# EUROPEAN SOCIAL CHARTER

# THE FIFTH PERIODIC REPORT

## SUBMITTED BY

## THE GOVERNMENT OF FINLAND

**REPORT OF THE GOVERNMENT OF FINLAND**

For the period from 1 January 1997 to 31 December 1998 in accordance with Article 21 of the European Social Charter, on the measures taken to give effect to the accepted hard core provisions (Articles 1, 5, 6, 12, 13, 16 and 19) of the European Social Charter, the instrument the approval of which was deposited on 29 April 1991.

In accordance with Article 23 of the Charter, copies of the official report in the English language have been communicated to the Central Organisation of Finnish Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK), the Confederation of Unions for Academic Professions in Finland (AKAVA), the Confederation of Finnish Industry and Employers (TT) and the Employers´Confederation of Service Industries (PT), whose comments will be forwarded to the Secretary General on 15 November at the latest.

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# ARTICLE 1

# THE RIGHT TO WORK

## Article 1, para 1: The level of employment

As to sub-paragraphs A and B below, reference is made to the appended report submitted to the International Labour Organisation, on the measures taken to give effect to the provisions of Convention No. 122 in 1998 (*Appendix 1*). Reference is also made to the appended Finland´s National Action Plan and the Implementation Report of the Action Plan (*Appendices 2-3*).

### A. Promotion of employment

A long-standing and brisk economic growth, the Government's economic policy as well as an active labour market policy have brought about a growth of employment and a fall of unemployment that has continued for several years now. As regards the development of employment, 1998 was the best year of the 1990's, due to the fact that the measures related to the national employment programme had been implemented, and economic development shifted to improving employment and emphasising the domestic market.

*Labour market policy reforms*

Finland's labour market policy was reformed as from the beginning of 1998. The reform had two main objectives: the improvement of the functioning of the labour market by strengthening active labour market policies and employment services and the prevention of social exclusion of the unemployed by increasing new employment opportunities in the private sector (including organisations and volunteering) and the municipal sector. A more detailed account of the reform is given in Article 1, paragraph 3, sub-paragraph (A) of this report.

*Securing the availability of manpower resources*

The purpose of labour market policy is to further the functioning of the labour market and to improve the incidence of supply and demand. Labour market policy supports economic growth and prevents the creation of inflational hotbeds in the labour market. Measures of labour market policy are used to develop and improve the availability of labour resources.

The labour administration has monitored recruitment problems three times a year with a study on the hard-to-fill vacancies of employment agencies and once a year with an employer interview made by

Statistics Finland. The results of the analyses on recruitment problems and the necessary measures have been discussed systematically in tripartite co-operation with labour market organisations and separately with large organisations dealing with recruitment. According to a labour survey made by the Confederation of Finnish Industry and Employers, recruitment problems have become more and more general in companies since 1994.

As the demand for labour has increased, special attention has been paid to the prevention of labour supply bottlenecks. Labour market training has been implemented as close to working life as possible, so that employers have an opportunity both to influence the contents and planning of training and to assume more and more responsibility for the implementation of training in co-operation with educational institutions. This procedure has been applied, in particular, to the recruitment of employees by enterprises. In 1998, there were approximately 41 400 persons, that is, 5 400 less than the year before, in labour market training, including training of the European Social Fund (ESF training).

The Act on Support for Self-motivated Studies of the Long-term Unemployed (709/1997) was put into effect between 1 August 1997 and 31 July 1998, enabling studies with an allowance corresponding to unemployment benefit. The Act did not fulfil the expectations, as only about 1 050 long-term unemployed persons took part in training with the help of the allowance, while the objective had been set at 8 000 persons. The objective was not attained because, among other things, the Act was only in force for a short time, the conditions for the allowance were strict and the target group was not as willing to participate in training as had been expected. In 1998, the support system for self-motivated studies was extended (as from 1 August 1998) to those who had been unemployed for at least four months. During 1998, 1 060 persons took part in training.

*Regulation and development of working life*

In accordance with the Programme of the previous Government (hereinafter the Government Programme), inflexibilities of the labour market employment have been reduced. During the term of office of the former Government, the utilisation of fixed-term employment relationships has been facilitated. The Working Hours Act (605/1996) has been revised to further a more flexible use of working hours and to restrict excessive overtime work. The provisions on protection against unilateral termination have been reduced for employment relationships the duration of which is less than a year, and negotiation periods laid down in the Act on Co-determination in Undertakings (725/1978) and in the Act on Co-determination in State Agencies (651/1988) have been shortened. In 1998, the Contracts of Employment Act was revised, for instance, by granting non-organised employers the right to apply certain stipulations of the collective agreement reducing the benefits of the employee. The changes in legislation are reported in more detail below, in connection with the further questions of the Committee of Independent Experts.

The experiments required by the Government Programme for the purpose of distributing work and working hours on the basis of voluntariness were continued in 1998 both in the private and the public sector. An amendment to the Decree on Employment, on the basis of which wage-based subsidised measures could be paid to municipalities for experiments on cutting working hours, was in force until the end of 1998. The continuation of experiments on working hours was left to be decided on by the municipalities. However, experiments on the 6 + 6 hour shift system of the private sector, carried out without State subsidies, still continue. The experiment on the job alternation leave system has also been implemented in accordance with the Government Programme as from the beginning of 1996. It is explained in detail under Article 1 para 2 in connection with the further questions of the Committee of Independent Experts. There have been in total of 17 200 persons participating in the experiment in the

years 1996 - 1998, which has been less than expected. Nor has the target group of the experiment quite met with the expectations. The experiment will continue till the end of the year 2000.

*Implementation of measures of labour market policy*

According to the Government Programme, the intensification of active labour market policy is necessary, together with measures of economic and industrial policy and other measures, in order to halve unemployment during the Government´s term of office. The Government Programme set as an objective the intensification of measures of labour market policy so that they would cover at least 5 % of the labour force, which meant some 125 000 persons and, marked a significant increase in the number of measures. Along with the improvement of the employment situation, the objective has been reduced gradually so that in the 1998 budget the target group of active measures of labour market policy was 118 500 persons and in 1999 some 107 000 persons. The attainment of the objective is important because that way it is possible to reduce by direct measures a permanently high rate of unemployment. These measures reduce, in particular, long-term unemployment, youth unemployment and the unemployment of disabled and older persons. During the term of office of the former Government, these measures have increasingly been addressed to the prevention of long-term unemployment.

***Table 1. Average level of measures of labour market policy in the years 1995 - 1998***

| Measures | 1995<br>Attained<br>Average number of persons | 1996<br>Attained<br>Average number of persons | 1997<br>Attained<br>Average number of persons | 1998<br>Attained<br>Average number of persons | 1998<br>Objective<br>Average number of persons |
|---|---|---|---|---|---|
| Wage-based subsidised employment* | 62 850 | 59 450 | 55 070 | 47 750 | 45 000 |
| Combined subsidy* | - | - | - | 3 600** | 10 000 |
| Adult labour market training* | 33 900 | 37 200 | 37 070 | 32 810 | 30 500 |
| Practical training with the support of labour market subsidies* | 6 090 | 10 000 | 10 130 | 10 250 | 12 500 |
| ESF projects in accordance with Objective 3 | 1 700 | 10 000 | 14 750 | 14 610 | 13 300 |
| Job alternation leave experiment | - | 1 600 | 3 250 | 3 930 | 4 500 |
| Investments (based on estimate) | | | | | |
| - Employment-based investments | 2 500 | 2 100 | 2 000 | 2 400 | 2 400 |
| Employment-based investments of European Regional Development Fund (ERDF) | 100 | 200 | 300 | 300 | 300 |
| In total | 107 140 | 120 550 | 122 570 | 115 650 | 118 500 |

* Financed by national funding only **Estimate

*Source:* Ministry of Labour

In addition to the above, it is estimated that the following numbers of persons, other than unemployed , are covered by the following measures of labour market policy:

| ***Table 2.*** | ***1995*** | ***1996*** | ***1997*** | ***1998*** | ***1998*** |
|---|---|---|---|---|---|
| | Attained | Attained | Attained | Attained | Objective |
| Employment-promoting project subsidy (estimate) | 500 | 500 | 400 | 500 | 500 |
| ESF projects in accordance with Objective 4 (estimate) | 300 | 300 | 3 100 | 1 800 | 2 500 |
| ESF projects in accordance with Objectives 2, 5b and 6 (estimate) | 100 | 1 000 | 2 600 | 2 800 | 4 000 |

*Source:* Ministry of Labour

The targets of the measures of labour market policy have almost been attained. The distribution of the measures has been changed annually. Wage-based subsidised measures have clearly been reduced during the term of office of the former Government (*Table 1*), and, in the years 1996 and 1997, adult labour market training has, in turn, been increased. The composition of subsidised measures has also been changed. The volume of ESF projects in accordance with Objective 3 was still quite small at the beginning of the programme in 1995, but in the following years the number of projects was raised. The number of persons covered by practical training with the support of labour market subsidies and the job alternation leave experiment has increased.

In 1998, the number of persons covered by measures of labour market policy was approximately 115 650, which is, about 2 850 persons less than the objective set for the year. The figure corresponds to 4.6 % of the labour force. The main reason for falling short of the set goal was that the number of combined subsidies remained smaller than planned in the budget. Also practical training with the support of labour market subsidies remained below the estimated level, whereas adult labour market training and the ESF projects of Objective 3 succeeded better than estimated.

*Measures of management of employment*

There has been a significant structural change in the application of wage-based subsidised employment during the term of office of the former Government by the beginning of 1999. The number of national measures taken without the support of combined subsidies has decreased by about a quarter, that is, by nearly 15 000 persons, but about a third of the decrease has been replaced by ESF projects. The decrease in national measures has concerned exclusively the public sector, where about a third of the reductions has affected employment by the State and the rest employment by the municipal sector. The reductions have mainly affected the employment of the young and the long-term unemployed. The increased number of those employed with a combined subsidy as planned, improves the employment opportunities of the long-term unemployed.

In connection with the reform of employment policy, a subsidy combining labour market support and employment subsidy was introduced at the beginning of 1998 (1354/1997). The combined subsidy can be paid in the private, municipal or so-called third sector, i.e. employers operating in organisational and volunteer activities or in housekeeping sector and employing a long-term unemployed person who is receiving labour market support and who has been unemployed for more than 500 days. The special focus is on employment in the third sector. The maximum duration of the subsidy is 12 months.

In the State budget for 1998, funds were reserved for the employment of some 55 000 persons with the help of national subsidies. Of these, the share of the new combined subsidy was approximately 10 000 persons and the share of other wage-based subsidies was 45 000 persons. The wage-based measures excluding the combined subsidy clearly exceeded the target, while their number nevertheless decreased as planned. In total 9 400 persons were employed in 1998 with the support of combined subsidies. The introduction of the subsidy was slower than expected, and the set objective was not attained. It should be noted, however, that the objective was very demanding, taking into account the fact that the subsidy was introduced at the beginning of the year. There are good prospects for the attainment of the objective of 10 000 persons set for the year 1999.

Of all those employed with subsidies, approximately 7 690 were employed by the State, approximately 19 000 by the municipalities and approximately 24 660 persons by the private sector. Compared to the previous year, the total number of the employed has decreased by about 3 700 persons. There was, however, an increase of 3 600 persons in the private sector. This was partly due to introduction of the combined subsidy, but also to the increase in the number of apprenticeship subsidies and recipients of part-time pay supplement. As regards the State, the number of persons employed by with the help of subsidies fell down by slightly less than 3 000, due to the reduction of dimensioning and the establishment of permanent posts. In the municipal sector, the number fell by about 4 400 persons, which was particularly due to the hard economic situation of municipalities.

In addition to those employed with national, wage-based subsidies, there were approximately 6 700 persons employed with the subsidies based on ESF projects in accordance with Objective 3. The figure is approximately the same as in the previous year. Of the employed about 3 800 have been placed in the private sector, mainly by means of subsidised apprenticeship contracts, and about 2 700 in the municipal sector.

***Table 3. Employment subsidy measures addressed to different groups in 1998***

| Target group | Year 1998 | | | | | |
|---|---|---|---|---|---|---|
| | National measures | | ESF projects | | Total | |
| | Average persons | % | Average Persons | % | Average persons | % |
| Young | 6 900 | 13.4 | 3 680 | 55.3 | 10 580 | 18.2 |
| Long-term unemployed | 23 470 | 45.7 | 1 600 | 24.0 | 25 070 | 43.2 |
| Disabled | 3 420 | 6.7 | 230 | 3.4 | 3 650 | 6.3 |
| Others | 17 570 | 34.2 | 1 150 | 17.3 | 18 720 | 32.3 |
| Total | 51 360 | 100.0 | 6 660 | 100.0 | 58 020 | 100.0 |

*Source:* Ministry of Labour

*Practical training with labour market support*

The number of those in practical training with labour market support remained below the target (*Table 1*). This is believed to be due, in particular, to the fact that the employment situation of the young has improved considerably, and they have been placed in normal remunerated work in the open labour market. At the end of the year, about 82% of the trainees were young, and 7% were long-term unemployed.

