

No. 168

**Article 22 of the Constitution of the ILO****Report for the period 1 June 2012 to 31 May 2017, 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****Act on Unemployment Security (1290/2002)**

Entry into force: The Act on Unemployment Security entered into force on 1 January 2003 (partly on 1 July 2003). The following amendments have entered into force during the reporting period:

- 9/2017; entry into force: 1 March 2017; note: amends Chapter 1 section 7
- 1526/2016; entry into force: 1 January 2017; note: amends Chapter 6 section 4
- 1477/2016; entry into force: 1 January 2017; note: amends Chapter 2 section 10
- 1457/2016; entry into force: 1 January 2017
- 1451/2016; entry into force: 1 January 2017
- 1276/2016; entry into force: 1 January 2017; note: amends Chapter 3 section 4 and Chapter 6 section 4
- 1081/2016; entry into force: 1 January 2017
- 709/2016; entry into force: 1 January 2017; note: amends Chapter 12a section 2
- 89/2016; entry into force: 1 January 2017; note: amends Chapter 3 section 4 and Chapter 4 section 7
- 1654/2015; entry into force: 1 January 2016
- 1554/2015; entry into force: 1 January 2016
- 883/2015; entry into force: 1 January 2016; note: amends Chapter 4 section 7, Chapter 6 section 11 and Chapter 11 section 14
- 857/2015; entry into force: 1 August 2015; note: amends Chapter 6 section 8, Chapter 13 section 1 and Chapter 14 section 1a
- 806/2015; entry into force: 1 January 2016; note: amends Chapter 12a section 5
- 1374/2014; entry into force: 1 January 2015
- 1370/2014; entry into force: 1 January 2015; note: amends Chapter 1 section 5, Chapter 2a sections 9 and 10, Chapter 10 section 6 and Chapter 14 section 3a
- 1368/2014; entry into force: 1 January 2015; note: amends Chapter 7 section 3
- 1050/2014; entry into force: 1 January 2015; note: amends the entry into force of Act 1049/2013
- 1048/2014; entry into force: 1 January 2015; note: reverses Chapter 4 section 6; amends Chapter 6 section 2, Chapter 14 section 3 and Chapter 14 section 3b
- 790/2014; entry into force: 1 August 2014; note: amends Chapter 2 section 10
- 1199/2013; entry into force: 1 January 2014; note: amends Chapter 1 section 8; amends Chapter 2 section 2; adds Chapter 1 section 8a

- 1049/2013; entry into force: 1 January 2014, partly 1 January 2015
- 737/2013; entry into force: 1 November 2013; note: amends Chapter 11 section 5
- 1005/2012; entry into force: 1 January 2013
- 1001/2012; entry into force: 1 January 2013
- 918/2012; entry into force: 1 January 2013
- 440/2012; entry into force: 1 August 2012; note: amends Chapter 14 section 3d
- 288/2012; entry into force: 1 July 2012

#### **Statutes issued under the Act on Unemployment Security (1290/2002):**

- 1556/2016 Ministry of Employment and the Economy Decree on Issuing Labour Policy Statements and the Information Included therein; entry into force: 1 January 2017
- 1378/2014 Ministry of Employment and the Economy Decree on Issuing Labour Policy Statements and the Information Included therein; entry into force: 1 January 2015
- 1123/2013 Ministry of Employment and the Economy Decree on Issuing Labour Policy Statements and the Information Included therein; entry into force: 1 January 2014
- 314/2012 Ministry of Employment and the Economy Decree on Issuing Labour Policy Statements and the Information Included therein; entry into force: 1 July 2012

#### **Employment Contracts Act (55/2001)**

Entry into force: on 1 June 2001.

The following amendments have entered into force during the reporting period:

- 451/2012: A new Chapter 11a added to the Employment Contracts Act concerning the joint liability of employers in hiring workers who are in the country illegally.
- 873/2012: The provision concerning information to be provided on the principal terms of work (Chapter 2 section 4) was amended to state that in fixed-term employment relationships this information must include the reason for and expiry date or estimated duration of the fixed-term employment. Also, the provision specific to temporary agency work was amended to increase the information to be provided to hired employees, thereby improving their potential for understanding the reason for their fixed-term employment relationships and their future employment opportunities.
- 920/2012: Technical amendments.
- 398/2013: Amendment stating that pay shall be principally paid into the employee's bank account (Chapter 2 section 16).
- 1051/2013: E.g. provisions requiring the employer to notify the TE Office when 10 or more employees are to be dismissed (as opposed to one or more employees, previously).
- 1331/2014: Changes due to the enactment of the new Non-discrimination Act (1325/2014).
- 1367/2014: Act temporarily amending Chapter 13 section 6 of the Employment Contracts Act making it possible in certain specifically limited situations to derogate from the employer's obligation to offer employment to laid-off and part-time employees and to former employees covered by the reinstatement obligation. This provision applies to local authorities, joint municipal authorities, associations and foundations as employers.
- 418/2015: Technical amendment due to the enactment of the new Local Government Act (410/2015).
- 102/2016: Change raising the mandatory retirement age in connection with the employment pension reform.

- 448/2016: Chapter 11 of the Employment Contracts Act, pertaining to employment contracts of an international nature, was amended in connection with the enactment of the Act on Posting Workers (447/2016).
- 1448/2016: Section 3a was added to Chapter 1 of the Employment Contracts Act, whereby no particular grounds need be given for a fixed-term employment contract if the person hired has, according to the TE Office, been an unemployed jobseeker consecutively for the past 12 months (long-term unemployed). The maximum length of the trial period at the beginning of an employment relationship was extended to six months. Employers were also given the right to extend the trial period if the employee has been absent due to disability or family leave during the trial period. The duration of the employer's reinstatement obligation was shortened to four months, although the reinstatement obligation period is six months if the employee's employment relationship had lasted for 12 years or more. This amendment also included certain technical adjustments. Further information on the amendment is given in other sections of this report.
- 1458/2016: The previously temporarily valid Chapter 13 section 6 of the Employment Contracts Act was amended to make it possible in certain specifically limited situations to derogate indefinitely from the employer's obligation to offer employment to laid-off and part-time employees and to former employees covered by the reinstatement obligation. The provision concerning the trial period was updated with a view to the provision added to the Act on Public Employment and Business Services concerning work try-outs for the purpose of assessing employee suitability. The work try-out period would be subtracted from the maximum trial period at the beginning of the employment relationship.
- 1467/2016: Provisions were added to the Employment Contracts Act concerning the right of a terminated employee to participate in training to promote employment and in coaching or training paid for by the employer. This provision applies to workplaces where the employer employs at least 30 people on a regular basis. An employee must have been in consecutive employment with the employer for at least five years before the termination of the employment relationship in order to be eligible for such training or coaching.
- 73/2017: Mainly technical changes related to the leave-to-appeal practice of the Supreme Administrative Court.
- 204/2017: This amendment removed certain notification obligations of the employer having to do with temporary lay-offs and dismissals.

See Employment Contracts Act (amendments up to 204/2017 included, unofficial translation):  
<https://www.finlex.fi/en/laki/kaannokset/2001/en20010055.pdf>

### **Act on Co-operation in Undertakings (334/2007)**

Entry into force: 1 July 2007.

The following amendments have entered into force during the reporting period:

- 923/2012: Technical amendments to section 49 concerning the action plan and operating principles, due to the enactment of the Act on Public Employment and Business Services.
- 1137/2013: Change to section 16 concerning the personnel and training plan. A new section 20(4) was added. These changes were related to the enactment of the Act on Financially Supported Development of Professional Skills.
- 1344/2014: Mainly technical changes due to the enactment of the new Non-discrimination Act (1325/2014).
- 1471/2016: The scope of application of the Act on Co-operation in Undertakings was extended to apply to branches where the number of regular employees is 20 or more. Also, a

new subsection 4 was added to section 16 concerning the personnel and operating plan; under this provision, if an employer employs 30 or more persons on a regular basis, the personnel and operating plan must include the principles according to which the employer arranges coaching or training promoting employment for employees under Chapter 7 section 13 of the Employment Contracts Act or Chapter 8 section 11 of the Seafarers' Employment Contracts Act (756/2011).

