltd is a state-owned special assignment company employs people with impaired capacity to work who are in the most difficult position. Provisions on the operations of Työkanava are laid down by law and the Act on Työkanava Ltd (242/2022) which entered into force on 1 July 2022.

Työkanava Oy is a special assignment company wholly owned by the Finnish State. It employs the most disadvantaged people with impaired capacity to work whose employment prospects cannot be markedly enhanced by measures and services to promote employment. The company employs the people directly in an employment relationship and sells their work input to its customers. The company's objective is to improve and support the labour market and other skills of its employees so that they could be employed independently in the open labour market.

Public procurement and promotion of employment

The Government Programme includes an objective that a condition is set for social employment in public procurement. The policy is taken forward in the programme by the Ministry of Economic Affairs and Employment which will boost employment through procurement.

The programme promotes access to employment for those in a weaker labour market position through the condition to provide employment in procurement. This condition has not been used very often. The objective of the programme to boost employment through procurement is to ensure that the operating model concerning the employment condition is part of normal procurement activities and cooperation structures.

The programme is based on the Act on Public Procurement and Concession Contracts (1397/2016). Under the Act, factors related to employment or its promotion may be included in the conditions of

procurement or the procurement criteria. In connection with each procurement, an assessment will be made of whether the use of the employment condition or criteria is appropriate for procurement. With the limitation of the target group, contracting entities can also examine suitable target groups on a regional basis. Based on the condition, a certain factor, such as long-term unemployment or partial work capacity, must place the applicant in a weaker position in recruitment.

A new strategy and Centre of Expertise for Social Enterprises

In spring 2021, the Government adopted a strategy on social enterprises. One of the most important objectives of the strategy is to employ people with partial work capacity and those who are otherwise in a difficult labour market position. To ensure the implementation of the strategy, the Government decided to establish a new Centre of Expertise for Social Enterprises that operates in a network-based manner. It aims to increase the number of social enterprises in Finland and to promote the employment of people with partial work capacity at the same time. The Centre of Expertise for Social Enterprises primarily aims to provide advisory and guidance services and to build network-based expert services to strengthen the operating conditions for social enterprises and to increase the employment of people with partial work capacity. In addition, the centre promotes the introduction of impact-based business models, social innovations, research, data collection and education.

Pay subsidy reform

The Government Programme includes a number of policies concerning the development of pay subsidies. The aim is to implement an overall reform that takes into account the objectives included in the Government Programme. The current pay subsidy regulation and the related reform needs has been evaluated during the preparation process.

The pay subsidy reform's goal is to reduce the bureaucracy related to pay subsidies by simplifying the pay subsidy system. Making the system more predictable and speeding up the granting and payment process would encourage employers, especially companies, to hire more unemployed jobseekers with pay subsidy.

In addition, a new employment subsidy is proposed for people aged 55 or over.

The long-term employment impact of the reform is estimated at 500–1,000 people. It is estimated that, somewhat more than before, the focus of employment measures would be on people with partial work ability, integrating immigrants, young people, the elderly and those who have only completed basic education. In addition, a higher number of employers would be entitled to pay subsidies.

The system would be simplified by restricting the pay subsidy to promote the employment of those unemployed jobseekers who are disadvantaged or disabled workers referred to in the EU state aid rules (General Block Exemption Regulation).

The proposal is scheduled to be submitted in September 2022. If the proposal is approved, the acts should enter into force on 1 January 2023.

More information on pay subsidy reform can be found on the following website:

<https://tem.fi/en/frequently-asked-questions-about-the-pay-subsidy-reform>

Long-term unemployment

The Nordic Labour Market reform improves also the efficiency of services for the long-term unemployed. In addition to interviews held every three months, jobseekers take part in a more intensive service period every six months. The period lasts for one month and includes two complementary job search discussions. These discussions aim to prevent prolonged unemployment, provide jobseekers with more in-depth support for their job search and employment, and direct them to necessary services. Based on the service needs of the long-term unemployed, they can always be offered additional personal services and support in addition to the meetings included in the service process.