In connection with the reform of employment policy, the idea has been to place more long-term unemployed than before in practical training with labour market support. From the beginning of the year, it has been possible to pay a subsistence allowance to the long-term unemployed participating in practical training, if they have been unemployed for more than 500 days. This compensation corresponds to the one in adult labour market training. It is estimated that this has nearly doubled the number of long-term unemployed in practical training, which is some 700 persons.

*Development Programme for Working Life*

The National Development Programme for Working Life for the years 1996-1999, under tripartite direction, aims to improve the productivity and quality of working life by promoting know-how and innovativeness at work. Since 1996 in total 177 projects have been started with the support of the programme. The development programme also promotes the introduction of tools created under the National Productivity Programme. The Development Programme will continue until 2003**.**

**Other measures**

*a) Partnership projects*

Local partnership co-operation consist of twenty-six experimental projects. In this co-operation, a public and a private body undertake to implement of a joint employment programme. EU funding has been granted for the administration of the projects for three years. The subsidised experiment will be terminated at the end of 1999. The projects have started out as planned. New activities have emerged, networks have been developed, and the unemployed have been able to participate in the activities. By the spring of 1998, 650 persons had found employment in the partnership projects, and 350 persons had participated in the training. Apart from the above-mentioned there are also other projects based on the partnership co-operation receiving public funding

*b) Project subsidy*

In connection with the reform of employment policy, an employment-promoting project subsidy was introduced at the beginning of 1998 (1363/1997). At the same time, the employment-based structural subsidy was terminated. The project subsidy is used particularly in the initial stage of employment projects in the so-called third sector, for the management and organisation of activities. The main aim is to support third sector projects in which the possibilities of combined subsidy can be used and, for

example, partnership associations. Of the FIM 70 million allocated for the purpose, the main part has been given out precisely for that kind of projects.

*c) Temporary subsidy system of domestic work*

The Act on a Temporary Subsidy System for Domestic Work was introduced in October 1997 (839/1997). The experiment will be continued until the end of 1999. Households can receive the subsidy when purchasing domestic help and nursing services, as well as services for maintenance and repairs at home. This subsidy is being experimented in the Eastern and Western part of Finland, that is, in nine Employment and Economic Development Centres. The utilisation of the subsidies of this measure has been quite slight, with less than FIM 9.0 million of subsidies granted in 1998.

The system of experimental domestic tax deduction was introduced at the same time as the temporary subsidy system of domestic work. It is clarified under Article 16 (A).

*d) The ageing workers*

On 6 February, 1997, a Government Resolution on improving the employability of ageing workers was given. The resolution brought with it the establishment of "*the National Programme for Ageing Workers 1998-2002"* (*Appendix 4)*, in which the labour administration's responsibilities include the improvement of the labour market position of ageing job seekers. In connection with the National Programme for Ageing Workers the aim is to raise the number of the unemployed persons who are over 50 years old covered by wage-based subsidies to approximately 10 000. In 1998 the number of the ageing unemployed, employed with a subsidy was nearly 6 600 persons, which means that the goal was not achieved. The principal reason for this was the decline in the total number of labour market policy measures.

A provision (723/1997) was added to the Act on Co-determination within Undertakings to the effect that ageing employees must also be taken into account in the plans concerning the personnel and their training.

**B. Statistics on the number of unemployed persons**

Between 1995 and 1998, approximately during the term of office of the former Government, the number of unemployed has decreased by about 125 000 persons, both according to the Labour Force Survey of Statistics Finland and the employment service statistics of the Ministry of Labour. The difference between the levels of the unemployment service statistics is, however, still great, due mainly to the different statistical factors applied to the activity of job search and availability to the labour market. The unemployed job-seekers registered with an employment office who have not been in contact with the office in the past four weeks and who have not sought employment by other means are classified in the Labour Force Survey as hidden unemployed, although they meet the criteria of active job search which is a condition for receiving unemployment benefit.

According to the Labour Force Survey carried out by Statistics Finland, there were approximately 285 000 unemployed in 1998, the unemployment rate being 11.4%. According to the employment service statistics of the Ministry of Labour, there were, respectively, approximately 372 000 unemployed job-seekers. The adaptation in 1998 of the figures of Statistics Finland to EU standards restricted the concept of active job search, increasing the number of hidden unemployed. There were in 1998 approximately 134 000 hidden unemployed.

According to the EU adjusted statistics of the labour survey, the number of the unemployed is estimated to fall from 394 000 in April 1995 to 260 000 persons in the spring of 1999, thus falling short of the objective of halving unemployment by about 60 000 persons. With these statistical figures the objective of halving unemployment will be attained up to almost 70%,

According to the employment service statistics, the number of unemployed jobseekers is estimated to fall from 459 000 of April 1995 to 340 000 persons in the spring of 1999, thus falling short of the objective of halving unemployment by about 110 000 persons. With these statistical figures the objective of halving unemployment will be attained up to almost 55 %.

In 1998, there were approximately 2 222 000 employed people, and the employment rate (15 - 64 years of age) was 64.1%. The amount of employed people has increased both in the private and the public sector. According to the EU adjusted figures of the Labour Force Survey of Statistics Finland, there were about 30 000 unemployed less than in 1997.

***Table 4. Unemployed jobseekers in 1995-1998***

| | All | Under 25 years | Long-term unemployed |
|---|---|---|---|
| 1995 | 466 013 | 80 510 | 140 224 |
| 1996 | 447 987 | 68 552 | 134 898 |
| 1997 | 408 964 | 53 908 | 124 558 |
| 1998 | 372 431 | 46 861 | 112 612 |

*Source:* Ministry of Labour

*Unemployment by gender*

During the term of office of the former Government, the unemployment of men has decreased clearly more quickly than that of women. According to the Labour Force Survey, the number of unemployed men decreased in the years 1995 - 1998 by slightly less than 95 000 and that of unemployed women by over 30 000. In 1998 there were approximately the same numbers of unemployed women and men. According to the Labour Force Survey, there were some 142 000 women and 143 000 men unemployed. The poor employment development of the public and banking sectors has been an essential factor in women's unemployment. On one hand, women's labour market position has also been weakened by an increase in employment relationships of short duration, which has increased women's seasonal unemployment, particularly in the municipal sector. On the other hand, fixed-term employment relationships have, for their part, facilitated access to the labour market. The duration of women's unemployment is distinctly shorter than that of the men.

*Youth unemployment*

According to the employment service statistics, youth unemployment fell at a steady rate throughout the term of office of the former Government, nearly halving from the level at which it was in the spring of 1995. In 1998, the unemployment rate of those under 25 years of age was 23.5%. The unemployment of those between 25 and 50 years of age also fell by almost 30%. On the basis of the EU adjusted figures of Statistics Finland, the unemployment of those under 25 years of age fell by nearly a quarter in the years

1995 - 1998. The favourable development has been due, in part, to the changes made to the terms of labour market support, which, on one hand, increased the activeness of young people to participate in training and, on the other hand, decreased registrations with employment offices. Conversely, according to the Labour Force Survey, youth unemployment did not decrease to the same extent. The decrease during the term of office of the Government is remaining at only about 15 - 20%. According to the employment service statistics, there were approximately slightly less than 47 000 and, according to the Labour Force Survey, 70 000 unemployed young persons in 1998. In 1994, the corresponding figures were 92 000 and 91 000.

On the basis of the Labour Force Survey, it would seem that, although young people have actively taken the offered training opportunities, they have at the same time kept searching jobs even during the training, particularly during the past two years, when the demand for labour has increased. The improvement of the employment situation has thus activated young people to look for work, as a result of which the decrease in youth unemployment has, according to the Labour Force Survey, been very slight during the past few years.

*The long-term unemployed*

Active measures of labour market policy succeeded in reducing long-term unemployment more than other types of unemployment during the term of office of the Government. The measures were strongly focused on the prevention of long-term unemployment, resulting in a decisive slow-down of the increase in new long-term unemployment. By the end of 1998, it had decreased by about 60 % from the beginning of the term of office of the Government. Particularly the activation measures of the unemployed, implemented as from the beginning of 1998 in accordance with the reform of employment policy, seem to have been effective in the prevention of long-term unemployment. In April 1995, there were 137 500 long-term unemployed, and the number is expected to fall to about 95 000 in the spring of 1999.

Structural unemployment has increased. The remaining group of long-term unemployed is more assorted than before, and it is evident that a large part of them will no longer be employed in the open labour market. More than a half of the people who were long-term unemployed at the end of 1998 had been continuously unemployed for more than two years. About 55 % of the long-term unemployed were older workers, i.e. more than 50 years of old. The growth of structural unemployment in various fields reflects the rigidity of the labour market, already when the unemployment rate was high. After the demand for labour has grown, the filling of vacancies has slowed down. The vacancies were filled with new labour and those unemployed for a short time, while the employment of the long-term unemployed is remaining permanently up to special measures.

*Ageing workers*

Age selectivity is common in the labour market, and, on the other hand, also orientation to unemployment pension has clearly increased. Age selectivity occurs in two ways in the labour market: on one hand ageing persons are often not employed, and, on the other hand, measures of manpower reduction are directed particularly to ageing workers. In 1998, there were approximately 108 000 unemployed jobseekers of more than 50 years of age, a quarter more than in 1994. According to the Labour Force Survey, the corresponding figures were 58 000 and 70 000. The decrease in the unemployment of the ageing on the basis of the Labour Force Survey figures is probably explained by the increase in hidden unemployment.

*Regional differences*

Regionally examined, the growth in the demand for labour was the greatest in Uusimaa and other growth centres of Western and Southern Finland, meaning an increase in regional differences during the term of office of the Government. On the basis of statistics of the Ministry of Labour, the decrease in unemployment was fastest during the term of office of the Government in the industrial centres of the regions of Uusimaa (- 42%) and Southern Ostrobothnia (- 37%). Conversely, in Eastern and Northern Finland unemployment decreased less than the average. The decrease in unemployment was slowest in Northern Karelia (- 14%), Kainuu (- 16%), Lapland (- 16%), Northern Ostrobothnia (- 20%) and Kymi (- 20%). In addition to the increased demand in the open labour market, regional differences have been increased by the reduced number of labour market policy measures since the beginning of 1998, which seems to have slowed down the reduction of unemployment particularly in the most difficult unemployment regions. In 1997 about 5% of the labour force was covered with labour market policy measures, and in 1998 about 4.5%.

*Unemployment by occupational groups*

The reduction of unemployment continued in all occupational groups. During the period of reporting, unemployment has decreased the most in construction work (- 32%) and in the occupational group of work not classified elsewhere (- 23%), consisting mainly of unskilled young people.

## C. Statistics on the number of vacancies

The number of vacancies increased from 1997 by over 50 000 and the supply of labour by slightly less than 25 000 persons. In 1998, term of office almost 20 000 new vacancies were reported monthly to employment offices. At the end of the year, there were still more vacancies reported than in the previous year.

***Table 5. New vacancies reported monthly in 1995 - 1998***

| | |
|---|---|
| 1995 | 13 215 |
| 1996 | 15 041 |
| 1997 | 18 904 |
| 1998 | 19 857 |

*Source:* Ministry of Labour

At the employment offices, there were a total of 242 014 vacancies in 1997 and 254 727 in 1998.

***Table 6. Vacancies by occupational groups in 1997 - 1998***

| | 1997 | 1998 |
|---|---|---|
| Technical, scientific etc. work | 21 441 | 23114 |
| Public health, social work | 27 405 | 26 953 |
| Administrative and office work | 16 623 | 19 470 |
| Commercial work | 27 728 | 29 652 |
| Agricultural and forestry work, fishing | 26 894 | 28 204 |
| Transport and communications work | 7 000 | 7 464 |
| Construction work | 17 422 | 17 038 |
| Industrial work | 52 586 | 51 572 |
| Service work | 39 437 | 45 089 |
| Work not classified elsewhere | 5 478 | 5 867 |
| Total | 242 014 | 254 727 |

*Source:* Ministry of Labour

***Table 7. Vacancies in 1997 - 1998 according to duration of job ( %)***

| | 1997 | 1998 |
|---|---|---|
| -11 days | 7 | 7 |
| 11 days - less than 1 month | 15 | 15 |
| 1 month – less than 3 months | 21 | 20 |
| 3 months – less than 6 months | 12 | 13 |
| 6 months – less than months | 10 | 11 |
| 12 months or more | 34 | 35 |
| *Total* | 100 | 100 |

*Source:* Ministry of Labour

The development of the number of vacancies has followed that of the trade cycle. In 1997 and 1998, economic growth concentrated more strongly than before on the home market, including trade, construction and services, which also had plenty of vacancies. The average time within which vacancies

announced by employment offices were filled was 20 days in 1997 and 22 days in 1998. Of the vacancies filled, 60% were given to a jobseeker who was looking for a job through an employment office in 1997 and 58% in 1998. In 1997, 32% of vacancies and, in 1998, 36% were filled by other means. The labour market policy reform introduced in 1998 strived to activate the jobseekers' own jobseeking behaviour, which can be seen in these figures. The duration of the announced jobs has remained almost steady during the reported years. There is, however, a slight trend toward more permanent employment relationships.