- 208/2017: Technical change.

See Act on Co-operation within Undertakings (amendments up to 1137/2013 included, unofficial translation):

<https://www.finlex.fi/en/laki/kaannokset/2007/en20070334.pdf>

#### **Other relevant statutes:**

- 1306/2002 Act on the Education Fund; entry into force: 1 January 2003

#### **Other statutes adopted during the reporting period:**

- 790/2011 Ministry of Health and Social Affairs Decree on the Amount of the Scholarship for Qualified Employees Referred to in the Act on the Education Fund; entry into force: 1 August 2011
- 694/2007 Ministry of Health and Social Affairs Decree on the Amount of the Scholarship for Qualified Employees Referred to in the Act on the Education Fund; entry into force: 1 August 2007
- Act Amending and Temporarily Amending the Act on the Public Employment Service (312/2010); entry into force: 10 May 2010.

## **II LEGISLATION AND ADMINISTRATIVE REGULATIONS FOR THE FOLLOWING ARTICLES**

### *Article 2*

#### **The Government Programme**

Prime Minister Juha Sipilä's Government's objectives are to bring the Finnish economy onto a path of sustainable growth and higher employment and to safeguard sufficient financial resources for public services and social protection. With its five strategic priorities in the Government Programme (29 May 2015), the Government is taking steps to follow through with essential reforms. The strategic objectives are enshrined in 26 key projects followed by an action plan for the implementation of the key projects and reforms.

The first strategic priority 'Employment and competitiveness' covers the following key projects:

1. Strengthening competitiveness by improving conditions for business and entrepreneurship
2. Incentive traps preventing acceptance of work will be removed and structural unemployment reduced
3. Local agreement will be promoted and barriers to employment removed

4. Reform of employment service activities to support employment
5. Housing construction will be increased

The proposals selected for the Government's midterm review were concrete proposals for decisions whose employment impacts will be realised during the current term of government. The extensive employment package also included measures with longer-term impact. The key contents of the employment package, which has since been revised, were positive structural change management, activating the unemployed, reinforcing the potential for entrepreneurship (including lowering the threshold for hiring the first employee), expertise development measures, reforms related to regional growth services, and innovative experiments supporting employment. The employment package brought together various Government measures for encouraging entrepreneurship and removing obstacles to it. The measures took account of new forms of entrepreneurship and employment such as the sharing economy, the platform economy, self-employment and combinations of entrepreneurship and paid employment.

Measures to promote employment include making it easier to relocate regionally to find employment, supporting positive structural change and improving opportunities for the unemployed to engage in entrepreneurship. The aim of the Government's revised employment package is to accelerate the finding of employment and the filling of vacancies. Increased emphasis is put on the responsibility of the unemployed to seek work actively and to accept jobs offered, as a prerequisite for receiving unemployment benefits. The unemployed are also encouraged and supported to go further afield regionally to find work. In addition to activation measures, the unemployed are provided with increased support in job searches. In spring 2017, the Government stated as its policy that an increasing number of the periodical interviews with unemployed jobseekers should be conducted face to face.

## **The employment situation**

### General

The Government of Prime Minister Juha Sipilä has set as its goal to raise the employment rate to 72% and to increase the number of employed persons by 100,000. However, the state of the Finnish economy has proved weaker than the global economy on several occasions. Still, estimates of medium-term prospects have recovered slightly. The trend has been affected by problems in the global economy and in the Eurozone, and also by structural change and the weak though now somewhat increased competitiveness of Finnish industry. As the growth of the economy and employment have remained weaker than expected, achieving the goals set by the Government for the balancing of the economy have proven difficult.

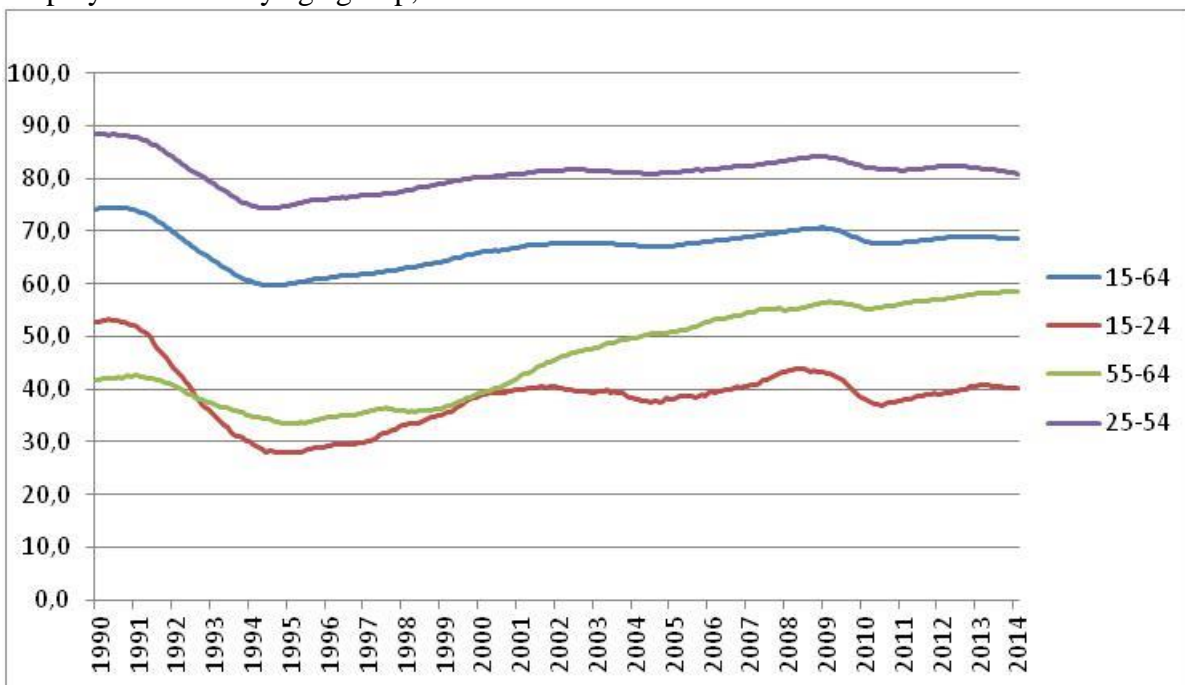
In 2014, the growth of overall production in Finland was -0.6%. In 2015, the growth was only 0.3%, but in 2016 it improved to 1.4%. Overall production also increased slightly in the first quarter of 2017.

The decline of employment figures that began at the end of 2012 slowed down until 2015, and the number of employed people is now expected to grow. The employment rate was 68.3% in 2014, 68.1% in 2015 and 68.7% in 2016. The forecast for 2017 is 69.4%. Increased structural problems in the labour market have cast a shadow over hopes for improvement of the employment rate, while demographic changes will also have an impact. In addition, as a result of the structural change, there are obvious incompatibility problems between unemployed jobseekers and open positions in the labour market both regionally and professionally.

Unemployment grew for several years until 2015, with an upturn seen in 2016. Unemployment is expected to continue to decrease in 2017. The duration of the period for vacancies remaining unfilled has increased. Long-term unemployment has decreased sharply. In March 2014, the number of long-term unemployed was 8% lower compared to the corresponding period in 2016. At the end of March 2017, the total number of unemployed jobseekers registered at Employment and Economic Development Offices (TE Offices) was 317,300. The unemployment rate was 7.8% in 2014, 9.4% in 2015 and 8.8% in 2016. The unemployment rate forecast for 2017 is 8.4%.