Furthermore, the government is preparing pay subsidy reform. The reform proposes to introduce an employment subsidy for those who have reached the age of 55 and been unemployed for at least 24 months in the last 28 months. The aid would be granted without consideration of expediency as long as the conditions laid down in the Act were met.

Youth unemployment

Youth unemployment turned to a slight decline at the end of 2016. This change was preceded by several years of rising youth unemployment linked to a prolonged economic downturn. In 2017, the youth unemployment rate was 20.1%. Youth unemployment fell steadily until the onset of the coronavirus crisis in the winter of 2020. In 2019, the youth unemployment rate was 17.2%. Coronavirus crisis raised the youth unemployment rate to 21.4% in 2020. In 2021, the number of young people aged 15-24 who were not in employment, education or military service was 45,000, which was 7% of those aged 15-24. Most of them, 33,000, were 20-24 years old. The number of young people not in employment, education or training decreased by a total of 12,000, (21%), from 2020. According to the labour market forecast published by the Ministry of Economic Affairs and Employment, youth unemployment will reach the lowest level since 1990 in 2024. There will be 26 000 youth unemployed in 2022; 21,000 in 2023 and 17,000 in 2024.

Youth Guarantee

During the reporting period, the Youth Guarantee has remained the overarching concept of youth employment. The Youth Guarantee and the commitment to the European Youth Guarantee can be found in the Government Programmes of both Prime Minister Sipilä and Prime Minister Marin. The aim of the Youth Guarantee is to shorten the service process for young people so that a young person can be offered a personally suitable solution within 3 months of the beginning of unemployment.

One-Stop Guidance Centres

The development of One-Stop Guidance Centres for young people has remained the most important measure of the Youth Guarantee and centres have been developed continuously since 2014. One-Stop Guidance Centers provide low-threshold, multi-agency services to young adults under the age of 30. The centres provide information, advice, guidance and various services. They serve as a platform for multi-agency collaboration between public, private and the third sector agencies in offering tools for employment, training, life management and well-being. The One-Stop Guidance Center model requires close collaboration between national, regional and local agencies as well as private and third-sector operators. The One-Stop Guidance Centers implement the goals and actions of the Youth Guarantee launched by the EU. The focus of developing of the One Stop Guidance Centres is now on strengthening multidisciplinary and connecting, especially to social and health services.

The effectiveness of the One Stop Guidance Centres was evaluated in a study published in 2019. The One Stop Guidance Centres were found to have quite significant potential as an accelerator of service processes. Young people who visit the One Stop Guidance Centres turn to services faster and more often than through TE offices. The effects of the One Stop Guidance Centres on employment become positive after about 200 days of unemployment. This means that the employability of young people improved as a result of the services and the service process of the One Stop Guidance Centres. The One Stop Guidance Centres are aimed specifically at those young people who need stronger support to move forward. In the case of educated and skilled young people, the employment effect of the One Stop Guidance Centres did not differ from that of TE offices, but was felt by those who had been unemployed for a longer period.

Prime Minister Marin's Government is preparing to transfer employment services to municipalities. In 2024 municipalities would be responsible for employment services, education and youth services. Local government pilots on employment were launched in 2021 and the responsibility for youth employment services in the pilot areas was transferred from the state to municipalities. The target group of the the local government pilots includes inter alia includes all jobseekers under the age of 30 who are either unemployed or covered by employment services in the TE Offices in the pilot areas. Ongoing local government pilots on employment guide the transfer of organisational responsibility to municipalities.

Performance-based procurement of services for young people

Nationwide performance-based service procurements¹ (Nuoret töihin! and Nuoret kohti työtä!) aimed to find ways and help young people under the age of 30 to enter the open labour market, obtain a first education degree or employ themselves as an entrepreneur.

Performance-based procurement of services for young people has provided valuable additional information on the procurement of services that support young people's access to employment. The pilot projects were carried out in 14 ELY centres, and roughly 9,000 young people participated in them. Considering the short preparation time, the national pilots were reasonably successful. However, a significant number of details were not resolved during the preparation stage and needed to be addressed during the pilot stage. This applies particularly to the results-based payment model, which needs significantly more time for development.