In the period 1995 - 1998, the number of jobs has increased by 170 000, compared to the number in 1994. Most new jobs have emerged in the private sector, primarily in the field of services. The employment situation in the industry and construction has also improved. As regards primary production, the number of employees has fallen throughout the period examined. New jobs have been created primarily in the growth centres of Southern and Western Finland, as a result of which also migration to these regions has increased. The clear trend of improved employment has not yet reached the Northern and Eastern parts of the country to a significant extent.

***Further Questions of the Committee of Independent Experts***

**The Committee of Independent Experts has been concerned about the fact that the unemployment rate for those under twenty-five is still about double the overall rate**.

Youth unemployment has decreased significantly, halving from the 1994 level by 1998. By the end of 1999, on the basis of the National Action Plan for the management of employment, prepared in accordance with the EU guidelines for employment, personal jobseeking plans will be introduced, to be prepared for young persons before they have been unemployed for six month. Youth unemployment has continued to fall, but the speed has recently slowed down. However, it is usual in Finland that the young participate in training. In addition, special measures have been taken, such as the creation of workshops for the young. There are already 350 of these in Finland, and by the end of 1998, about 8 000 young people have worked in them.

**The Committee of Independent Experts also pays attention to the fact that about a third of the overall unemployment is long-term unemployment and that this is particularly a problem among the ageing persons. It has requested information on the planned and implemented measures to resolve the problem and, in particular, on the recommendations of the Committee on Improving the Employment Potential of Ageing Workers (IKOMI).**

Long-term unemployment has decreased very strongly in 1998, more than the overall unemployment. The difference between the inflow and outflow of long-term unemployment was clearly greater in 1998 than the previous year.

*The National Programme for Ageing Workers for 1998 – 2002* (*See above, Appendix 4*) is based on the Government decision in principle taken on 6 February 1997 on the basis of the proposals of the IKOMI committee. The aim of the Programme is to improve the employment of the ageing workers and thus to reduce early retirement and exclusion. The Programme also includes several measures to prevent or cut the long-term unemployment of the ageing persons.

The labour market policy which was reformed in the beginning of 1998 also intensifies services provided to ageing long-term unemployed, and the new service model makes it easier to take their needs into account in the planning and provision of services (See, Article 1 para 3 (A)). As from the

beginning of 1998, the reports on the need for services of the ageing long-term unemployed were extended to cover the entire country, and the activities are still going on. The first reports in 1996 - 1997 were meant to create new measures and service models for the long-term unemployed. These were developed and implemented in co-operation with the Social Insurance Institution, the National Health Service, the social services and the producers of rehabilitation services. The training deficit of the ageing person is reduced by developing and testing working life -oriented and individual training methods. Two training experiments are already under way and one is being planned. The special needs of the ageing long-term unemployed are taken into account better than before also in the contents of training and in directing the unemployed to training. Also ESF projects are used to improve the employment situation of the ageing long-term unemployed. For instance, path projects (combinations of several measures) based on above-mentioned Objective 3 are addressed more than before to ageing unemployed jobseekers. Training has been arranged for the staff of Employment and Economic Development Centres and of employment offices to increase expertise on ageing and activities to maintain their working capacity.

With the funding of the National Programme for Ageing Workers several studies are made the results of which can be used to improve the position of the ageing long-term unemployed. In 1999 there have been completed, among others, an age discrimination study, a study on the age discrimination in the commercial sector and a study on the coping of the ageing in the labour market and their retirement in 1987- 1996.

Certain amendments to law are also related to the position of the ageing long-term unemployed. The Act on Support for Self-motivated Studies by the Long-term Unemployed (709/1997) concerned those who had participated in training between 1 August 1997 and 31 July 1998. The Act on Improving the Employment Opportunities of an Unemployed Person of Over 55 Years of Age is in force from 1 July 1998 to 31 December 2000 (1329/1996 ). According to the Act employment relationship lasting at most ten months does not alter the future right already acquired for a pension, provided that certain conditions are met.

**The Committee of Independent Experts also requested more detailed statistics on the unemployment rate of immigrants and information on active measures or special services offered or planned for immigrants.**

There were in total 25 231 foreigners unemployed in 1997 and 25 938 in 1998. Of the jobseekers, 14 367 were men and 14 047 women in 1997 and 14 309 and 14 944, respectively, in 1998. Job search was terminated by 15 037 foreigners 1997 and, by 14 955 in 1998. Of the immigrants residing in Finland, three quarters have moved to Finland in the 1990’s. This is also reflected in the unemployment figures of foreigners.

In 1997, the main responsibility for the integration of immigrants into society was vested in Ministry of Labour, in order to promote the employment of immigrants, among other things. The immigrants' opportunities of employment are improved with the mainstreaming principle, as a part of labour market policy, and complemented with specially targeted support.

Training lasting approximately 12 months has been arranged for the particular needs of immigrants who are unemployed jobseekers. The training includes both language teaching and orientation for working life. Immigrants can also participate in all the measures and services arranged by the State in order to improve the functioning of the labour market and to support the vocational education and employment of private persons. Local authorities have special projects aimed at employing immigrants.

In the area surrounding the capital, where over 40 % of the immigrants live, a two-year employment project for immigrants, subsidised by the EU, was launched in May 1998. Similar employment projects have been targeted also at refugees. Moreover, business initiatives of immigrants have been encouraged with, *inter alia,* co-operative projects.

The objective is to facilitate the employment of immigrants especially in those fields where their language skills and cultural background are useful (export, travel industry, services, immigrant counselling, public administration).

***Table 8. Employment exchanges and other events of foreigners***

| | 1997 | 1998 |
|---|---|---|
| Employed | 6 202 | 6 314 |
| Placed in job | 3 995 | 4 912 |
| Participated in labour market training | 8 894 | 8 017 |
| Participated in other training | 837 | 768 |
| Outside the labour force | 5 482 | 6 177 |
| Other cause/unknown | 8 773 | 9 881 |
| *Total* | 34 183 | 36 123 |

*Source:* Ministry of Labour

The Government has supported the improvement of immigrants' employment opportunities by giving, in May 1998, a Bill on the Integration of Immigrants and on the Reception of Asylum Seekers. Parliament passed the Government Bill on 19 February 1999. The Act entered into force on 1 May 1999 (493/1999).

The Act requires increased co-operation between various authorities at the local level as well as at development of co-operation between the authorities, on one hand, and immigrants´ and citizens' organisations, on the other hand. The Act aims, among other things, at improving immigrants' opportunities of participation and influence in Finnish society as well as at developing interaction and tolerant attitudes between immigrants and the original population, including good ethnic relations. The essential objective of the Act is to promote immigrants' employment and further education, to assist in the immigrants' economic and social survival as well as to further the materialisation of civil and human rights. The Act applies to immigrants who have a place of domicile in Finland. The immigrants have the same rights and responsibilities as Finnish citizens.

The Act introduces three new means for the integration of immigrants: 1) integration programme, 2) integration plan, and 3) integration allowance.

The integration programme will be prepared at the local level. The programme defines the objectives relating to the integration of immigrants, measures furthering it and resources to be used, as well as co-operation issues. The preparation of the integration programme and a success of the integration of immigrants requires co-operation between the municipal social, health, education and housing authorities, on the one hand, and the labour administration, business life, the Social Insurance

Institution, the police, immigrants' and citizens' organisations, religious communities and parishes as well as other local organs, on the other. The hearing of immigrants' representatives and their participation is important.

In the integration plan, individual (and family-specific) measures would be compiled for each immigrant from among the measures of the integration programme. By means of these measures, an immigrant could learn the Finnish or the Swedish language and acquire other knowledge and skills essential in Finnish society. The aim is to improve the opportunities of employment and further education as well as the possibilities to participate on equal terms in the economic, social and political life of society.

An immigrant whose subsistence would depend on income support and labour market support would be entitled and obliged to participate in the preparation of the integration plan and in the measures mutually agreed in it for three years from the date on which the first place of domicile has been obtained.

The Act is being applied retroactively to those who have immigrated in the country two years before the Act entered into force on 1 May 1999. Special measures will be needed, however, with the immigrants who have lived in the country longer than that and to whom the Act will not be applied.

The Advisory Board of Ethnic Relations has, together with the social partners, launched projects with the aim of promoting employment of immigrants and strengthening multiculturalism. The first projects were introduced in the autumn of 1998, and the first results are expected to be available in 2000.

According to the Government Decision-in-Principle on Immigration and Refugee Policy Programme (1997), the employment of immigrants will be supported by providing the immigrants with a sufficient amount of language teaching and training that supplements their vocational skills, by collecting networks of self-employed people that offer immigrants traineeships, apprenticeships or subsidised work, which all lead to employment, and by promoting immigrants´ corporate and co-operative business initiatives. Information campaigns presenting immigrants´ skills will be arranged for employers, both at the national and local level.

**The Committee of Independent Experts has requested the Government's evaluation of the results achieved by each of the measures of the Employment Programme of 1995, compared to the targets originally set out. The Committee has also asked to what extent and in what way the social partners have been consulted.**

A detailed account of the implementation of the measures of the Employment Programme of 1995 has been given in the report given by the working group of Permanent Secretary Rauno Saari, a summary of which is appended to this report (*Appendix 5)* . The measures focused both on the supply of and demand for labour. When considering measures reducing supply as well as measures increasing demand, the estimate is that the programme measures have directly reduced unemployment by approx. two percentage units in 1996-97. Part of the impacts are long-lasting.

**The Committee of Independent Experts asked for detailed information on the regulation of atypical employment relationships and particularly on results of the work of the tripartite committee dealing with the overall reform of the Employment Contracts Act.**

The following outlines the main legislative amendments designed to improve the status of workers in atypical employment relationships:

*1. Fixed-term workers*

The Employment Contracts Act limits the possibilities for the conduction of a fixed-term agreement. Section 2, paragraph 2, lays down the preconditions for a fixed-term agreement : it must be required by the nature of the work, a substitution, a traineeship or other comparable factor, or the employer must have some other acceptable grounds related to the company´s operations or the work to be done. These preconditions were amended temporarily, as from 1 February 1997 until 31 December 1999 (56/1997). The irregularity of demand for services was added as an acceptable grounds for concluding a fixed-term agreement, with the aim of making the use of the fixed-term agreements easier especially in the service sectors. In addition, the former specific prohibition on 'chains' of short employment contracts was repealed. If a fixed-term employment contract is made for reasons other than those permitted in the Employment Contracts Act, it must be considered as a contract of employment for an unspecified period. The amendment referred to above did not change this principle, and in this respect the legal situation has remained the same.

*2. Pay during sickness according to the Employment Contracts Act*

Section 28 of the Act provides for pay during sickness and applies to all employment relationships. The employer's duty under the Act to pay wages for up to seven days in cases of sickness in employment relationships which have lasted for at least one month, was amended by the Act of 23 May 1997 (459/1997), to the effect that the employer's duty to pay wages during sickness has been expanded to cover employment relationships that have lasted less than a month. The amendment grants workers in employment relationships of less than a month the right to sickness allowance comprising 50 per cent of their normal wages. This amendment entered into force on 1 June 1997 (459/1997). The worker is only entitled to full sickness allowance if the employment relationship has continuously lasted one month before the worker falls sick. A worker's right under Section 28 of the Employment Contracts Act may be restricted only by a collective agreement.

In addition, in 1996 a new paragraph 4 was added to Section 24 of the Employment Contracts Act. According to this provision, the employer shall give the worker on his request a certificate indicating the amount of wages paid to him. This amendment entered into force on 1 July 1996. The purpose of the amendment was to improve an unemployed person's position with regard to the waiting time for unemployment benefit.

*3. Employment Accident Insurance Act*

Workers are paid compensation for accidents under the Employment Accident Insurance Act (608/1948). Section 16, paragraph 1, lays down the principles for the determination of the daily allowance. Section 16a of the Employment Addicent Insurance Act had to be amended because of the change in the sick pay provisions of the Employment Contracts Act (320/1970). The purpose of the amendment was to secure that the level of the daily allowance paid under the Employment Accident Insurance Act can not be reduced. The amendment applies to workers which are entitled to wages during sickness according to the 50% rule in accordance with Section 28, paragraph 1, of the Employment Contracts Act.

