

No. 140**REPORT**

for the period of 1 June 2013 to 31 May 2018 made by the Government of Finland, in accordance with article 22 of the Constitution of the International Labour Organization, on the measures taken to give effect to the provisions of the

Paid Educational Leave Convention, 1974 (No. 140)
(Ratification of which was registered on 24 February 1992)

Direct Request, 2013

The Committee invites the Government to continue providing information on the measures envisaged or adopted to contribute to the attainment of the objectives set out in Article 3 of the Convention, as well as on the manner in which the national policy on paid educational leave is coordinated with general policies concerning employment, education and training (Article 4).

The tripartite working group tasked with investigating the reform of the Study Leave Act (273/1979) mentioned during the previous reporting period did not reach a consensus during its work. Therefore, no amendments were made to the Study Leave Act this reporting period. Instead, the Act on Adult Training Allowance (1276/2000) was amended (see more in section I LEGISLATION AND REGULATIONS).

Labour market organisations reached an agreement in March 2013 on a model for the development of competence. This was used to enter a provision on the right of employees to three days of training in the labour market organisations' framework agreement for 2011 and the Government's commitment. The model approved by labour market organisations includes agreements on the amendments to be made to the Act on Co-operation within Undertakings, on the special tax incentive included in the Act on the Taxation of Business Profits and Income from Professional Activity and on the content of the special act on training in undertakings that will entitle them to the tax incentive as well as on the related amendments to employee taxation. In addition, it was agreed that similar changes will also be implemented in the public sector.

Legislation concerning the development of employees' competence was prepared during a tripartite process in 2013, and the laws entered into force at the beginning of 2014. See section I for more information on the content of legislation.

The Government feels that the development of employees' competence is important. The Government Fiscal Plan for 2019–2021, which the Government approved in April 2018, states, for example, that the Ministry of Education and Culture will launch a reform of lifelong learning (Osaava Suomi), which it has prepared together with the Ministry of Economic Affairs and Employment. In addition to this, to increase studies and further and continuing education alongside work, the need to reform legislation on study leave and adult training allowance in the long term will be examined.

I LEGISLATION AND REGULATIONS*Study Leave Act*

No amendments have been made to the Study Leave Act during the reporting period.
Act on Job Alternation Leave <http://www.finlex.fi/fi/laki/kaannokset/2002/20021305>

Act on Adult Training Allowance

The Act on Adult Training Allowance has been amended during the reporting period as follows:

- Act amending sections 12 a and 14 of the Act on Adult Training Allowance (501/2013): At the beginning of August 2013, the conditions for receiving an adjusted adult training allowance were amended increasing the amount of the full protected portion to 250 euros a month. In addition, the maximum time period for receiving an adult training allowance was increased from 18 months to 19 months.
- Act amending section 19 of the Act on Adult Training Allowance (736/2013): The amendment was due to Regulation (EU) No 260/2012 of the European Parliament and of the Council establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 entering into force. Now, an adult training allowance is paid to a bank account located within the European Union determined by the person eligible for the allowance.
- Act amending sections 7 and 11 of the Act on Adult Training Allowance (885/2015): The amendments were mostly technical in nature and resulted from the legislation of the new Farmers' Occupational Accidents, Injuries and Diseases Act (873/2015).
- Act amending section 11 of the Act on Adult Training Allowance (90/2016): The amendment was part of the reform to the earnings-related pension system, which entered into force at the beginning of 2017. The Act saw the addition of paragraph 13 to section 11 concerning restrictions related to an adult training allowance. According to this paragraph an adult training allowance will not be granted to a person who receives a yeas-of-service pension pursuant to the acts listed in section 3 of the Employees Pensions Act.
- Act on the Amendment of the Act on Adult Training Allowance (1104/2016): The amendments are part of the competitiveness agreement entered into by central labour market organisations. Starting from 1 January 2017, the maximum time for which a person can receive an adult training allowance was reduced from 19 months to 15 months. Additionally, the basic adult training allowance was cut by 15 per cent on 1 August 2017. The financing of the allowance was amended by removing funding by the State completely from the adult training allowance for employees. The allowance is currently financed in its entirety by funds from the Unemployment Insurance Fund. However, the State can continue to provide financing for a self-employed person's adult training allowance. At the same time, provisions were added to the Act on Adult Training Allowance and the Act on the Education Fund (1306/2002) on the inclusion of work abroad to one's working career. The working career that makes one eligible for an adult training allowance and vocational qualification grants is currently calculated taking into consideration work carried out in Finland, in the European Union's Member States, in countries that are members of the European Economic Area and in Switzerland.