The activation rate was 27.3% in 2014, 25.1% in 2015 and 25.3% in 2016. However, the number of individuals participating in the services counted in the activation measures was almost the same as in the previous year, approximately 118,400. The lowering of the activation level was affected by an increase in the number of unemployed jobseekers. Moreover, the development of the employment situation with numerous terminations and lay-offs had a negative impact on opportunities to increase the use of wage subsidies.

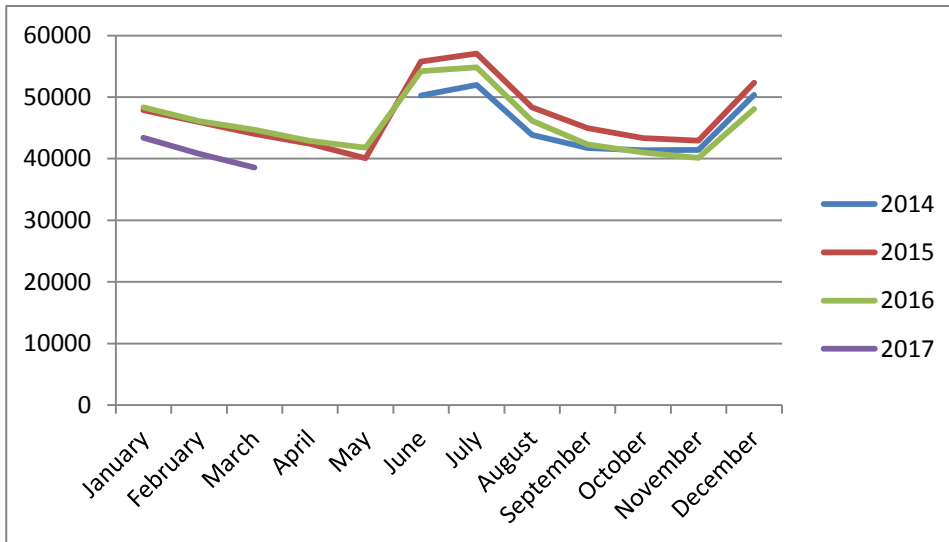
Employment rates by age group, %:



The increase in the number of older unemployed jobseekers was caused by the increase in the number of those aged 60+. Their percentage out of all jobseekers is more than 70% whereas the percentage of those under 55 years old is less than 27%.

#### Youth unemployment trends

Unemployed young jobseekers on a monthly average, out of people under 25, between June 2014 and March 2017:



### Ageing workers

The working age population (aged 15 to 64) began to decline quite rapidly in Finland in 2010, and the trend will continue during this decade, even though immigration is providing slight compensation. This will limit the labour supply in the coming years. Increasing employment among older workers prevalent during the previous decade could counteract these limitations, but unfortunately that growth has decelerated.

The increase in the employment of older workers has been continuous, although it has slowed down in recent years. The employment rate of older workers (aged 55 to 64) was 59.1% in 2014. It continued to rise in 2015, albeit at a modest rate, even though the employment rate decreased in younger age groups. The employment rate of older workers was 60.0% in 2015 and 31.4 % in 2016.

### Jobseekers with disabilities and long-term illnesses

The number of jobseekers with disabilities and long-term illnesses (jobseekers per month) fell somewhat over the period under review. The percentage of unemployed among people with disabilities and long-term illnesses has slightly decreased, whereas the percentage of people with disabilities and long-term illnesses among the working population has slightly increased. The percentage of those working a shorter week out of workers with disabilities and long-term illnesses remains low, despite its increase during the period under review.

Jobseekers with disabilities and long-term illnesses per month, 1 June 2015 to 31 March 2017:

Year	Jobseekers with reduced working capacity total (on average per month)	of whom unemployed	of whom employed	of whom worked a reduced working week
2011 (June to December)	75,460	38,193	14,743	81
2012	74,521	38,867	14,230	118
2013	73,823	40,603	12,457	183

2014 (January to May)	73,771	40,399	12,375	279
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Jobseekers with disabilities and long-term illnesses per month 1 June 2015 to 31 March 2017:

Year	Jobseekers with reduced working capacity total (on average per month)	of whom unemployed	of whom employed	of whom worked a reduced working week
2015 (June to December)	73,840	42,408	12,594	331
2016	73,185	40,796	13,185	383
2017 (January to March)	71,841	39,172	13,186	383

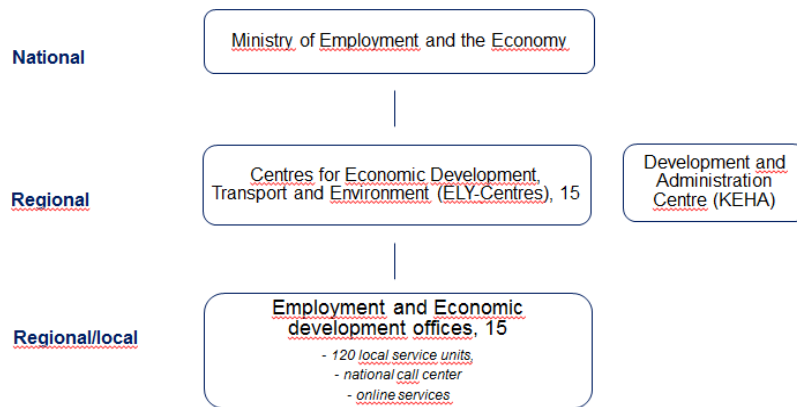
*Articles 5–8*

### **Organisation and implementation of public employment services**

Public employment services in Finland are under the responsibility of the Ministry of Economic Affairs and Employment and financed out of the central government budget; they are provided pursuant to the legislation on public employment and business services and implemented by the 15 regional Employment and Economic Development Offices (TE Offices). All the Offices include several service units according to regional needs (totalling 120). The TE Offices operate under the guidance and supervision of the Regional Centres for Economic Development, Transport and the Environment (ELY Centres).

Public employment services were reformed in 2013 (organisation, service lines, multichannel service provision, streamlined service products). As of the beginning of 2013, the TE Offices, with the necessary number of service points, have been responsible for the provision of the services. Customers are served by a network of employment and economic development services that includes regional TE Offices with their service points, Labour Force Service Centres, joint service points, regional business services and other service cooperation implemented with stakeholders. The regional government reform currently under preparation will enter into force at the beginning of 2020, and this will have an impact on public employment services too.





TE Offices provide employment and economic development services (TE services). The services are defined in the Act on Public Employment and Business Services (916/2012). The service model has three service lines: employment and enterprise services, competence development services and supported employment services. Customers are directed to these service lines based on their estimated need for services. All services included in the service selection are available in each of the service lines. The TE services focus on supporting quick employment of jobseekers, improving the availability of competent labour and securing the business operating environment.

Public employment services include labour exchange services, information and guidance, skills development and also business start-up and development services. All the services in the offering are also available to customers whose disability or illness makes it more difficult for them to find employment, the services also covering vocational rehabilitation.

Information and advisory services are available to everyone without restrictions. Labour exchange services are the most important for jobseekers and employers.

Competence development services include vocational guidance and career planning, coaching, work try-outs, education and training, and wage subsidies, and they are available to all individual customers. The purpose of jobseeking and coaching is to support customers in finding a job or vocational education. The content of the services may vary depending on the customers.



The service model provides opportunities to take better account of customer needs in the planning and acquisition of services. By strengthening enterprise-orientation, comprehensive services for enterprise and employer customers will be ensured and the employment of jobseekers in the open labour market supported. In addition, the aim is to institute a uniform service model and operational guidelines at all TE Offices.