*4. Agency work*

Agency work normally refers to situations in which an employer places persons in his employees at the disposal of a client needing labour for a given period and against remuneration. An agency worker is employed by the agency concerned, but works under another person's direction and supervision. The Occupational Safety Act (299/1958) was amended on 17 January 1997 (57/1997) to improve the occupational safety of agency employees: the provisions concerning the employer in the Act were also made applicable to the commissioning party that uses a worker employed by another employer, under his own direction and supervision. Because of this amendment, the commissioning party is now responsible for this worker's occupational safety in the same way as for the occupational safety of his own employees. This amendment entered into force on 1 February, 1997. In addition, in 1998 a tripartite team of the Ministry of Labour examined the problems with agency work. This work is carried on in the Employment Contracts Act Committee.

*5. Right to study leave in short-term employment relationships*

The Study Leave Act was amended on 17 January 1997 (58/1997) so as to provide workers with the right to at least five days' study leave if they have worked at least three months for the same employer in one or several periods. This amendment concerning short-term employment relationships entered into force on 1 February 1997.

*6. The Act on Annual Holidays*

The provisions on holiday compensation in the Annual Holidays Act (272/1973), which aimed at compensating the worker for the lack of annual holiday, have been amended several times in order to improve the status of workers in short-term employment relationships. While improving these employees' right to annual holiday compensation, the amendments also placed employers in similar positions with regard to the costs of their employment relationships. There are provisions concerning holiday compensation during the employment relationship in Section 9 of the Act, concerning holiday compensation when the employment relationship ends in Section 10, and concerning holiday compensation based on several employment relationships with the same employer in Section 10a.

If the workers work under contract for so few days and for such a short time during a given holiday credit year that they do not earn a single full holiday credit month, or if only some calendar months were full holiday credit months, their right to holiday compensation is decided in accordance with Section 9, paragraph 1, of the Act. The amount of holiday compensation is 8,5 % of wages paid or payable during the previous holiday credit year. The precondition for holiday compensation is that the worker has worked at least the number of hours laid down in Section 9 during the holiday credit year. An amendment that took effect on 1 April 1998 (460/1997) reduced the required number of hours worked from 35 to 6. At the same time, the minimum periods of work required under Sections 10 and 10a of the Annual Holiday Act were cut, and in the holiday credit year that began on 1 April 1998 holiday compensation is payable after a minimum of six hours of employment.

**The Committee of Independent Experts has requested information on the tripartite committee dealing with the reform of the Employment Contracts Act.**

The Committee on the Employment Contracts Act continues to prepare the overall reform of the Employment Contracts Act (320/1970). The Committee has been appointed to continue its work until October 1999. The Employment Contracts Act was revised as to the provisions on family leaves in the spring of 1998. Chapter 2a was added to the Act, incorporating provisions on the employee's family leaves (357/1998). The family leaves include the maternity, special maternity, paternity and parents' leaves, child care leave, partial child care leave, temporary child care leave and the right of absence from work due to a compelling family reason (*Appendix 6 )*.

Chapter 2a of the Employment Contracts Act also stipulates on the employer's duty to pay wages during leaves, the employee's right to return to work at the end of family leaves and on the mandatory nature of the provisions. The provisions on family leaves entered into force gradually. The Government Bill on amending the Employment Contracts Act (HE 37/1998) was based on the unanimous preliminary report of the Committee on the Employment Contracts Act submitted to the Government on 26 March 1998.

The provisions on information concerning parents' leaves, the employee's right of absence from work due to compelling family reasons and the employee's right to return to work after a family leave entered into force at the beginning of June 1998 and the other amendments at the beginning of October 1998.

The aim of the amendments was to clarify the provisions on the employee's family leaves and to facilitate the use of leaves. The idea behind the shorter duration of the child care leave and the possibility to take one child care leave period simultaneously with the maternity or parents' leave of the other parent is that fathers also use more than before the family leaves provided in the Employment Contracts Act. In addition, the provisions on the maternity, special maternity, paternity and parents' leaves and child care leaves of the Employment Contracts Act were harmonised with the directive of the Council of the European Union implementing the agreement of parents' leaves between European-level labour market organisations. The amendment also takes into account the requirements of the pregnancy protection Directive on the obligation to provide a maternal leave.

After the entry into force of the amendment, an employee is entitled to two child care leave periods in order to look after a child under three years of age. The minimum length of the child care leave period was shortened from two months to one. In order to increase flexibility in the use of leaves, it is prescribed that the employer and the employee can agree more than two child care leave periods of less than a month. In order to facilitate the care arrangements of families with several children, the provisions were changed so that simultaneously with the maternity or parents' leave of one parent, the other parent can be on child care leave.

The requirements for obtaining partial care leave were changed in such a way that a continuous employment relationship of one year with one employer is no longer a condition for the leave, but the condition is met if the employee has been employed by the same employer for at least 12 months in total during the past 24 months. The amendment takes into account recurrent fixed-term employment relationships. An employer would be entitled to refuse a reduced number of daily or weekly working hours only if the arrangement would cause serious inconvenience to his activities.

An employee continues to have the right to look after a child under ten years of age, who has suddenly fallen ill, for four working days at a time (temporary child care leave). In addition, the law provides for the employee's right to be absent from work for a short time, if his immediate presence at home is indispensable for an unanticipated and compelling reason due to an illness or accident in the family. The

Employment Contracts Act did not previously contain a provision on absence because of a compelling family reason.

In order to facilitate the application of the provisions, the notice times and the calculation dates of maternity, paternity, parents' and child care leaves were unified. The employer must be notified of the utilisation of each leave two months prior to the first day of the leave at the latest. However, a parents' leave taken to look after an adopted child must still be notified one month before the first day of the leave. Changing the date of the notified leaves is, in turn, still possible following a month's period of notice if there are reasonable grounds relating to change in the possibilities for looking after the child.

At the end of family leaves, an employee has in general the right to return to his earlier job. If this is not possible, the employee must be offered work in accordance with the employment contract and corresponding to his previous work, and if this is not possible either, other work in accordance with the employment contract. The employer still does not have a statutory obligation to pay wages for the duration of family leaves.

**The Committee of Independent Experts has requested an assessment of the Government on the balance between active and passive measures.**

In 1997 approximately 5 % of the labour force was covered by active labour market policy measures and in 1998 about 4.5%. The aim of the reform of employment policy which entered into force in the beginning of 1998 is to activate also passive labour market support by paying it directly to en employer employing a person who has been unemployed for more than 500 days. This can be combined with employment subsidy compared to the unemployed. The share of those covered by active measures compared to the unemployed grows as unemployment decreases. As a result of the recession of the 1990's, the national labour market policy slackened, and active measures furthering employment could not be offered to all the unemployed. However, the opportunity to find work or to be covered by these measures has improved as the demand for labour has increased.

**General questions of the Committee of Independent Experts to all parties**

In reply to the question of the Committee of Independent Experts it is pointed out that information on unemployment rates for the vulnerable groups of the labour market has been provided under Article 1 paragraph 1, sub-paragraphs B and C above. The same applies to further questions concerning these groups.

The trend in employment policy expenditure has followed the development of unemployment in general.

***Table 9. Employment policy expenditure in 1994-1998 (FIM thousand )***

| | Ministry of Labour | Ministry of Social Affairs and Health | Total employment policy expenditure | Percentage of active measures |
|---|---|---|---|---|
| 1994 | 9 059 707 | 14 080 000 | 23 139 707 | 33,9 |
| 1995 | 11 218 177 | 9 996 154 | 21 214 331 | 36,9 |
| 1996 | 12 246 913 | 7 618 489 | 19 865 402 | 38,8 |
| 1997 | 11 480 642 | 6 083 728 | 17 564 370 | 41,0 |
| 1998 | 11 094 816 | 5 204 000 | 16 298 816 | 39,8 |

*Source:* Ministry of Labour and Ministry of Social Affairs and Health

The above calculation includes the implementation of labour market policy (Ministry of Labour) and the unemployment benefit security expenditure (Ministry of Social Affairs and Health). Passive measures consist of unemployment benefit security and labour market support. However, 15 % of the labour market support is spent on active measures.

The definitions, statistical methods and criteria applied have been stated in the beginning of the report.

## Article 1, para 2: Free choice of an occupation

In this connection reference is also made to the appended reports submitted to the International Labour Organisation, on the measures taken to give effect to the provisions of Conventions No 29, 98, 105 and 111 in 1997 and 1998 (*Appendices 7-10*).

### A. -B and C. Prohibition of forced labour

The Finnish legal system prohibits forced labour and in this respect reference is made to previous reports.

### D. Measures taken to eliminate discrimination and to promote equal opportunities in seeking and obtaining employment

The Government´s Plan of Action for the Promotion of Gender Equality Programme for 1997-1999, was approved in February 1997. It is a tool of official equality policy and it defines aims and measures to be taken. Another purpose is to increase awareness of equality policy. The mainstreaming principle of equality is developed in different fields of administration. The equality perspective will be considered, among others, in the development of legislation and labour market policy, in vocational guidance and in EU structural fund projects. Women's business initiatives are supported in co-operation with various fields of administration including loans for small businesses, advisory services, training and networks as a means of promoting implementation.

The Institute of Occupational Health and the Occupational Safety and Health Administration produced a study concerning increasing equality in working life ("Tasa-arvoistuvat työyhteisöt") which was published in the spring of 1997. The study focused on equality in Finnish workplaces and on systematic promotion of equality in companies as well on the progress achieved so far. The information is based on the answers of 425 companies. However, only a few companies had entered the promotion of equality as an objective in their human resources plans, but equality was still widely recognised as an aim of personnel policy. The greatest amount of equality had been carried out in big companies with over 500 employees. Smaller companies were worried about the bureaucracy and external control relating to equality planning. About half of the companies felt that plans were a good or satisfactory way of promoting equality.

Refugee and Immigration matters were transferred from the Ministry of Social Affairs and Health to the labour administration and a Migration Division was established in the Ministry of Labour at the beginning of March, 1997. Following this reorganisation, the Ministry of Labour is responsible for the administration of the reception and integration of immigrants. In co-operation with the Ministry of Education, the Ministry of Labour is also responsible for the co-ordination of anti-racism activities and the promotion of good relations between different ethnic groups.

In October 1997, a Government Resolution was passed concerning the Government´s migration and refugee policy programme**.** The programme aims at creating guidelines for Finland´s immigration and refugee policy. Particular attention is paid in the programme to the prevention of discrimination at work, in addition to the ethnic discrimination of so-called old minorities and immigrants. On the basis of this a system for the follow-up of racism and ethnic discrimination was introduced in October 1998. The follow-up is co-ordinated by the Ministry of Labour.

According to the new Government Programme, published in April 1999, good ethnic relations will be promoted among the population. More attention than before will be paid to anti-discriminatory measures both in the legislation and in administrative practice. The national immigration policy will be implemented by promoting a regional and local equilibrium and an equitable distribution of duties. Equally, immigrants' integration will be promoted, taking into account particularly the position of children and the young. The Government Programme will be implemented by the above-mentioned follow-up system.

The follow-up system consists of a network of co-operation between different authorities, research institutes and non-governmental organisations. The central forms of action based on the follow-up system are 1) the development of training related to ethnic relations and participation in it, 2) national studies on attitudes, discrimination and victims 3) the development of co-operation between the authorities, immigrants´ and non-governmental organisations and the mass media 4) efforts to strengthen the measures taken by the authorities to prevent discrimination, and 5) providing counselling (also to those subjected to racism and discrimination).

Several research projects related to discrimination have been launched on the initiative of the steering group of the follow-up system. One of them is an extensive study on the Finnish attitudes towards minorities and immigrants, completed in June 1999, and a study on ethnic discrimination at work and its different patterns, expected to be ready in the Autumn of 1999.

A Government Programme of Action against ethnic discrimination and racism is being prepared in the Ministry of Labour. The basic principles and objectives of the programme would include the establishment of an active and productive co-operation network and the creation of continuity in matters relating to racism and ethnic relations between the Government and Parliament, regional and local authorities, non-governmental organisations, the social partners, communities of immigrants and ethnic minorities, religious communities as well as sports organisations, and cultural and educational associations.

The aim is to have a twofold Programme of Action, which means that the principles are to be implemented on one hand at the Governmental level and on the other hand at the regional and local levels of administration. The importance of the principle of subsidiarity and opportunities provided by the new Act on the Integration of Immigrants will be emphasised.

The Programme of Action will be introduced to the Government at the beginning of 2000. The Ministry of Labour and the Ministry of Education are responsible for the cross-administrative co-ordination. In addition, the Ministry of Justice, The Ministry of the Interior and the Ministry of Social Affairs and Health will also participate in the drafting of the Programme.