There is no English translation of the act. In Finnish:

<https://www.finlex.fi/fi/laki/ajantasa/2000/20001276#P7>

Legislation to promote the development of professional skills of employees

Legislation to promote the development of professional skills of employees entered into force at the start of 2014. The goal of the legislation is to promote the development of the professional skills of employees, to improve their chances to adjust to changes in working life and to prolong careers. The starting points for the development of professional skills are the needs of business life and public services, but also enhancing the long-term employment opportunities of employees. The changes provide a better opportunity for employees to develop their professional skills. Employers have the opportunity to receive a financial incentive for training provided to employees.

There are several acts containing provisions on the development of employees' professional skills. The Act on Financially-Supported Development of Professional Skills (1136/2013) is applied in both the private and the public sector, regardless of the size of the employer. Certain organisations mentioned in the act and households acting as employers remain outside of the scope of the act.

In order to receive the financial incentive, employers must prepare a training plan. Regarding employers covered by legislation on co-operation, the content of the training plan is determined according to the act applied. A provision concerning a training plan contained in the Act on Financially-Supported Development of Professional Skills is applied in workplaces outside of the scope of application of the Act on Co-operation within Undertakings (section 4, subsection 4). According to the provision the plan must contain an assessment of the professional competence of the entire personnel, changes to take place in the requirements for professional competence and the causes of such changes, as well as a plan based on this assessment for each personnel group or for employee groups categorised by some other appropriate criterion. The plan shall also address general principles aiming to maintain the work ability of employees who are at risk of work disability or aged and to improve the access to labour market of employees at risk of unemployment. Moreover, the plan must contain information regarding how it will be implemented and monitored.

When requested by an employee, an employer outside the scope of application of legislation on co-operation, who has not drawn up a training plan as required in section 3, subsection 4 of the Act on Financially-Supported Development of Professional Skills, must discuss issues related to the development of the employee's vocational competence with the employee.

Provisions on the conditions for receiving the financial incentive and the amount of the incentive are laid down in tax legislation and in the Act on Compensations for Training (1140/2013). An employer, who carries out business activities or agriculture, can receive a tax deduction for training for a period of at most three days per employee each in accordance with the Act on the Taxation of Business Profits and Income from Professional Activity (360/1968) or the he Act on Agricultural Income Tax (543/1967). The deduction is 50 per cent of the average wage expenses for the training days. The corresponding compensation for employer other than those that carry out business activities or agriculture is given by implementing training compensation for the training days. Just as is the case with the tax deduction, employers can receive this compensation for at most three training days per employee each year.

<https://www.finlex.fi/en/laki/kaannokset/2013/en20131136.pdf>

Act on Compensations for Training (1140/2013): <https://www.finlex.fi/en/laki/kaannokset/2013/en20131140.pdf>

II**Adult Education Subsidy 2014 – 2017**

Year	Cash benefit, total amount (million euros)	Number of recipients
2014	135,9	17 589
2015	157,9	20 459
2016	189,2	23 480
2017	188,3	24 356

III-V

Nothing to report

VI

A copy of this report has been sent to 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 (SY)

Statements of the labour market organisations:

Joint statement by SAK, STTK and Akava:

The adult education allowance was cut back starting on 1 August 2017 by reducing the maximum period for receiving the allowance from 19 months to 15 months. The basic amount was also cut by 15% for all allowance recipients. The Finnish Government's aim was to modify the funding to a loan-based alternative, but other parties were able to prevent this during trilateral talks, and the loan-based funding of adult education was not implemented.

During this reform, the Government withdrew from financing the adult education allowance's basic amount for wage earners and now only participates in the funding of adult education allowance for entrepreneurs. The funding of the adult education allowance for wage earners has now been left in its entirety to employees and employers through the unemployment insurance contributions they pay.

However, the number of allowance recipients has continued to grow quite steadily. In 2011 there were a total of 16,085 recipient whereas in 2016 the number had grown to 35, 768 and continues to rise. The interest of employees in adult education allowance has not decreased although the economy has taken an upward turn. This highlights that the transformation of work will reflect in a

greater than before need for updating one's competence or a need to seek education for a new vocation. Finnish trade union confederations feel that the Finnish Government's view that it is not its task to fund adult education is very problematic.