A total of 15 TE Offices with the necessary number of service points are responsible for providing the services. Customers are served by a network of employment and economic development services that includes regional TE Offices with their service points, Labour Force Service Centres, joint service points, regional business services and other service cooperation implemented with stakeholders.

The focus of the services is increasingly online at [www.TE-palvelut.fi](http://www.TE-palvelut.fi). Several matters regarding information that previously required a visit to the office can now be dealt with online or by phoning the helpline. When a customer needs expert help to clarify their situation and opportunities, personal service at the TE Office remains an option. A multichannel service is continuously under development.

The purpose of the future regional government reform (entering into force on 1 January 2020) is to harmonise regional administration by creating county governments and to rationalise the organisation of public-sector administration at three levels: central, regional and local government. The Government Programme envisages the centralisation of functions into autonomous regions (that will be known as counties) in terms of tasks and authority. The counties will take over some of the tasks of the ELY Centres and the TE Offices, which will cease to exist.

As a part of the reform, TE services will be converted into growth services. The growth services will be realised through the organiser-producer model, where the roles of the organiser and the producer of the services are separated and in which the region is responsible for the organising. A fundamental principle of the reform is market-orientation, which means that the various service providers will all start at the same baseline, whether they are private or public enterprises or third-sector operators.

## **Government measures to promote employment**

In August 2014, the Government further specified measures for reducing structural unemployment through the enhancement of the labour administration and its services. This decision was rooted in the assessment that previously decided measures were insufficient to reduce structural unemployment by one percentage point, which was the set goal, because the economic situation and outlook had proven to be weaker than expected. In its decision, the Government required TE Offices to be more business-oriented in their operations, to increase the number of jobs offered to unemployed jobseekers and to be methodical about applying sanctions to those who refuse a job offer or activation measure.

In the structural reform programme, the Government decided to reinforce the role of local authorities in multisectoral joint services. The Government also required that development options for the labour administration should be explored during autumn 2014. The Act on Multisectoral Joint Services Promoting Employment entered into force at the beginning of 2015, extending the operating model of the joint service centres of the TE Offices, KELA and local authorities nationwide.

A protected portion was defined for unemployment benefits and housing allowances. The instructions concerning advance payment of unemployment benefits were revised. The obligation for unemployed persons to accept a job outside their travel-to-work area has been expanded.

The roles and responsibilities of local authorities in the active management of long-term unemployment have been augmented. An amendment to the funding of the labour market subsidy that entered into force in 2015 expanded the funding liability transferred to local government in 2006. Following this amendment, central and local government jointly pay the labour market subsidy for recipients who have received a labour market subsidy on grounds of unemployment for at least 300 days, the previous limit having been 500 days. As of the beginning of 2015, the labour market subsidy and its child increment are funded out of central government funds to the end of the payment period during which a person will have been paid labour market subsidy on grounds of unemployment for a total of 300 days. After that, the labour market subsidy and its child increment are funded jointly out of central and local government funds to the end of the payment period during which a person will have been paid labour market subsidy on grounds of unemployment for a total of 1,000 days. Thereafter the funding liability for labour market subsidy paid as income security to an unemployed jobseeker is shared between the home municipality of the labour market subsidy recipient (70%) and the central government (30%).

The central government is solely liable for paying a labour market subsidy for the duration of employment promotion services defined in the Unemployment Benefit Act (including jobseeking coaching, career coaching, experiments, labour market training and rehabilitative work as a social service).

Central government transfers to local government were increased in the funding reform in 2006 according to the legislation on central government transfers. In 2015, local authorities were compensated for the added costs caused by the increase in funding liability to the amount of EUR 75 million by increasing the corporate tax share of local government revenue. The increase in funding liability had no impact on the central government transfers for basic public services.

At the beginning of 2015, a new pay subsidy system entered into force. This reform was related to the policies outlined in the Government's structural policy programme. One of the purposes of the programme was to reduce structural unemployment and to extend working careers. The programme

also includes long-term pay subsidy for aged long-term unemployed persons and the removal of the regional obligation, the latter being related to the reduction of the duties of local authorities.

The point of the reform was to simplify the pay subsidy system and to improve its effectiveness, to promote employment of persons in a weak labour market position, and to improve equality among employers and unemployed jobseekers. The reform was also intended to reduce the amount of administrative work involved in pay subsidies and thereby to speed up the processing of pay subsidy applications and payments of pay subsidies. The pay subsidy was converted from a daily allowance to a percentage of the overall employment costs, being defined as a fixed percentage (30%, 40% or 50%) of the employment costs. The percentage of the pay subsidy and its maximum duration were to be graded on the basis of how long the person hired had been unemployed, the largest percentage and longest duration being reserved for those who had been unemployed longest. A pay subsidy granted on the basis of a substantial and permanent or essentially permanent reduction in productivity caused by an injury or illness was to be always defined as 50% of the employment costs.

The new pay subsidy system was anticipated to be more equitable for employers, because all employers would be granted the same percentage in pay subsidy regardless of the amount of the employment costs. Previously, the pay subsidy had been largest in relative terms for the employers who paid the lowest wages. The Government also wanted to secure the operating potential of the intermediate labour market, i.e. the efforts of associations and foundations offering employment opportunities. When such bodies hire a person who has been unemployed for more than two years for duties that may be considered not to be business activities, they may be granted a pay subsidy that may be used to cover employment costs completely for no more than 12 months and for no more than 65% of maximum working hours.

For persons aged 60 or over who have been consecutively unemployed for one year or more, a long-term pay subsidy (in practice, a permanent pay subsidy) may be granted to help them find employment. The purpose of this is to promote ageing persons to find employment and to extend careers.

In 2017, an amendment entered into force allowing the unemployment benefit paid by central government to be used for funding pay subsidies, start-up subsidies and mobility allowances. This amendment was enacted as part of the Government Programme's policy concerning the dismantling of incentive traps. The aim was to reduce the costs of unemployment by redirecting appropriations for income support during unemployment to promoting employment. It was equally important to revise the active labour market policy funding system to make it more flexible and better suited to clients' service needs.

In 2017, amendments to the content of the pay subsidy entered into force:

- To make the use of the pay subsidy more flexible, the provisions governing it were amended so that instead of a fixed percentage the subsidy is defined as a maximum of 30%, 40% or 50% of employment costs.
- A cap (in EUR) was set for the employment costs that could be covered using a pay subsidy. The reasoning behind this was that as the employment appropriations decrease, they must be increasingly efficiently targeted at promoting the employment of those unemployed persons who cannot access the labour market without a pay subsidy.
- A pay subsidy may be granted for the purpose of employing a person who has been unemployed for 12 months if the relevant TE Office considers that the unemployment period of the person concerned would probably last for more than 12 months if the pay

subsidy were not granted. However, such discretionary evaluation would not be required if the pay subsidy were to be granted on the basis of an injury or long-term illness that substantially and permanently (or practically permanently) reduces the recipient's productivity in the job duties at hand. In the future, the aim is to refocus pay subsidies on the prevention of long-term unemployment. TE Offices use an anticipatory profiling tool for assessing the risk of long-term unemployment, and in addition they could use other data available on the client for risk assessment purposes.

- The maximum duration of the pay subsidy was reduced from 24 months to 12 months. One year is considered to be enough for subsidised employment to improve the employee's occupational skills.
- In the future, 75% of the calendar weeks in which the employee fulfils the employment condition would count towards the employment condition as defined in the Unemployment Security Act. There are exceptions to this: employment on a pay subsidy provided on the basis of a local authority's employment obligation, and cases where a person has participated after his/her 60th birthday in services to promote employment organised by a TE Office pursuant to Chapter 11 section 1(2) of the Act on Public Employment and Business Services. In these cases, the employment condition accrues in full. The purpose of this reform is to encourage persons employed on a pay subsidy to enter the open labour market during and after their pay-subsidised employment.