Special training programmes have been created for Roma people with the aim of promoting their employment in their traditional professional fields as well as improving general vocational skills. The training and employment programme for the Roma people, Romako project, subsidised by the European Social Fund and implemented by the Vocational Institute, was carried out in the Province of Southern

Finland in 1997-1998. The objective of the project, which extends to year 2000, is to help non-educated Romas to acquire the basic education they lack and thus give them an equal status with the majority of the population in the labour market. In this project training is also dealt with in regard to issues of discrimination.

The task of increasing vocational training and subsidised employment for disabled jobseekers has been particularly adressed. The number of disabled participating in active public employment programmes and labour market training has been increasing, which is due to the aims of the employment programme and the The European Social Fund projects. For example, in total 8,900 disabled jobseekers participated in labour market training in 1997, compared to 7,200 in the previous year. In 1997 in total 11,516 disabled jobseekers were employed with the support of employment subsidies paid to employers.

**E. Co-operation with workers' and employers' organisations to promote non-discrimination**

The new Decree concerning the Advisory Board for Refugee and Migration Affairs entered into force on 1 March 1998. By the amendment made to the Decree the name of the Advisory Board was changed to Advisory Board for Ethnic Relations (ETNO). Compared with the earlier body the new Advisory Board has new duties relating to ethnic relations and prevention of racism. By the change of the name the Government wishes to emphasise the ever increasing significance of prevention of racism and of good ethnic relations in the immigration and refugee policy. The Advisory Board operates in conjunction with the Ministry of Labour as a wide-based consultative organ in matters relating to refugees and immigration as well as racism and ethnic relations. As a cross-administrative organ, the Advisory Board assists different ministries in the co-ordination of refugee and immigration affairs in the State administration and in the development, planning and follow-up of immigration policy. The Board also promotes interaction between the authorities and non-governmental organisations, on the one hand, and immigrants and ethnic minorities, on the other hand.

The Board can meet in two compositions: the composition emphasising the role of authorities and organisations consists of the representatives of different ministries, the social partners, the Association of Finnish Local Authorities, the Evangelic-Lutheran Church of Finland and the Finland Society. Immigrants and ethnic minorities are represented on the composition emphasising the role of immigrants.

Both the earlier Advisory Board for Refugee and Migration Affairs (PAKSI) and the new Advisory Board for Ethnic Relations (ETNO) have developed and supported measures to further the integration of immigrants and tolerance and good ethnic relations in society, particularly in working life.

**F. The guarantees preventing discrimination in regard to members of workers' organisations**

Reference is made to the previous reports.

***Questions of the Committee of Independent Experts***

**The Committee of Independent Experts wishes to be informed of the practical applicability of Section 3 of Chapter 47 of the Penal Code imposing criminal liability on discrimination at work.**

There are no Supreme Court judgements based on this provision. The courts of first instances have pronounced some judgements on discrimination at work. According to the Statistics of Finland the courts of first instance gave 5 judgements concerning discrimination at work in 1996. In 1997 no

judgements were given and in 1998 the courts of first instance gave 5 judgements concerning discrimination at work. Police statistics relating to the offences brought to the attention of the police, concerning discrimination at work, are only available from 1999 onwards. According to police statistics there were 6 offences of discrimination at work brought to the attention of the police between January 1999 and June 1999.

*Summaries of some cases of discrimination at work*

In a case concerning the violation of the Working Hours Act and discrimination at work, the Helsinki Court of Appeal imposed a sentence on the persons responsible for the operation of a restaurant, ordering them to pay fines and to jointly pay in total FIM 700 000 to nine Chinese employees in compensation for unpaid salaries. These persons had reduced the salaries of the Chinese employees, and their new salaries were considerably lower than the minimum salary defined in the collective agreement. The employers had further agreed with the Chinese employees that the reduced minimum salary also included the compensation for extra or over-work. The employees in question had considerably worked over-time without being paid the raised salary required by the Working Hours Act. The Finnish employees working in the same restaurant had been paid salaries which were higher than those required by the collective agreement, as well as all the additional compensations.

The Court of Appeal considered that, by entering into such terms of remuneration, the employers had taken advantage of the deficient language skills of the Chinese employees and of the foreign cultural background. By paying a salary lower than had been agreed on and was required by the law and the collective agreement, the employers had placed the Chinese employees in a disadvantaged position in comparison to the other employees.

In a case decided on by a court of first instance in 1997, X had arranged the entry into Finland for 28 Thai citizens, in the name of a company which did not engage in any other activities. X had employed the Thai citizens for hotel cleaning and construction work, although he was aware of the fact that they had no residence or work permits. X had charged each person USD 2000 at the entry into the country, for the purpose of covering the expenses. He had hired them for cleaning work by paying them a small lunch money and a salary which was lower than the one required by the collective agreement for cleaning work, and which partly remained unpaid. The plaintiffs had worked for the company during their entire stay in Finland, for 2 to 4 months. The total amount of compensation ordered by the court for unpaid salaries and damage was more than FIM 250 000. X was convicted of the arrangement of an illegal entry into the country, profiteering, violation of the requirement of work permit and violation of the prohibition of discrimination, and was sentenced to seven months' imprisonment and to pay the unpaid salaries and damages. X was further ordered to pay USD 20 000 to the Finnish State in compensation for illegal profit.

In June 1999 a Finnish couple was sentenced to fines by the Helsinki District Court for discrimination at work. The couple had employed a housekeeper of Philippine origin for several years without paying her reasonable wages. Since 1992 the wages of the housekeeper were FIM 1800 per month, whereas reasonable wages would have been FIM 4000 and since 1997 FIM 4700 per month. The employer also provided the housekeeper with a flat and covered half of the expenses of her annual visits to the Philippines. The defendants denied the accusations claiming that they did not consider themselves having acted as employers but rather considered the housekeeper as being a family member.

Reference is also made to the *"Labour offences"*, a publication of the National Research Institute of Legal Policy (*Appendix 11).*

**The Committee of Independent Experts´ question whether working time experiments may have potentially disadvantageous effects on the position of women in the labour market.**

In Finland, the job alternation experiment, based on the Act on the Job Alternation Leave Experiment (136/1996), was introduced at the beginning of 1996. The job alternation leave provides those having work with an opportunity for a secure and temporary absence from the labour market for personal reasons. The grounds for leave are not restricted in the Act. Education and training, rehabilitation, informal care, and the opportunity for a long-term leave without any other obligations are given as general motives for job alternation leave in the Government Bill. For the unemployed, job alternation provides an entry into the labour market. For young workers the temporary jobs mean an opportunity to get work experience through a temporary employment relationship.

According to the statistics published by the Ministry of Labour, the number of those going on alternation leave was in total 19,539 from 1996 until the end of 1998. Of those on leave, barely 11% worked for the government, 49% for local authorities and 40% in the private sector. In 1997, a follow-up study was carried out on the job alternation leave experiment, giving account of the employment of those in temporary jobs after they had left the jobs. According to the follow-up study, 71% of those going on job alternation leave were women. The average age of those on leave was 43, whereas the average age of the unemployed hired to fill the vacancies was 33. The final report of the follow-up study indicated that the most usual reason for going on leave was studies. This was the reason given by 17% of the respondents going on leave. Other reasons included the need of additional time with the family (15%), stress, a bad atmosphere at work (16%), hobbies (11%), and balancing of the values of life (9%).

According to the follow-up study, the experiences of those going on leave, those hired to replace them and the employers were mainly positive. The majority of those who had terminated their temporary jobs were either employed for another job by the same employer (58%) or employed by another employer (14%). Every sixth (17%) remained unemployed, and every ninth (11%) was studying or otherwise outside working life.

The study showed that the later employment of those who had had temporary jobs, based on the job alternation leave experiment, varied depending on their socioeconomic status. Senior officials were employed either by the same or another employer more often than others, whereas other employees remained unemployed more often than others. Substitutes with the least education and training, substitutes who were in a low position and substitutes who had been unemployed for a long time faced a bigger risk of unemployment than others. The system is completely gender neutral since it is voluntary and comprises the employee as well as the employer. In practice, interest in job alternation leave has been bigger among women. Recently, the proportion of men going on leave has somewhat increased. Those on alternation leave have almost without exception been satisfied with the system, since, the average duration of a leave being only 7 months, it does not seem to have any negative impacts on the labour market status of the person concerned. The job alternation leave provides the person with an opportunity for self-motivated education and training. This, on the other hand, can be regarded as upgrading the position of the person using the leave.

The scheme of part-time pay supplement was introduced on an experimental basis in Finland in March 1994. The scheme was established at the beginning of 1997, and it provides the employees with an opportunity to reduce their daily working time. Choosing part-time pay supplement is based on an agreement made between the employer and the employee. According to the statistics of the Ministry of Labour, part-time pay supplement had been paid to 38,772 people by the end of 1998. Those aged 34-50 have been the biggest group using the supplement. The unemployed hired for part-time work have been younger than those shifting over to part-time work, the majority being 26-30 years of age. About 90% of those using part-time pay supplement and those hired as substitutes have been women.

Part-time pay supplement has been used for preventing job exhaustion and for reconciling work and family life. The purpose of part-time pay supplement has not been separately examined, but in the light of interviews there is reason to assume that shifting over to part-time work has in many cases also meant educational interruption in a long work career. Especially middle-aged women (e.g. nurses) have chosen part-time pay supplement for the very reason that they have wanted to complete their studies and specialise in their own field. Part-time pay supplement has created trainee opportunities and working life contacts for the unemployed, which is a relevant prerequisite for later employment.

Statistics available on part-time pay supplement do not enable any accurate analysis of the impact of the supplement on the working career and labour market status of job-sharers and substitutes. The interview results of the study on part-time pay supplement suggest that the social relations made during the period as a substitute and the demonstration of the skills of the person concerned, given to the employer, have often led to an extension of the employment relationship or to the person being given a permanent status as substitute. 4% of the substitutes were offered a job by the employer for whom they had worked. The opportunity offered by part-time pay supplement for the employee to participate in training or education and to maintain his working capacity while on leave presumably upgrades his labour market status. Those sharing work usually represent a middle-aged labour market generation whose skills are subject to strong upgrading pressures.

Reference is also made to the appended report "*Paid leave models with job rotation in Belgium, Denmark and Finland*" (*Appendix 12, page 11).*

**The Committee of Independent Experts has presented a further question on the results of the project called "*Towards a tolerant Finland*".**

The project succeeded in increasing people's awareness of anti-racism and anti-discrimination matters. People were also activated in this respect. As a result of this, the circle of people participating in anti-racist work was extended beyond immigrant work. The project also helped to the immigrants' spontaneous activities, contacts and awareness.

In the above-mentioned project, the first studies were made on what a follow-up system of racism and ethnic discrimination ought to be like. As mentioned in Article 1, paragraph 2 (D), the intention is to create a system for the follow-up of racism and ethnic discrimination and to ensure the functioning of the system.

The Advisory Board for Refugee and Migration Affairs has published the experiences of the project as a book "*Campaign years in respect", 1998 (Appendix 13).*

**The Committee of Independent Experts has also requested about the application of the Emergency Powers Act (1081/1991).**

The Emergency Powers Act has not been applied into practice.

# Article 1, para 3: Free employment services

As to sub-paragraphs A to D, reference is also made to the appended reports submitted to the International Labour Organisation on the measures taken to give effect to the provisions of Convention No. 88 in 1998 *(Appendix 14*).

## A. Employment services

The employment services are organised as reported in the previous reports of the Finnish Government, and there have been no major legislative amendments to the Employment Services Act (1005/1993).

In 1998, a total of 922 000 persons were registered as jobseekers at the employment offices (one person counted only once). Compared to the previous year, the total number of jobseekers decreased slightly. In 1992, there were 972 400 persons registered as jobseekers. The majority of the jobseekers were unemployed. In 1998, there were in total of 706 000 unemployed jobseekers. The corresponding figure for 1997 was 758 200.

In 1998, a total of 255 000 vacancies were notified to employment offices. The number of vacancies went up by about 5% (12 713). The number of vacancies has increased the most in the Employment and Economic Development Centres of Southern Finland, Pirkanmaa, Häme and Lapland.

About 233 000 of the vacancies reported to employment offices were filled in 1998. Approximately 58 % of the vacancies were given to a jobseeker registered with an employment office in 1998, and 60% in 1997. The average time for the filling of vacancies was 14 days in 1998 and 12 days in 1997.

*Reform of the service process*

A reform of the employment policy and the included reform of the service process was introduced at the beginning of 1998. The principal aim of the reform of the service process is to activate self-motivated jobseeking, to facilitate jobseeking process and to strengthen the jobseeker's initiative.