Raising the employment rate of people over 55

The Government is seeking to strengthen public finances by increasing the employment rate, which also requires greater participation of older people in the labour market. The statutory amendments which will take effect on 1 January 2023 seek to increase employment by approximately 8,300 jobs by the end of 2029.

The amendments concern mainly abolishing entitlements to additional days of unemployment benefit, reinforcing restructuring protection, prolonging employment leave and improving opportunities for part-time work.

Entitlement to additional days of unemployment benefit for claimants born in 1965 and thereafter will be abolished. The abolition of additional days of benefit entitlement is intended to promote the employment of older people. Studies have shown that the additional days are a disincentive to

¹ Performance-based procurement of services for young people - Effectiveness study, link: https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/162039/TEM_2020_04.pdf.

employment. The amendment to restructuring protection would nevertheless promote re-employment when work comes to an end.

The restructuring protection amendment seeks to accelerate re-employment of a dismissed employee. In addition to the restructuring protection currently provided under the Employment Contracts Act, there will be a new restructuring protection scheme for all employees aged 55 years and over who have been made redundant after working for the same employer for at least five years.

The new restructuring protection comprises a restructuring protection allowance and restructuring protection training. The restructuring protection allowance is paid by the unemployment fund or the Social Insurance Institution, and it corresponds to the wages of the dismissed employee for one month. The restructuring protection allowance does not reduce the unemployment allowance or postpone its starting date. Restructuring protection training is arranged by the Employment and Economic Development Office, and its value would correspond to the wages of the dismissed employee for no longer than two months.

Restructuring protection training seeks to support the vocational or entrepreneurial capacity of the dismissed employee, and to promote rapid re-employment of the person concerned. Registration as a jobseeker, the survey of skills and working capacity and preparation of an employment plan would already occur during the period of notice.

Employment leave will be prolonged for employees who have reached the age of 55 years and served the same employer for at least five years. Employment leave is currently 5, 10 or 20 days, depending on the duration of the employee's notice period. Employment leave would be 5, 15 or 25 days as of 2023. Employment leave could be used to complete a survey of skills and working capacity, and to begin restructuring protection training.

The proposal also seeks to strengthen the prospects for working part-time, thereby supporting the ability of people over 55 years of age to continue working. The reform strengthens the right to reduced working time of persons aged over 55 years who have worked for the same employer for at least three years. This applies also to circumstances in which an employee is taking part-time sick leave, early old-age pension or partial disability pension. If an employee submits a request to the employer to convert to part-time work, then the employer should primarily seek to arrange the work in a way that enables such conversion.

Working life diversity programme

To address these challenges and to increase knowledge about diversity and receptiveness in working life, the Ministry of Economic Affairs and Employment has launched an action plan to promote diversity and inclusiveness in working life from the perspective of immigrants.

The programme's goal is that companies and organisations benefit from diversity and that immigrants can more easily find employment that corresponds with their skills and advances their careers. The programme was launched in March 2021 and will continue until March 2023.

The programme includes measures to reduce structural discrimination and racism in the labour market by increasing the awareness of the benefits of diversity in work communities and by improving recruitment and management skills related to diversity and inclusiveness in working life. In addition, the programme promotes diversity skills in employer and jobseeker services and advances diversity and inclusiveness in the public sector. Measures to combat discrimination in recruitment and to

promote anonymous recruitment are included in the programme. Employers and workplaces are the target group of the working life diversity programme.

Talent Boost programme

Talent Boost is a cross-administrative programme of Prime Minister Sanna Marin's Government designed to boost the immigration of senior specialists, employees, students and researchers. It focuses on attracting the kind of talent who will be instrumental for the growth and internationalisation of Finnish companies, and for RDI in the leading growth sectors. It also targets sectors suffering from a labour shortage. The programme aims to raise Finland to a new level in terms of its attractiveness to specialists and their families. The programme supports the Government's 75% employment rate target.

Comprehensive reform of the Integration Act

Reform of the Integration Act aims to enhance the integration and employment of immigrants by developing early-stage integration services, by taking immigrants' service needs into better consideration and by improving the availability of guidance and counselling. The new act would repeal the old act with the same name. The proposal was circulated for comments on 2 May – 10 June 2022 and the government proposal is scheduled for autumn 2022. If approved by the parliament, the acts would enter into force at the end of 2024 at the same time as the employment services reform.