Amendments to the Employment Contracts Act aimed at lowering the threshold to employment entered into force at the beginning of 2017. The amendments extended the trial period for new employees from four months to six months and allowed fixed-term employment relationships lasting less than a year to be concluded with persons who had been unemployed for 12 months or more with no particular reason given. Also, the period within which an employer is obliged to reinstate an employee terminated on financial or production-related grounds was shortened to four months.

In August 2014, the Government further specified measures for reducing structural unemployment. The amendments to the Employment Contracts Act that reduce the administrative requirements for employers entered into force on 1 May 2017. These provisions simplify employers' notification obligations to the TE Office in cases of termination.

Adjustments to change security for central labour market organisations pertaining to the Competitiveness Pact entered into force on 1 January 2017. These provisions require employers to offer coaching or training promoting employment under certain circumstances. The provisions only apply to those employers who regularly employ 30 employees or more and to cases where an employee has been in the service of the same employer consecutively for at least five years at the time the employment relationship ends. The adjustments to change security are connected with amendments to the Act on Co-operation within Undertakings.

No changes were made to the employer's notification obligations under the Act on Co-operation within Undertakings. If an employer who regularly employs 20 employees or more proposes codetermination negotiations to discuss matters that may lead to the termination or temporary lay-off of one or more employees, the negotiation proposal or its essential content must be submitted to the TE Office in writing, as before. The employer's obligation to draw up an employment plan or principles for promoting employment together with the TE Office was retained.

The application of the work try-out was expanded on an experimental basis for the years 2017 and 2018: it is now possible to use this for the purpose of evaluating the suitability of a jobseeker before

signing an employment contract. This ‘recruitment trial’ is intended as a measure to support finding employment especially in the case of unemployed jobseekers who have the occupational competence and labour market skills required. The trial allows an employer to assess how well the potential employee is suited to the duties at hand and to the workplace community. Recruitment trials are intended to lower the threshold for employers to hire unemployed jobseekers. Because the recruitment trial is intended to lead to an employment relationship, it is intended to be used in situations where the employer actually does have work to offer to the candidate.

The Act on Unemployment Security was amended to provide unemployed jobseekers with the right to adjusted unemployment benefits if they are employed on a full-time basis in an enterprise for no more than two weeks.

The travel allowance and relocation allowance paid in the form of a labour market subsidy were merged into a single benefit, the mobility allowance. As of the beginning of 2017, unemployment funds and KELA began to pay a new benefit called the mobility allowance. Its purpose is to facilitate jobseekers accepting employment a longer distance away. The mobility allowance replaces the travel allowance previously paid by KELA and the relocation allowance previously paid by TE Offices. The mobility allowance may be used to cover commuting costs or relocation costs. The mobility allowance is equal to the basic daily allowance and is paid for a period of 30 to 60 days, depending on the duration of the employment relationship. The purpose of the mobility allowance is to promote regional employment of jobseekers through increased mobility.

To support the employment of the long-term unemployed, a three-year employment allowance pilot (1005/2012) was initiated on 1 January 2013 to be implemented in connection with the experiment to alleviate structural unemployment in the municipalities involved in the experiment. Long-term unemployed persons covered by the experiment will continue to receive a labour market subsidy during their first month in a new job.

### Labour market training

Occupational matching problems remain a major challenge on the Finnish labour market. It is being addressed with training measures, of which the labour administration can provide labour market training, integration training and self-motivated study on a labour market subsidy.

No major changes have occurred in labour market training during the reporting period. There have been efforts to unify regional practices, and an online joint central government procurement system was introduced in labour market training by stages during 2016 and 2017. Regional Centres for Economic Development, Transport and the Environment have also otherwise developed cooperation in the planning and procurement of labour market training for instance by enhancing joint training procurement.

The number of starts in labour market training has been as follows (including integration training):

	Year 2014	Year 2015	Year 2016
Training starts:	55,871	45,488	50,003

The trend in the number of starts reflects firstly the decline in labour market training appropriations and then the increase in appropriations for integration training and hence its volume.

The effectiveness of labour market training is evaluated by using as an indicator the employment status of training participants three months after the end of the training.

	Year 2014	Year 2015	Year 2016
Unemployed 3 months after the end of training:	39%	42.1%	39%

The labour market training joint procurement products adopted with employers about ten years ago – *täsmäkoulutus* [precise training], *rekrykoulutus* [recruitment training] and change training – have proven to be effective products and remain so. Joint procurement was particularly used in 2016 to address the sudden labour needs emerging in the shipyard and automotive industries in south-western Finland, mostly recruitment training. This positive structural change is still ongoing, and labour needs in the region are expected to continue to increase.

Jointly procured training accounted for 9% of vocational labour market training funding in 2014, 8% in 2015 and 12.4% in 2016. The increase came principally from change training and recruitment training. The percentage of ‘precise training’ has declined.

Planning of the reform of vocational education, one of the spearhead projects of the Government of Prime Minister Juha Sipilä, was begun during the reporting period. Under this reform, a substantial part of labour market training will be transferred to the administrative sector of the Ministry of Education and Culture as of the beginning of 2019.

During the reporting period, the greatest changes in training occurred in integration training for immigrants. No relevant legislative amendments were enacted during the reporting period.

#### New implementation models for integration training for immigrants

The sudden and unexpected inflow of immigrants to Finland in 2015 was the main motivator for streamlining integration training for immigrants to make it more efficient, flexible and customised. The National Board of Education and the Ministry of Economic Affairs and Employment specified potential new implementation models for integration training of adult immigrants. This new model is based on modules that concern the integration training provided to adult immigrants both as labour market training and self-motivated education, in accordance with the national core curriculum for integration training for adult migrants (National Board of Education 1/011/2012).

The purpose of the new implementation model is to:

- speed up access to training and entry to working life and further studies;
- support supplementation of prior learning;
- diversify and enhance implementation methods; and
- enhance the effectiveness of training.

The maximum duration of training remains the same, while still taking into consideration the individual needs of the migrants to be integrated. The linguistic objective specified in the Act on the Promotion of Immigrant Integration remains the same, because the Act has not been amended.

An intensive orientation module has been added for those who have been granted a residence permit but do not yet have a municipal placement, as well as for those who are waiting for access to training services after being assigned to a municipality. The training modules may contain a diverse range of other activities, such as on-the-job learning, familiarisation periods, work trials, etc. There may also be other activities between training modules, such as work trials, subsidised employment and third-sector services. The part-time model was added because there is a desire to enhance the

implementation of training. In particular, there is a desire to combine vocationally-oriented content with training at as early a stage as possible.

During the orientation module, a more detailed assessment of the integrating migrants' competence and vocational skills can be made and short-term basic language instruction provided. Also, during the module participants can acquaint themselves with regional or local working life and educational offerings in familiarisation periods. Wherever possible, the social studies element of the orientation module is provided in the native language of the participants. Furthermore, the implementation can make flexible use of local offerings, such as library and other cultural services.

The aim is that, within modules, integrating migrants can be further divided into study pathway groups based on a baseline assessment: basic pathway, slow-track pathway and fast-track pathway.

Vocationally-oriented language instruction might be included several modules.

Varying the implementation of integration training in several parallel alternatives poses a challenge to all parties involved in the implementation. The various parties must develop and resource the guidance for training and the assessment of study progress as support elements for the individualisation/customisation of training and the alternation of other services and studies.

#### Self-motivated study supported with unemployment benefit

Self-motivated study for jobseekers supported with unemployment benefit was introduced in 2010 for the purpose of improving adults' occupational skills and employment prospects, helping employees keep their jobs and ensuring the availability of competent labour. The focus is on short-term studies that promote rapid finding of employment on the labour market. Self-motivated study supported with unemployment benefit must always be full-time studying. The benefit period is by default 24 months per study module.