In conjunction with the reform, the range of labour policy measures was supplemented by introducing, among other things, periodic job-seeking interviews, definitions of skills and jobseeking plans.

*Essential elements of the reform of the service process*

The majority of the jobseekers registered with employment offices participates in a jobseeking group where the services of the employment office, the jobseeker's rights and responsibilities, the labour market situation, the possibilities for training and the procedures and means of seeking a job are explained.

The initial interview and the jobseeking interviews, repeated at intervals of about six months elucidate the jobseeker's plans, professions and fields of job search, skills, work and training options as well as keeping in contact with the employment office. The periodic jobseeking interviews and the shorter contacting times have facilitated and activated jobseeking and reduced long-term unemployment.

The jobseeking plan is made after five months' unemployment at the latest. The jobseeking plan is a concrete plan, elaborated jointly by the jobseeker and the employment office, on how the jobseeker will

be placed in work or training. The plan also settles how and how often the jobseeker charts his employment opportunities, either spontaneously or together with the employment office. The jobseeker and the employment office commit themselves to the plan and confirm it with signatures. If the jobseeker's unemployment is prolonged, he is entitled to a renewed jobseeking plan and, along with it, to a combined subsidy for finding employment.

In the jobseeking group, the jobseeker obtains information on the labour market and the employment situation, learns employers' recruitment practices, elucidates his skills and works out his own jobseeking plan. The groups practise jobseeking interviews and the preparation of a job application.

*Follow-up of the service process*

The start-up and implementation of the reform of employment policy is monitored both with different indicators and a separate enquiry repeated twice. In addition, extensive evaluation studies of the labour market policy system were launched at the beginning of 1999. The targets for the number of participants in the jobseeking groups, the implementation of the periodic interviews and the long-term unemployed to be employed with the combined subsidy were set in 1998.

In 1998, a total of 47 805 unemployed jobseekers participated in the jobseeking groups which means that 77 % of the target was attained. 63 462 unemployed participated in labour market training which was 92 % of the target. In January and February 1999, 18 766 unemployed jobseekers have participated in jobseeking groups (as group service and labour market training).

According to follow-up enquiries, the jobseeking groups have been successful in the whole country, and they are considered the best working service of the reform of the service process. Feedback from the jobseeking groups has been quite positive.

The implementation of periodic jobseeking interviews was monitored in 1998 in the target group of unemployed jobseekers whose unemployment has lasted 5, 11 or 23 months. Jobseeking interviews were carried out for 195 749 jobseekers, which was 65 % of the national target. The most successful target group was those who had been unemployed the longest. As from the beginning of 1999, a larger target group of unemployed has been included in the follow-up of periodic interviews - in addition to the former target group, it includes the jobseekers whose unemployment has lasted 35, 47 or 59 months. For the first two months of 1999, 55 % of the target set for periodic jobseeking was attained.

As from the beginning of 1999, the follow-up of jobseekers' jobseeking plans has also been included in statistical monitoring. The target group is the jobseekers entitled to periodic jobseeking interviews. In February, 95,4 % of the target set for jobseeking plans was attained, the average percentage being 88% at the beginning of the year. At the beginning of the year in total 62 630 plans had been made.

According to the national follow-up enquiry carried out in the spring of 1999, the reform of the service process has had very favourable effects, from the point of view of both jobseekers and employers and employment offices. There is not yet analytic information available on the effects of the reform of labour market policy. A set of five assessment studies was launched in the autumn of 1998. At least the employment offices have been satisfied with the reform, and also the customer feedback has been positive.

**B. Harmonisation of public and private manpower services**

The amendment to the Employment Services Act (1005/1993) which will enter into force on 1 October 1999 (418/1999), regulates the co-operation of private and public employment offices. The Employment Services Act will be applied, where appropriate, also to private employment offices. These provisions include, for example, the prohibition of discrimination, the prohibition of offering child labour and the obligation to submit information to State labour authorities. The implementation of the Act in private employment offices is supervised by labour protection authorities to whom a private employment office engaging in activities must make a notification. The activities of private and public employment service are co-ordinated in a tripartite advisory committee on labour market policy, subordinate to the Ministry of Labour.

Along with the reform of the Employment Services Act, its scope of application will be extended; the Act will be applied to the activities of private employment agencies more extensively. In order to develop the co-operation between private and public employment offices, labour authorities must monitor the development of private employment offices. These are under an obligation to periodically provide the labour authorities with the necessary information.

**C. Organisation of public employment office services**

The organisation of employment services by the employment offices remained unchanged during the reporting period. In 1997, however, changes were made to the regional organisation of the labour administration. The labour district offices were closed and their duties were transferred to the labour market departments of the Employment and Economic Development Centres established on 1 September 1997. There are 15 of these Centres and they act as a joint regional organisation under three administrative sectors. There are 184 employment offices.

**D. Participation of employers and employees in the development of manpower services and labour policy.**

Reference is made to the previous reports and also to Article 6 para. 1 of this report.

**E. Legislative and administrative guarantees for securing the availability of services to all**

The Employment Services Act (1005/1993) and Decrees and regulations issued by virtue of the Act ensure that the State organises and develops manpower services in order to improve the functioning of the labour market, to support the professional skills and employment of individual persons and to secure the supply of manpower for employers. Sections 15 and 16 of the Employment Services Act stipulate that the employment services are free of charge, which in part ensures that these services are accessible and available to all. In order to ensure the accessibility of the services, the State maintains 184 employment offices and Internet services, in accordance with the funds reserved for this purpose in the budget.

Certain additions (1353/1997) to the rights and responsibilities of unemployed jobseekers were included in the Employment Services Act (1005/1993) in connection with the reform of employment policy system in 1997. These concern, for example, the period of validity of a job application, the right to a jobseeking plan, periodic jobseeking interviews, registration as a jobseeker client as well as the right to individual services and the obligation to co-operate.

The Employment Services Decree (1251/1993) prescribes that the labour market, the manpower services and their use must be actively informed about and that the services must be offered in such a manner that individual clients are aware of the job and training opportunities, and that employer clients are informed of the available manpower.

**The Committee of Independent Experts wishes to remain informed of the market shares of private and public employment services.**

The channels for recruiting labour force and the roles of private employment services and public employment services in the recruitment have been monitored since 1993 by separate surveys made by Statistics Finland. According to the surveys, the market shares of public employment services have showed the following trend since 1993.

***Table 10. Market shares of public employment services***

| 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|---|
| 22 % | 28 % | 23 % | 31 % | 31 % | 28 % |

*Source:* Statistics Finland

***Table 11. Market shares of private employment services***

| | *Private hiring-out of labour force* | *Other private employment services* |
|---|---|---|
| 1993 | 0.1% | 0.6% |
| 1994 | 0.1% | 0.6% |
| 1995 | 0.1% | 0.2% |
| 1996 | 0.2% | 0.3% |
| 1997 | 0.1% | 0.2% |
| 1998 | 0.3% | 0.7% |

*Source:* Statistics Finland

**The Committee of Independent Experts has requested information concerning quality development, co-operation between different actors, Internet services, the national ADP system, services to the long-term unemployed, such as service packages, reports on the ageing long-term unemployed, and concerning the results of all these measures.**

The supervision of quality work has been increased at all levels of labour administration. The aim is to establish quality criteria to be followed for all services. The definition of quality criteria has led to the conversion of essential services into "products", making them more transparent and clear-cut. Co-operation between different actors has been increased, particularly in connection with services provided to difficult client groups. Co-operation between the Social Insurance Institution, social welfare authorities of municipalities and State labour authorities has been intensified, particularly at the local level. This has resulted, for instance, in an increase in the exchange of information. Services offered through the Internet have been added significantly. Information available through the public server of the labour administration includes information on job vacancies and labour-policy training to apply for. Jobseekers can also present themselves to employers through the Internet. The increased use of Internet services has led to a situation where it is not necessary, in active jobseeking and monitoring of job information, to visit an employment office in person, if the jobseeker has a computer with an Internet connection at his disposal. These are available, for instance, in public libraries. In order to intensify services to the long-term unemployed, certain service packages have been offered, combining employment services, employment, guiding labour market training and practical training suitable for each person. The aim is to improve the services to long-term employed persons with more effect than through single measures. The creation of service packages has been rather difficult, but the services have become more comprehensive.

*Services to the ageing long-term unemployed*

In pursuance of the Employment Programme of Finland (1996-1999), a project to elucidate the employment opportunities, training and rehabilitation needs and pension alternatives of the ageing long-term unemployed was launched during the period from 1 July 1996 to 31 December 1997. A total of about 11 000 clients belonging to the target group were interviewed by employment offices. As a result of these interviews, services of the employment office were proposed to 42% of the clients, 19% were directed to medical examinations of the National Health Service, 4% to private health services and 7% to rehabilitation offered by the Social Insurance Institution, while with 28% no further action was agreed upon. The follow-up report, *"Job, pension or unemployment*?", of the Social Insurance Institution, on the client interviews and recommendations for further action was published in December 1998.

The return of the ageing long-term unemployed to the open labour market is most often extremely difficult. This is primarily due to the fact that there is hardly any demand for the work contribution of the ageing workers in the labour market. On the other hand, the unemployment-benefit also has elements discouraging older people to look for work. Highly educated persons actively seeking a job seem to succeed the best in returning to working life, particularly in the Helsinki region. A year after the employment office interview, 80% were still unemployed, whereas 12% were employed (the major part in subsidised jobs), 6% on sick leave or in rehabilitation and 2% retired. The results of the age discrimination study carried out in connection with the National Programme for Ageing Workers and of the working conditions barometer show that there is significant age discrimination in working life. A particularly great problem is the ever more difficult return of the ageing unemployed to the labour market. It appears to be almost impossible for a person who is over 50 years old to find work, regardless of his activity, self-development and willingness to work.

The position of the ageing long-term unemployed in the labour market cannot be improved very significantly only by intensifying the functioning of the service and benefit systems or training, if there is no demand for the work contribution of the ageing workers. In spite of this assessment, it is necessary to continue the studies on the service needs of the ageing unemployed in the whole country as a measure relating to the implementation of the "*National Programme for Ageing Workers"* (S*ee above, Appendix*

*4)*. A considerable portion of the ageing workers have individual service needs and expectations related to the elucidation of the need for care and rehabilitation and working capacity. The employment opportunities of the ageing workers can be improved by diversifying employment services and arranging customised opportunities for training, subsidised jobs and rehabilitation. The studies on the needs for services of the ageing long-term unemployed were extended to the whole country as from the beginning of 1998.

The age limit for part-time pension was lowered to 56 with a temporary Act with effect from 1 July 1998 (227/1998). At the same time, an Act on the improvement of the employment opportunities of an unemployed person of over 55 years of age entered into force. The aim of the Act is to facilitate the placement of ageing unemployed persons in employment relationships of less than ten months by preventing their adverse effects on the determination of the pension. The intention is to define measures lowering the threshold of recruitment of the ageing workers, as regards the funding of pension security, as a part of the agreement on income policy in a work group of labour market organisations and employee pension establishments.

**The Committee of Independent Experts has inquired whether citizens of other Contracting Parties can have to access to public employment services with the same terms as Finnish citizens.**

Citizens of EU countries can have access to the services in the same way as Finnish citizens, and also citizens of other countries, if they have an unrestricted right to work in Finland. If a person's work permit is restricted to a certain field or the service of a certain employer, this also affects the services he is entitled to. According to Section 2 of the Employment Services Act (1005/1993), the Act applies to a person without Finnish citizenship in accordance with the provisions of the international agreements binding on Finland and taking into account what is separately prescribed on such a person's work. According to Section 26 of the Employment Act (275/1987), also a person residing in Finland, who is not a Finnish citizen, must be provided with an opportunity to work in the manner stipulated in this Act, taking into account, however, the separate rules and regulations concerning his work.

**The Committee of Independent Experts has asked for confirmation that chargeable employer services do not concern ordinary employment exchange.**

Ordinary labour exchange and the basic services of labour exchange are free of charge to the employer. All employment services directly aimed at providing employment, including the services of private employment offices, are free of charge to the individual client. According to Section 15 of the Employment Services Act, labour exchange services are free of charge to the employer client.

**The Committee of Independent Experts has wished to be kept informed of the development of market shares of public and private employment services.**

There are approximately 400 private employment offices in Finland. Of these, nearly 100 are members of the Employers' Confederation of Service Industries. It can be estimated that about 80% of the private employment offices belong to the Employers' Confederation of Service Industries, as the organised ones represent the largest companies in the field. An amendment to the Employment Services Act (1005/1993), which will enter into force on 1 October 1999, stipulates on co-operation between private and public employment offices and, for instance, on the prohibition of discrimination, the prohibition of exploitation of child labour and the communication of information to the State labour authorities, also with respect to private employment offices.