The proposal would increase the municipal responsibility for promoting integration. According to the legislative proposal, services promoting integration would be organised as part of a new municipal integration programme and other services. The latter refer to services provided by municipalities, wellbeing services counties and Social Insurance Institution of Finland (Kela) as well as the activities of organisations, associations or communities.

Immigration of experts and growth entrepreneurs

A new fast track service enables specialists, growth entrepreneurs and their family members to obtain a residence permit within 14 days. The service was launched at the beginning of June 2020. Finland's objective is to significantly increase the immigration of specialists. For this reason, the Government has, in addition to the fast track, launched a number of other measures to ease work-based and education-based immigration and to make Finland a country that attracts and retains international talent.

The introduction of a long-term, or national, D visa for experts, growth entrepreneurs and their family members is also an essential part of the fast track service. The D visa supports the implementation of the 14-day service pledge in that specialists, growth entrepreneurs and their family members can travel to Finland immediately after they have been issued with a residence permit. It is no longer necessary for the applicants to wait for a residence permit card abroad. Instead, they will receive it in Finland.

Migri, the Ministry for Foreign Affairs and Finnish missions abroad are responsible for providing practical advice about the fast track to experts and companies.

Articles 10 to 25

Please see the part I on amendments of Unemployment Security Act.

IV

A copy of this report has been sent to the following labour market organizations:

1. The Confederation of Finnish Industries (EK)
2. The Central Organization of Finnish Trade Unions (SAK)
3. The Finnish Confederation of Salaried Employees (STTK)
4. The Confederation of Unions for Academic Professionals in Finland (Akava)
5. The Commission for Local Authority Employers (KT)
6. The State Employer's Office (VTML)
7. The Federation of Finnish enterprises

Statements of the labour market organizations:

The Central Organization of Finnish Trade Unions (SAK)

SAK points out that the recent employment measures of the Finnish Government have mainly taken the form of impairment and cuts in social security, particularly unemployment benefit.

An autumn 2020 decision of the Government on employment measures for people aged over 55 years sought to reinforce public finances. The aim was to boost the employment rate of older people, improve their labour market status, and promote longer working careers. The main focus of the solution was nevertheless on undermining the livelihoods of older long-term unemployed workers through a phased elimination of additional days of earnings-related unemployment benefit beginning in 2023. These additional days secured the income of unemployed older workers for whom no work or services could be found until their retirement. The Government counterbalanced this change by preparing smaller reforms to the restructuring protection of older workers through such measures as prolonging employment leave and requiring employers to pay for two months of training and one month of severance compensation.

The Government decided further new employment measures in February 2022. These employment measures of EUR 110 million to strengthen public finances again included cuts to earnings-related unemployment benefit.

The employment condition conferring eligibility for unemployment benefit will be revised in 2023 in a way that impairs the standard of security for many low-paid employees working irregularly.

The Nordic employment service model introduced in May 2022 gives the unemployed greater required personal support for jobseeking and mitigates sanctions related to unemployment benefit. The revision nevertheless also incorporates a substantial tightening of jobseeking obligations of the unemployed. SAK has already heard that jobseeking obligations have been too strict, having regard to the realistic employment opportunities of jobseekers. Even though additional resources were allocated to employment and economic development offices when launching the Nordic employment service model, SAK has been continually concerned about the adequacy of resources. The inadequacy of labour administration resources has also been evident in some municipal trials seeking to manage employment in major urban areas that were also covered by Finnish news media. For example, reports concerning a municipal trial in the Vantaa and Kerava area found that working conditions were perceived as highly stressful, placing extreme demands on the ability of staff to manage the workload.

The discussion of reports assessing the reform of vocational education and training failed to note that the reports highlighted significant problems related to financing of vocational education and training. For example, the funding system is not considered to encourage short-term training required for the world of work. The unpredictability and fragmented character of the funding system is considered a particular anomaly.

The Confederation of Unions for Professional and Managerial Staff in Finland (Akava) and The Finnish Confederation of Professionals (STTK)

Akava and STTK agree with the SAK's statement.