Self-motivated study supported with unemployment benefit is principally meant for studies that promote rapid finding of employment; the unemployment benefit paid for the duration of the studies is not intended to replace the normal study grants paid during self-motivated study. In order to qualify for this benefit, a jobseeker must have a training need as established by a TE Office, and the TE Office must be of the opinion that supporting self-motivated study is the best way from the labour market perspective to improve the jobseeker's occupational skills and potential for finding employment or keeping his/her job. Basically, studies are not supported with unemployment benefit if the jobseeker has a valid and relevant vocational qualification or if his/her current competence and job experience would enable him/her to find employment. The TE Office always performs a comprehensive evaluation before making a decision, taking into account the general legislative provisions and the various perspectives involved, including the individual's personal situation and the general and/or local situation on the labour market.

Self-motivated studies supported with unemployment benefit is a concept that has been increasing in popularity; as at March 2017, there were 39,800 participants, almost 4,000 more than in the previous year and about 9,000 more than in 2015. On average, 60% of the participants have been women.

The legislation was amended as of the beginning of 2017 so that reimbursement of expenses is no longer paid for the duration of self-motivated study supported with unemployment benefit. The reasoning behind this was that reimbursement of expenses should only be paid for the duration of



those services promoting employment in which the jobseeker is obliged to participate or forfeit his/her unemployment benefit. Self-motivated study supported with unemployment benefit is not mandatory. This amendment applies to jobseekers who have begun receiving a subsidy for self-motivated study on or after 1 January 2017. Moreover, if the purpose of the studies is to complete the basic education syllabus, then support can be paid for a maximum of 48 months, as opposed to the usual 24 months. In practice, this only applies to immigrants.

### Multisectoral joint services promoting employment

The Act on Multisectoral Joint Services Promoting Employment (1369/2014) entered into force on 1 January 2015. The Act lays down an operating model in which TE Offices, local authorities and the Social Insurance Institution (KELA) jointly appraise the service needs of unemployed persons who require multisectoral joint services, plan service packages feasible for the purposes of finding employment for the unemployed, and take responsibility for the progress and monitoring of the employment process for the unemployed.

A key purpose of the Act is to reduce long-term unemployment. Another purpose is, in the long term, to cut public expenditure caused by unemployment, to enhance the functioning of the service system, to reduce inequalities among the long-term unemployed, to clarify the division of duties between central and local government, to develop cooperation between central and local government and to improve the potential of local authorities to influence the providing of services for the long-term unemployed and hence to contribute to their finding employment. From the client perspective, the point of providing for this by law ensures that the services needed by the long-term unemployed are available nationwide, thereby reducing geography-based inequalities among the unemployed.

A 'need for multisectoral joint service' refers to a situation where promoting employment for an unemployed jobseeker requires the harmonisation of services provided variously by the local authority, the TE Office and KELA. The need for multisectoral joint service is assessed by the TE Office, the local authority or KELA once an unemployed person has been receiving a labour market subsidy for 300 days or more or has been unemployed for a specific consecutive period (six months or more for persons aged under 25, and 12 months or more for persons aged 25 or over). Persons found to need multisectoral joint service are referred to such a service. Their client relationship will be maintained for as long as they need the multisectoral joint service.

The client process pursuant to the Act is based on a service needs assessment performed by the local authority, the TE Office and KELA together with the unemployed person and on a multisectoral employment plan drawn up on the basis of that assessment. The multisectoral employment plan incorporates all the services that the client needs, in a feasible package. Each service is provided pursuant to the legislation governing it, and responsibility for promoting the client's service process (process responsibility) is held at any given time by the authority with statutory responsibility for providing the service being provided. The statutory services to be offered to clients under the Multisectoral Joint Services Act include public employment services referred to in the Act on Public Employment and Business Services, health and social services for which local authorities are responsible, and rehabilitation services of KELA. A multisectoral joint service may also include services voluntarily provided by the local authority, for instance.

The unemployed person's service needs are reassessed within three months of starting the multisectoral joint service (after the 'survey period'). During the survey period, the TE Office, local

authority and KELA explore the unemployed person's occupational competence together with him/her and chart his/her social situation, health status, work capacity and functional capacity insofar as they have a bearing on his/her employability.

No new organisation was set up for the multisectoral joint service model; instead, the relevant authorities act jointly in a network and within their respective authorisations. A total of 33 multisectoral joint service networks based on cooperation agreements have been set up to provide these services. Nearly 250 client service points have been set up, of which 44 are joint service points. The number of service points per network varies from 1 to 30. The local authorities involved in each network have designated persons to manage the providing of the multisectoral joint service.

The networks differ from each other as regards the number of local authorities involved, the number of clients and the number of service points. As at December 2016, there were about 40,000 clients of multisectoral joint services (about 51,000 clients during the entire year 2016), in addition to which about 42,000 people fulfilling the criteria for becoming a client of multisectoral joint services were on the waiting list. The number of clients per network varies from a few dozen to 4,000.

### Jobseekers with disabilities and long-term illnesses

Restrictions on the working capacity of employees and their availability to the labour market have been removed from the legislation on public employment and business services, which improves the potential for individuals with partial working capacity receiving a disability pension and a rehabilitation subsidy to use TE services. With the reform, the concept of 'reduced working capacity', which was deemed stigmatising and negative, was removed from the legislation.

The employment of jobseekers with partial working capacity is supported especially by the following changes in individual TE services: 1) The terms of granting a pay subsidy have been clarified, and applying for the subsidy has been made simpler; and 2) the amount of a subsidy for arranging working conditions has been increased. These changes improve employers' financial opportunities for recruiting individuals with partial working capacity. Expanding the job coaching service to cover support offered to the employee and employer at the beginning of an employment relationship enhances attachment to the job and makes it likelier that the employee will remain employed.

An action programme for promoting the employment of those with partial working capacity for 2013 to 2015 was prepared under the direction of the Ministry of Social Affairs and Health. Particular attention was paid to the employers' incentives towards hiring and continuing to employ individuals with partial working capacity, to providing the support required by those with partial working capacity to find an employment path suited for their life situation, and to establishing a more motivating balance between disability pension and income from work.

### Youth Guarantee

In a report published in March 2012, the Youth Guarantee working group presented 21 recommendations for further action to enable the implementation of the Youth Guarantee in accordance with the Government programme. The majority of the Working Group's proposals were implemented, and an assessment of the implementation can be read in this summary.

The implementation of the Youth Guarantee has been hampered by difficult economic conditions; for instance, some objectives to improve youth employment have not been met. However, during

the implementation of the scheme youth unemployment has remained relatively short-term in nature: the average unemployment period of young people was about 11 weeks in 2011 and about 14 weeks in 2014. After the introduction of the Youth Guarantee, young people have remained as registered jobseekers at TE Offices more consistently than before. The number of young people who end their job search and ‘disappear’ beyond the reach of these services continues to decline. Since the introduction of the Youth Guarantee, TE Offices have made significant investments in steering young people towards TE services. Consequently, the number of young people using the services has increased considerably compared to other jobseeker categories, increasing by more than 5,000 from 2011 to 2014.

The educational guarantee entered into force during the joint application process of autumn 2013 but was not implemented on a large scale until the more extensive joint application process of spring 2014. It has helped an increasing number of young people to continue from basic education either directly to upper secondary education or to voluntary additional basic education or preparatory training. The field of education has undergone several changes and reforms particularly due to the central government’s pressure to make savings. It remains to be seen how the numerous reforms will affect the future implementation of the educational guarantee.