### Article 1, para 4: Vocational guidance, training and rehabilitation

Finland has ratified Articles 9, 10 and 15, so no report is needed on Article 1 para. 4 at this stage.

# ARTICLE 5

# THE RIGHT TO ORGANISE

Reference is also made to the appended reports submitted to the International Labour Organisation on the implementation of Convention No. 87 in 1998 and Convention No. 141 in 1997 *(Appendices 15-16*).

**A. - E.**

In respect of the right to organise the labour legislation has not been changed. Reference is made to the previous reports.

**The Committee of Independent Experts has stated that it has received through ILO information that in some collective agreements citizenship of Finland, Nordic country or of an EU country has been required of shop stewards.**

The State Employer's Office, subordinate to the Ministry of Finance and representing the State as employer in collective bargaining and labour market negotiations, has referred in its comments to the Act (664/1970) and Regulation (1203/1987) on Collective Agreements for State Civil Servants. The State Employer's Office observes that there is no requirement in central collective agreements for State civil servants or in other sector-specific collective agreements of the State, concerning the citizenship of shop stewards. The position of shop steward has traditionally been and still is considered a matter to be decided on a contractual basis by the contracting parties - with the exception of certain provisions on minimum protection. With the EU membership, the requirement of Finnish nationality for shop stewards was removed from central collective agreements and, simultaneously, from the respective contractual provisions of sector-specific collective agreements.

The Employers' Confederation of Service Industries (PT) brought out in its comment that collective agreements of its affiliated organisations as a rule do not require that a shop steward be a citizen of Finland or a member State of another Nordic country or of a Member State of the European Union. The Central Organisation of Finnish Trade Unions has noted in its statement that the Agreement of 1970 on Shop Stewards, requiring a shop steward to be a Finnish citizen, is, however, still in force in the hotel and restaurant sector. In 1996 there were almost 1 000 workers without Finnish citizenship as members of the workers' federation of the sector, the Hotel and Restaurant Workers' Union (HRHL).

In reply to the question of the Committee of Independent Experts concerning shop stewards, the Central Organisation of Finnish Trade Unions (SAK) has reported on the general agreement of SAK-TT, between the Central Organisation of Finnish Trade Unions and the Confederation of Finnish

Industry and Employers, which entered into force on 1 October 1997. The provisions on shop stewards of the general agreement no longer restrict a foreigner's right to be elected shop steward. The agreement only requires that the shop steward be an employee of the workplace concerned and, as such, acquainted with its working conditions. This general agreement is complied with as a part of the collective agreements of unions of several sectors of industry. In some sectors of industry, employers' and workers' unions have negotiated their own sector-specific shop steward agreements. The contents of these agreements also correspond to the general agreement discussed in this report.

**The Committee of Independent Experts has also presented a general question on the eligibility of foreigners as representatives of trade unions in works councils and corresponding bodies in which both the employer and the employees participate**.

The Personnel Funds Act (814/1989), the Act on Personnel Representation in the Administration of Undertakings (725/1990) and the Act on Co-determination in Companies (725/1978) do not contain provisions restricting the participation of foreigners in such bodies.

**The Committee of Independent Experts has presented a general question concerning the privileges possibly enjoyed by the representative trade unions.**

In Finnish labour legislation, the qualification for a collective agreement means competence to conclude valid collective agreements. In Finland, a collective agreement means, according to Section 1 of the Collective Agreements Act, an agreement which one or several employers or a registered association of employers concludes with one or several registered associations of employees on the conditions to comply with normally in employment contracts or employment relationships. In the Act, an association of employers means an association whose actual goals include the supervision of the employers' interests, and an association of employees means an association whose actual goals include the supervision of the employees' interests in employment relationships. The Collective Agreements Act restricts the competence to conclude collective agreements on the employee side exclusively to registered employee associations. Generally, a collective agreement is made by a trade union or a local trade union.

The labour legislation contains provisions that can be deviated from in a collective agreement (i.e.. the provisions on pay during sickness and certain provisions on working hours). There are also some provisions which only need be applied if no other arrangement has been agreed on.

In Finland collective agreements are binding on both sets of employers, the organised ones (i.e. normal validity) and the non-organised ones (i.e. in practice, universal validity). Normal validity covers most of the labour market, i.e. three quarters of all employment relationships.

The main function of a universally binding collective agreement system is to subject those working for non-organised enterprises to the same minimum standards of pay, job security and labour protection as those in organised employment. This means that there is a system of minimum conditions that is based on the collective agreement mechanism rather than on the Act on minimum pay.

The universal validity of a collective agreement presupposes the existence of a nation-wide collective agreement that can be viewed as universal in the sector concerned. This means sector specified in accordance with the current collective bargaining practice. In the field of industry, the so-called the “line of industry” principle is applied, while in the field of commerce and services the “professional sector” principle is applied. The “nation-wide” criterion means that the scope of application of the

collective agreement covers the entire country. Local or employer-specific agreements do not meet this criterion. A collective agreement can be viewed as universal if at least half of all the employees in the sector fall within its scope according to the normal validity clause. The degree to which employees are organised is therefore crucial if universal validity is to exist.

# ARTICLE 6

# THE RIGHT TO BARGAIN COLLECTIVELY

In this connection reference is also made to the appended report submitted to the International Labour Organisation on the implementation of Convention No. 87 in 1998 (*See above, Appendix 15*).

## Article 6, para 1: Joint consultations

In Finland the Personnel Funds Act (814/1989) provides the legal framework for the establishment of personnel funds in enterprises. The objectives of personnel funds are to enhance the internal co-operation in the enterprise and to improve competitiveness and economic equality. A personnel fund may be established in an enterprise with a staff of at least 30 persons. A personnel fund is owned and run by the personnel of the enterprise. The purpose of a personnel fund is to manage the profit bonus items paid by the company for the fund and other assets referred to in the Personnel Funds Act. Profit bonus items are divided into the members' personal shares in accordance with the rules of the fund. A member can start drawing his share after five years from the beginning of his membership. There were 43 funds at the end of 1998 and over 93 000 employees had access to them. The Act on Personnel Funds was amended (358/1999) to allow the establishment of personnel funds also in State agencies and unincorporated State enterprises. The amendments entered into force in the April of 1999.

The preparation of labour legislation and the discussion on questions of working life more generally have been done together with the social partners, in compliance with the established model of action, also indicated by the International Labour Organisation (ILO). This structure is also referred to systematically in the follow-up and control of the research projects launched by the Ministry of Labour, when dealing with more extensive studies.

Regarding the promotion of joint consultation between employees and employers in general, reference is made to the previous reports of the Government of Finland and especially to information given in the supplementary protocol of the fourth periodic report of the Government of Finland in respect of Article 2, given in 1998, which explains in detail the Act on Co-determination within Undertakings (725/1978). It applies to the private sector.

**The Committee has asked for a copy of local joint consultation agreement.**

Attached is copy of a detailed collective agreement for the National Road Administration *(Appendix 17*) and a figure illustrating the collective bargaining system of the State (*Appendix 18*). The supplementary collective agreement is indicated in the figure.

**The following is noted in response to the further question relating to the comment presented by the Confederation of Unions for Academic Professionals in Finland (AKAVA).**

The parties to the co-operation referred to in the Act on Co-determination within Undertakings are, according to Section 3, the employer and the staff of an enterprise. The co-operation is implemented at two levels: between workers, employees and their superiors and between the representatives of personnel and the employer. The representative of personnel can be a shop steward or another person, elected on the basis of the collective agreement, or a representative elected by non-members of trade organisations from among themselves, if they form the majority of the personnel group, or a work safety delegate. The principle in the Government Bill was that members of the Central Organisation of Finnish Trade Unions, the Finnish Confederation of Salaried Employees and the Confederation of Unions for Academic Professions in Finland form the above-mentioned personnel groups in an enterprise. The formation of a personnel group is, however, not bound to the level of organisation. An unorganised person must, in this case, be regarded as belonging principally to the personnel group whose terms of employment are applied to him. If unorganised workers or employees form the majority of a personnel group, these workers or employees have the right, if the majority so demands, to elect from among themselves a representative for co-operation in compliance with this Act for a year at a time. Representatives of the management of a company always remain outside the personnel groups referred to in the Act. Therefore, matters concerning the representatives of the management of a company do not belong within the scope of the Act on Co-determination within Undertakings.

## Article 6, para 2: Machinery for voluntary negotiations

**A-C.** In this connection reference is also made to the appended report submitted to the International Labour Organisation on the implementation of Convention No. 98 in 1997 *(See above, Appendix 8*). Otherwise reference is made to the previous reports of the Government of Finland.

## Article 6, para 3: Conciliation and arbitration

### A. Machinery for the settlement of disputes

*a. Conciliation*

Conciliation of labour disputes is one of the duties of the National Conciliator under the labour administration. The national conciliator is supported by six part-time Regional Conciliators. In 1997, 10 national labour disputes, including three work stoppages, were dealt with through conciliation. In 1998, the number of national labour disputes was 19.

*b. Arbitration*

Reference is made to previous reports.

See also statistics on labour disputes (*Appendices 19-20).*

### B. The compulsory nature of conciliation

Reference is made to previous reports.

### C. Procedures for settling disputes in the public sector

Reference is made to previous reports.

## Article 6, para 4: Right to collective actions

### A. Safeguarding the right to take collective action

Reference is made to previous reports.

### B. General restrictions concerning the right to collective action

**The Committee of Independent Experts has requested more information with regard to Article 6 paragraph 4 on the consequences when an employer terminates an employment relationship on grounds of participation in a legal strike.**

*1. Industrial action*

In practice the workers carry out industrial action through strikes and the employers through lockouts. Both organised and non-organised workers have the right to industrial action. The right is being provided by the Finnish Constitution. The right of organised workers is restricted by the provisions of the Collective Agreements Act (436/1946) and by the provisions of the valid collective agreement. The collective agreement has two main roles. On the one hand, it guarantees the workers certain minimum conditions in their contracts of employment and, on the other hand, it includes the obligation to maintain the industrial peace which is provided for in Section 8 of the Collective Agreements Act. An association, which is party to a collective agreement or otherwise bound by it, affiliated associations, and employers cannot take hostile action against the collective agreement as a whole or against any particular provisions thereof whilst it is valid. The provisions of this Section do not apply to an individual worker.

The following points of view on the criteria of industrial action have been represented in legal literature: a certain amount of collectivity is expected from industrial activity. A decisive factor in an organised industrial action is the intent of an association of workers, and in an unorganised industrial action the joint intent of several workers to pressure someone - usually one or more private employers or their association - by refusing to work or by other comparable action in order to achieve their objectives. As regards the industrial action of non-organised workers in practice, an assessment of whether it is a question of individual workers' action or industrial action, i.e. strike, may be needed.

*2. Giving notice of the termination of an employment contract*

Chapter 3 of the Finnish Employment Contracts Act (320/1970) contains provisions on the termination of an employment contract. According to Section 37, paragraph 1, an employment contract made for an unspecified period or otherwise of unlimited duration may be terminated by either party after the expiry of certain period of notice or, if so agreed or explicitly provided by law, without notice. According to paragraph 2 of this Section, an employer shall not give notice to terminate a contract of employment for a reason related to the worker, unless that reason is particularly weighty. According to Section 2, paragraph 2, of the Employment Contracts Act, such a weighty reason cannot, in any case, be by the worker's participation in a strike or other industrial action. This provision does not make a difference between legal and illegal industrial action.

*3. Compensation for unfounded termination of a contract of employment*

Section 47 f of the Employment Contracts Act provides for the unfounded termination of a contract of employment. According to the provision, an employer who has, contrary to the grounds laid down in Section 3 or 37, or without the consent of the majority of the workers referred to in Section 53, paragraph 2, terminated a worker’s contract of employment in force for the time being, is liable to pay a compensation for the unfounded termination of the contract. The compensation shall be equivalent to the pay for at least three and at most 24 months. The estimated duration of unemployment and the estimated loss of earnings, the length of the employment relationship, the worker's age and chances of later finding employment corresponding to his profession or education, the employer's notice procedure, any reason for termination related to the worker, the general circumstances of the worker and the employer and other comparable matters are taken into account when determining the amount of compensation, as factors increasing or decreasing it.

In addition to or instead of the compensation provided for in Section 47 (f) of the Employment Contracts Act, an employer cannot be sentenced to damages by virtue of Section 51 of the Employment Contracts Act.

*4. Cancellation of a contract of employment*

According to Section 43, paragraph 1, of the Employment Contracts Act, irrespective of the agreed work period or notice period, a contract of employment may be cancelled immediately if serious grounds exist for doing so. Cancellation is a more severe form of terminating a contract of employment than giving notice. Such serious grounds shall be deemed to exist in the event of any omission by or behaviour of one of the parties or a change in the conditions (attributable to the risks of this party) which is of such a nature that the other party cannot reasonably be expected to continue the contractual relationship.