The skills programme for young adults was launched at the beginning of 2013 and obtained full funding in January 2014. So far, the quantitative targets set for education in educational institutions have been reached. The programme will continue until the end of 2016. Those participating in the training include a considerable number of young people aged 20–29 without qualifications beyond basic education or a job. Because it is difficult to get a job without a qualification, these young people constitute an important target demographic. Despite the skills programme, there are still many young people in the labour market who have only completed basic education; their working careers are expected to be relatively short. In future years, the pressure to make spending cuts in adult education will further curtail the education needed by young people in the labour market who have little education and by those already employed and wishing to change careers.

With the additional funding received in connection with the Youth Guarantee, youth outreach work is now being carried out all over Finland. Outreach activities reach a growing number of young people, and more of them are also receiving longer-term support through the services. The number of people under 29 who have participated in youth workshops is steadily increasing.

The criteria for vocational rehabilitation for young people were broadened at the beginning of 2014. Since then, the number of young people participating in vocational rehabilitation has steadily increased. In 2015, the new Social Welfare Act will improve youth social services, for example, by entitling young people to a designated contact person. Studies evaluating the implementation of the Youth Guarantee have highlighted the insufficiency of social and health care services in particular. In the Youth Guarantee scheme, a network of one-stop service points has been developed for young people. This ‘Ohjaamo’ network will begin operating in 13 municipalities in 2015.

The Youth Guarantee working group published its final report in March 2015, assessing the impacts of the changes implemented. The working group also made recommendations on how the Youth Guarantee should be further developed. The main recommendations were:

1. The implementation of the Youth Guarantee should be a long term project.
2. Problems should be tackled before they appear. Early intervention should be at the centre.
3. The Youth Guarantee should be allocated sufficient resources.
4. All young people should benefit from the Youth Guarantee.
5. The Youth Guarantee should focus on the developing skills of young people.

## 6. Young people should be granted access to the labour market.

The recommendations encouraged to implement the Youth Guarantee as a comprehensive programme taking a broad approach to the life of the young population.

After the Parliamentary elections in spring 2015, the Youth Guarantee remained one of the Government's key projects. The implementation process was changed, however, as responsibility was shifted to the Ministry of Education and Culture. The Ministry of Education and Culture appointed a new Youth Guarantee steering group to develop the Youth Guarantee scheme. One of the main projects was to develop a nationwide network of one-stop-shop guidance centres for young people.

Under the Youth Guarantee scheme, the Ministry of Economic Affairs and Employment and other ministries are developing 'one-stop-shop' service points. The aim of these new service points is to bring together service providers and to increase cooperation between administrative bodies. These Ohjaamo centres provide one-stop-shop guidance for young people. They form a key plank in Finland's delivery of the Youth Guarantee. Promoting the 4P Principle (Public-People-Private-Partnership) at the heart of the national approach, there are now almost 40 centres across the country, operating in more than 100 municipalities from the capital to rural areas.

The central concept is a low-threshold service providing guidance and support to young people under the age of 30. Within these services, young people can access a wide range of professional support. Apart from career guidance and training, this includes housing, welfare and social care provision.

Another important feature, shaped by input from young people, is a reliance on face-to-face relationships between professionals and clients. This insistence on personal support might seem surprising, given that the millennial generation includes digital natives.

A high majority of the users (around 90%) drop in and receive support without any further intervention. The remaining 10% are referred to further support. The process is determined by a light-touch assessment process conducted informally with a guidance professional. This will focus for example on education and employment goals, the young person's situation, money, health and social support networks. Throughout, the emphasis remains on the young person being in control, steering the process in a way that they are comfortable with.

Across Finland, 80,000 young people used the Ohjaamo services in 2016.

### Sanssi card

The Sanssi card is a marketing tool for pay subsidy. However, while the principles of the pay subsidy are the same for people of all ages, the Sanssi card is a marketing tool only for those under the age of 30. It is intended to empower young people while they are searching for their first jobs.

In 2013 and in 2014, the Sanssi card was widely used by the TE Offices. From 2015, growing long term unemployment made the Ministry of Economic Affairs and Employment shift the emphasis of the pay subsidy to those who have been out of the labour force for longer periods of time.

	2014	2015	2016	2017
Number of people issued a Sanssi card	37,139	3,390	1,302	117
Young people with a Sanssi card employed on a pay subsidy	9,858	3,814*	3,636	307*

*\*A Sanssi card is valid for 6 months. The number of employed may actually be higher because the card was given during the previous year.*

### Alleviating structural unemployment in municipalities

An experiment to alleviate structural unemployment in municipalities was carried out between 1 September 2012 and 31 December 2015. The objective of the experiment was to find new models based on local partnerships for integrating individuals into the labour market for the purpose of alleviating structural unemployment.

The experiment consisted of 23 projects, 14 of which included more than one municipality. A total of 65 local authorities were involved in projects accepted for the experiment. Some 23,000 persons participated in the experiment.

In the municipalities participating in the experiment, services promoting employment are implemented through multiprofessional cooperation transcending sectoral boundaries.

Out of the long-term unemployed covered by the experiment, the primary focus in the selection was on those who had received an unemployment benefit for at least 500 days because of unemployment and who, in addition to employment services, also require services for improving their potential for finding employment, the arrangement of which is the responsibility of local authorities. In addition to the aforementioned individuals, the target group contained individuals who had remained unemployed for at least 12 consecutive months and who were faced with the risk of exclusion from the labour market.

The experiment did not alter the basic division of labour between the central government and local authorities in the arrangement of other services promoting employment. All services for which public-sector operators are responsible were utilised for promoting employment.

The purpose of the experiment was to find new labour market integration models based on local partnership so as to better take into account the needs of both jobseekers and of the local labour market. In the experiment, local authorities coordinated the organising of employment promotion services, ensuring that the services constitute a feasible package from the perspective of employment efforts at the local level.

Assigning coordination responsibility to local authorities was estimated to give them more influence on how services for the long-term unemployed will be provided.

The experiment evaluation study showed that this experiment opened up new opportunities for cooperation between central and local government and for broader partnerships in promoting employment; also, employment-related resources were more efficiently compiled during the experiment. The study showed that the experiment did have the effect of curbing the growth of unemployment, although it was impossible to demonstrate precisely what the specific impact of the

experiment had been. The researchers noted that improving cooperation between central and local government and increased transparency in employment matters would continue to need development after the experiment.

The findings of the experiment concerning the long-term unemployed at the local level were processed on the basis of the monitoring data and the evaluation conducted. The experiment also yielded information for the planning and further development of a multi-sector joint service (the New Lafos) for promoting employment. The findings were also leveraged in a report assessing whether labour exchange services for the difficult to employ and their resources should be transferred to the local authorities by commuter area. This report was motivated by a policy point in the Government Programme of the Government of Prime Minister Juha Sipilä.

#### Study on the functionality and effectiveness of change security

The operating model of change security has been in place for approximately eight years. Its objective is, in part, to react to temporary lay-offs and dismissals by helping people find new employment as quickly as possible. In 2009, the target group of change security was expanded, under certain terms, from permanent employment relationships to also cover temporary lay-offs and fixed term employment relationships.

A study on the functionality and effectiveness of the model in the period after the expansion of change security was completed at the end of 2013. The overall image of the operating model of change security conveyed by the study is positive. The foundation of the operating model is sound, and the model has been used to promote job-to-job transfers in an effective and relatively fast manner. Change security has also been used to commit individuals covered by change security to various measures. The percentages of individuals excluded from the labour force thus remain marginal. The expansion of change security to also cover temporarily laid off workers and employees in fixed-term employment relationships has also been productive and justified.

Change security has often involved practical working methods, and close cooperation with companies reaching all personnel levels has enabled the actors to understand the needs of dismissed employees and their individual paths forward. Various bodies in the regions work together to manage situations of change. The change security operating model has also set an example for many companies putting together their own operating models to manage situations involving structural change.

The change security operating model also involves a number of development targets. Its challenges include the sufficiency of the resources of the TE administration for the provision of active guidance, broadening knowledge and deepening partnerships particularly with regional business services.

#### Regional experiments in employment and business services

The Government proposal to Parliament for an Act on the Regional Provision of Public Employment and Business Services and Working Life Trials was submitted to Parliament in May 2017. The Act is intended to enter into force on 1 August 2017 and to remain in force until the end of 2018. This experiment extends the powers of local authorities to offer public employment and business services to the unemployed persons belonging to the target group. Local authorities would handle the customer process for the target group instead of the TE Office. A new service called a 'working life trial' would be offered in two of the experiment areas instead of rehabilitative work

service. Rehabilitative work is a social service, and the legislation governing it is in the domain of the Ministry of Social Affairs and Health.

The target groups for the experiment mostly comprise long-term unemployed persons and young persons. The experiment is to be run in five areas comprising a total of 24 municipalities. At the beginning of the experiment, its target group comprises about 40,000 persons. New customers are to be referred to the experiment along its duration whenever they fulfil the target group criteria.

An evaluation and action research study funded by the Government has been launched to evaluate the effectiveness of the experiment. The study is being conducted using the developmental evaluation method, and the aim is to have the first findings available while the experiment is still going on.

Underlying this experiment is a clause in the Government Programme of the Government of Prime Minister Juha Sipilä (2015–2019) concerning the investigating of how employment services and their resources with regard to the persons the most difficult to employ could be transferred to local authorities, as in Denmark. An exploratory study conducted under the leadership of the Ministry for Economic Affairs and Employment was published in January 2016 but led to no action, because the providing of public employment and business services formed part of the proposal concerning functions to be assigned to the new counties, which was in preparation at the time.

At the beginning of April 2016, the Government stipulated that public employment and business services would be reassigned from central government to regional government as of the beginning of 2020. Regional experiments were included in the action plan for the implementation of the key projects and reforms in the strategic Government Programme 2015–2019, updated in April 2016. Preparations for the experiments were begun in a broad-based working group chaired by the Ministry of Economic Affairs and Employment.

#### Measures partly funded by the EU

Funding from the European Social Fund (ESF) has been leveraged in projects for instance to promote employment among young persons and persons in a weak labour market position and to promote integration of immigrants.

Finland has made active use of the opportunities offered by the European Globalisation Adjustment Fund (EGF) in supporting the re-employment of those who become unemployed in mass dismissals. Since the EGF projects executed between 2012 and 2015 related to dismissals at Nokia, there have been four EGF projects in Finland, and an application for a further one is currently (May 2017) being processed by the relevant EU bodies. The combined funding for the last-mentioned five projects comes to more than EUR 28 million, of which the EU contributed 60%, or about EUR 17 million. More than 5,500 terminated employees have been covered by measures executed with EGF funding, including various kinds of training, coaching, start-up funding and pay subsidies. In May or June 2017, Finland will be submitting an EGF application concerning the trade sector to the European Commission.

#### *Article 10*

Employment promotion committees were converted to employment and business service advisory boards as of the beginning of 2013. The duties of these bodies remained principally the same.

However, in the future the employment and business service advisory boards will no longer issue statements concerning jobseeker appeals in unemployment benefit matters.

#### *Article 21*

The Unemployment Security Act was amended as of 1 January 2015 to state that jobseekers are obliged also to accept employment from outside their travel-to-work area if the daily commute using public transport will not exceed an average of three hours for a full-time job or two hours for a part-time job.

The obligation to accept employment was again expanded as of 1 January 2017 so that jobseekers are now required to accept employment outside their travel-to-work area on the same criteria as employment within their travel-to-work area. Jobseekers are thus obliged to accept employment outside their travel-to-work area if the daily commute using public transport will not exceed an average of three hours for a full-time job or two hours for a part-time job. The daily commute is estimated by taking into account not only public transport but also the use of a car or bicycle or walking part of the way.

The purpose of this amendment is to increase the regional mobility of labour.

The sanctions specified in the Unemployment Security Act were changed as of 1 January 2017: when a jobseeker refuses a certain job, a waiting period of 90 days with benefits suspended is imposed instead of the earlier 60 days. The waiting period imposed because of neglecting to apply for a job offered by the TE Office is still 60 days. This sanction enters into force 30 days after the infraction, during which time the jobseeker may find other employment and thus offset the loss of the unemployment benefit.

Beyond professional protection, jobseekers no longer have a valid reason for refusing to accept a full-time job in a case where the total wages paid and any adjusted unemployment benefit paid, minus deducting commuting costs and other costs incurred through accepting the job, is less than the unemployment benefit that they would otherwise be paid. However, jobseekers still have the right of such refusal in the case of part-time jobs, regardless of how long they have been unemployed.

#### *Article 26*

In the amendment to the Unemployment Security Act that entered into force at the beginning of 2016, the definition of ‘entrepreneur’ was changed to include all persons who earn a wage income but are not in a private-sector or public-sector employment relationship. Persons who were previously considered self-employed, such as those working to commission in the creative sectors, are now considered entrepreneurs as far as unemployment security is concerned. Assuming all other criteria to be satisfied, entrepreneurs may qualify for an adjusted unemployment benefit if entrepreneurship is deemed to be their secondary occupation.

#### *Article 27*

Employment promotion committees were converted to employment and business service advisory boards as of the beginning of 2013. In the future the employment and business service advisory



boards will no longer issue statements concerning jobseeker appeals in unemployment benefit matters.

### III – V.

Nothing new to report.

### VI.

#### **A copy of this report has been sent to the following labour market organisations:**

1. The Confederation of Finnish Industries (EK)
2. The Central Organisation of Finnish Trade Unions (SAK)
3. The Finnish Confederation of Professionals (STTK)
4. The Confederation of Unions for Professional and Managerial Staff in Finland (Akava)
5. Local Authority Employers (KT)
6. The Office for the Government as Employer (VTML)
7. The Federation of Finnish Enterprises

#### **Statements of the labour market organisations:**

The Central Organisation of Finnish Trade Unions (SAK), the Finnish Confederation of Professionals (STTK) and the Confederation of Unions for Professional and Managerial Staff in Finland (Akava) note that they are particularly concerned about the cuts to unemployment security unilaterally decided by the Government. As of the beginning of this year, a cut of EUR 200 million was made to earnings-related unemployment benefits. The maximum duration of the unemployment allowance was shortened by 100 days, the waiting period was lengthened from 5 days to 7 days, the increment payable after a long working career was eliminated, and the increment payable for the duration of participating in services to promote employment was reduced.

The Government continued to make unilateral decisions as part of its employment package and further tightened the eligibility requirements for unemployment security. The following changes were implemented to the obligation to accept a job and to the sanctions system as of the beginning of 2017:

- Beyond professional protection, comparison of income and expenses was abandoned for full-time employment in cases of refusing a job.
- Jobseekers are now expected to use their own car for commuting outside their travel-to-work area.
- The waiting period with suspended benefits was extended to 90 days in cases where jobseekers refuse to accept a job for which they were hired.
- Unemployed persons are principally obligated to participate in all services offered to them, even if such services were not agreed upon in the employment plan.

The trade union federations consider that prolonged unemployment undermines the potential for growth, and instead of weakening unemployment security we need measures to improve employment.

- adding human resources to labour exchange services
- improving the working capacity of unemployed persons to improve availability of labour
- introducing a part-time increment to help employ the difficult-to-employ
- improving the competence of employed and unemployed persons alike

- improving the effectiveness of labour market training appropriations
- adding funding to adult apprenticeship training
- clarifying the right of unemployed persons to study now that the Government has discontinued payment of reimbursement of expenses for the duration of self-motivated study

It is the considered opinion of the trade union federations that weakening the status of the unemployed will not create new jobs. The focus in employment policy must be in supporting the unemployed and in offering employment opportunities.