The cancellation of a contract of employment differs from giving notice of the termination of a relationship in that the employment relationship terminates immediately without a period of notice. According to the Employment Contracts Act, both a contract of employment in force for the time being and a fixed-term contract can be cancelled. The requirement of "serious grounds" as the grounds of cancellation requires more careful consideration than the "weighty reason" required for giving notice.

Section 43, paragraph 2, of the Employment Contracts Act describes situations in which an employer may have the right to cancel a contract of employment, if the general requirement , i.e. the threshold of "serious grounds", referred to in paragraph 1 of the Section, is met. According to sub-paragraph 6 of paragraph 2, an employer can, if circumstances do not give cause for another assessment, cancel a contract of employment, if a worker wilfully or through gross negligence fails to fulfil his obligations to

work, and persists in such conduct in spite of being warned. A worker neglects his obligation to work by participating in a strike. However, negligence of the obligation to work occurring in situations of industrial action must be assessed in accordance with Section 43, paragraph 4, of the Employment Contracts Act.

Section 43, paragraph 4, of the Employment Contracts Act excludes the possibility of application of the cancellation provisions to legal strikes and lockouts. It provides that the provisions of this Section shall not apply to work stoppages caused by strikes or lockouts, unless such measures have been taken in violation of the statutory provisions relating to the settlement of labour disputes or are in conflict with the provisions of the Collective Agreements Act or the terms of the collective agreement. The provision applies both to organised and non-organised workers. The industrial action of non-organised workers cannot violate the provisions of the Collective Agreements Act or the provisions of the collective agreement. The provisions of the Act on Conciliation in Labour Disputes (420/1962) will, however, be applied both to unorganised and non-organised workers. A worker's participation in an illegal strike may lead to the cancellation of the contract. It is presupposed in this case that the participation in the illegal industrial action as a whole demonstrates such disregard that the employer cannot reasonably be expected to continue the employment relationship. The assessment of the grounds for cancellation must always be made with overall consideration. In practice, it has been regarded as a factor reducing the reproachability of a worker's behaviour that the industrial action has been carried out by the employee's trade union.

The following cases are related to the cancellation of an employment contract in situations of industrial action:

The Supreme Court has, in a decision issued on 1 December 1981 (KKO 1981 II 165), considered that the employer had the right to cancel the employees' contracts of employment, when these had, with an intention to accelerate wage negotiations between themselves and the employer, disregarding warnings, stayed out of work several times in violation of the Employment Contracts Act and the collective agreement.

The Supreme Court has, in a decision issued on 19 February 1992 (KKO 1992: 26), considered that the employer did not have a serious ground referred to in Section 43, paragraphs 1 and 2, of the Employment Contracts Act, to cancel the employment contract of an employee gone on strike, when the latter had received from his employer and his trade union conflicting information on his right to participate in the strike. The employee had acted in accordance with the instructions of his trade union.

*5. Liability for damages*

Section 51 of the Employment Contracts Act provides for the liability for damages. According to Section 51, an employer who intentionally or deliberately fails to fulfil the obligations incumbent on him by virtue of this Act or the employment contract must compensate the employee for the damage caused. When the cancellation of a contract of employment referred to in Section 43 has been due to the employer's deliberate or negligent behaviour, he must compensate the worker also for the damage caused by the early termination of the contractual relationship. There is no lower or upper limit set in the law for the eventual compensation for damage. On the basis of the provision, the real damage caused to the worker must be compensated for.

In case an employer who has cancelled an employment contract in force for the time being does not even have grounds for giving notice, he must pay, in addition to the salary for the period of notice, a compensation for the illegal termination of the employment contract. The compensation paid to the

employee is determined in such cases in compliance with Sections 47 f - h of the Employment Contracts Act, being the salary of at least 3 and at most 24 months.

Section 8 of the Act on Collective Agreements for State Civil Servants (664/1979) concerns the restriction of the right to strike of civil servants. The State Employer's Office has stated that there is a historical consensus between the State and trade union organisations on that there has to be a limited right to strike in the State sector there due to the special nature of State functions. In this connection the State Employer's Office has referred to the decision No. 14 of the Labour Court, given on 27 February 1998, concerning the rules of the municipal sector concerning the restriction of the right to strike. The Court considered that provisions which restrict the fundamental right to strike are to be interpreted narrowly.

**The Committee of Independent Experts has asked confirmation for its understanding that only a civil servants association has the right to take to take collective action.**

According to Section 8, paragraph 4 of the Act on Collective Agreements for State Civil Servants, a civil servant shall not participate in a strike except on the basis of a decision made by the civil servants' association which has gone on strike.

On the basis of the above-mentioned provision, an individual civil servant may not go on strike, but a strike always requires a decision of the civil servants' association in question.

**The Committee of Independent Experts wishes to receive clarification on whether civil servants are prohibited from taking collective action other than complete work stoppage as well as clarification of paragraph 2 of Section 8 which concerns the issues over which civil servants may take collective action.**

According to Section 8, paragraph 1 of the Act on Collective Agreements for State Civil Servants, an existing employment relationship may not be subjected to collective action other than lockout or strike.

The Act does not restrict the various forms of collective action which concern employment relationships other than the existing ones. An association of civil servants may, for example, take action to prohibit civil servants from applying for a vacancy, and to advise them not to perform duties belonging to the job in question.

According to Section 8, paragraph 3 of the Act, ”strike” means work stoppage ordered by an association of civil servants and directed against the State, with the aim to exert pressure on the other party to the labour dispute by interrupting the performance of official duties of the civil servants falling within the scope of the strike.

Thus strikes which are not based on a decision made by an association of civil servants and partial strikes are forbidden.

For a strike or lockout to be legal, it is further required that its purpose is only to affect those matters which, under Section 2 of the Act, may be agreed on. As regards this requirement, the following must be taken into account:

1) According to Section 8, paragraph 2, the prohibition of strike concerns matters other than those which may be agreed on under Section 2 even when a general agreement or other agreements based on the Act

on Collective Agreements for State Civil Servants may be concluded in those matters. Only the matters referred to in Section 2, which may be agreed on, may be subjected to legal collective action.

2) According to Section 8, paragraph 2 of the Act, collective action is illegal, if its purpose is to support demands concerning matters which may not be agreed on, even when the collective action would at the same time support demands concerning matters which may be agreed on.

3) Collective action is always forbidden under Section 8, paragraph 2 of the Act, if it is provided for in the law.

4) According to Section 2, paragraph 3 of the Act, agreement is not possible in respect of matters which cannot be agreed on by employees by means of a collective agreement. This refers to deviation from the mandatory provisions of labour legislation.

5) Under the legislation concerning collective agreements, a person who is bound by a collective agreement may under certain circumstances lawfully support the demands or collective action of others, by means of a support strike, or by engaging himself in a political strike. However, under the system of collective agreements for State civil servants, support strikes and political collective action cannot in practice be legal.

**C. Restrictions on the right to strike under special circumstances**

Reference is made to previous reports.

**D. The effects of strike and lockouts on the terms of employment**

Reference is made to previous reports.

**E. Statistics concerning collective action**

Statistics are appended to this report (*Appendices 19-20).*

# ARTICLE 12

# THE RIGHT TO SOCIAL SECURITY

## Article 12, para 1: System of social security

In 1997-1998 the Government has continued its work in streamlining social security schemes and thus cutting back on expenditure to arrive at a better co-ordination between the different schemes and a system where work is always more profitable than reliance on social security benefits.

The persisting high unemployment has been the major cause for concern. Many of the reforms are aimed at finding new ways and ideas to combat unemployment, especially as far as those close to

retirement are concerned. The Ministry of Social Affairs and Health publication, "*Trends in Social Protection in Finland 1998-1999",* is appended to this report (*Appendix 21)*

**The Committee of Independent Experts has asked for information on the division of dental care between the private and public sectors.**

There is no precise data of private dental care in Finland. It is estimated that in 1997 the total costs of dental care in Finland were FIM 2.5 billion. Of this the share of public dental care was FIM 1,0 billion (41 %), the costs of reimbursed dental care were FIM 0.4 billion (sickness insurance and dental care of students) and the costs for private dental care were FIM 1.0 billion (41 %).

**1. Changes in the national pension insurance scheme**

In 1996 the national pension still consisted of a basic amount and an earnings-related addition. As of 1 January 1997 the components were revised so as to form a single national pension. Single national pension and the changes made in 1996 (reported in detail in the previous report) reflect the idea of clarifying the Finnish pension system and reasons related to the State economy.

Since 1 January 1997 pensions paid in other countries have also been taken into account in determining the right to a national pension. If the total pension a person is receiving exceeds the fixed limits, there is no right to a national pension.

**2. Changes in the national sickness insurance scheme and parents´ allowance scheme**

During the period in question changes in the sickness insurance scheme have been small and have mainly concerned dental care and changes in the parents' allowance scheme for adoptive parents and in cases of multiple birth.

Dental care within the sickness insurance scheme is restricted to persons born in 1956 or later, and to war veterans. Extending the scope of dental care to the whole population has been postponed several times for economic reasons. In 1997, as the first step, a temporary Act concerning dental care for adults was passed. It entered into force on 1 October 1997 and will remain in force until 31 December 1999. Persons born in 1955 or earlier are refunded for dental examination and oral preventive care every third calendar year. The refund is 75 % of the fee. The dental care provided to war veterans has been improved. As of 1998 also prosthetic work is partly refunded.

Changes in the parents' allowance scheme entered into force on 1 January 1997. The parents' allowance is paid to adoptive parents for a minimum of 180 days instead of the previous 100 days (263 days maximum in the case of biological parents). Furthermore, parents' allowance is paid when the adopted child is under the age of 7, instead of the previous age limit of 6.

In the case of multiple birth, the period of parents' allowance has been extended by 60 days for each additional child. Previously the extension was always 60 days in total.

In the case of premature birth maternity allowance has been improved. If the child is born more than 30 days in advance, the mother is entitled to a longer maternity allowance period. The number of maternity allowance days increases according to the number of days the child is born in advance. The additional days are to be taken after the parents' allowance period.

## 3. Changes in the unemployment schemes and labour market support

Reference is also made to the appended report submitted to the International Labour Organisation on the measures taken to give effect to the provisions of Convention No. 168 in 1988 (*Employment Promotion and Protection against Unemployment, 1988) (Appendix 22).*

*Unemployment scheme*

Major changes to the unemployment scheme entered into force on 1 January 1997. A relevant objective for the reform was to move the focus away from passive benefits towards rewarding active efforts made by the jobseeker. Active jobseeking, and especially acceptance of short-term jobs, is made more profitable than remaining unemployed.

The duration of employment entitling a person to unemployment allowance was extended. For the an unemployment benefit a person has to complete a qualifying period of 10 months instead of the previous period of 6 months. In addition, a person has to be a member of an unemployment fund for at least 10 months (instead of the previous 6 months) and complete the qualifying period of employment while being a member of the fund to be entitled to an earnings-related unemployment allowance. The waiting period for the unemployment allowance was extended from 5 to 7 days.

The basic unemployment allowance and the earnings-related unemployment allowance are paid for a maximum of 500 days. The 500-day period of payment will be restored when a person has been employed again at least 43 weeks (10 months) within two years. The amount of the earnings-related allowance is based on the wages earned during that period at work. The amount of the allowance may not, however, fall below 80 % of the level of the previous unemployment allowance and has to equal at least the amount of the basic unemployment allowance.

The older long-term unemployed are granted an extension of their right to unemployment benefit after the period of 500 days until the age of 60. The period during which unemployment benefits may be paid for the older unemployed was shortened by raising the age limit from 55 years to 57 years. The change will not, however, affect those persons aged 53 or over already receiving unemployment allowance.

*Unemployment Allowance Act*

The level of unemployment allowance has risen for those in part-time employment entitled to adjusted unemployment allowance. This is due to a change in the rule according to which the amount of the unemployment allowance is affected by earnings.

Those not qualifying for unemployment allowance are entitled to labour market support. The labour market support is targeted to both at those entering the labour market for the first time and at those unemployed jobseekers who have received a daily allowance for the maximum period of 500 days.

The legislation on labour market support was somewhat changed by limiting the right of persons aged 17 - 24 years to support. To counterbalance the limitation of the right to the benefit, education and training as well as measures relating to labour policy were considerably increased. Education, training or other active measures are in practice offered to everyone affected by the limitation on labour market support.

When a person refuses to take up employment, education or training or withdraws from such activity without an acceptable reason, (s)he is, as of 1 January 1998, subject to different sanctions than before: the waiting period for the benefits is delayed and starts only after a period varying from three weeks to three months.

The basic unemployment allowance and labour market support increased from FIM 118/day to FIM 120/day as of 1 January 1998 (1996-1997: FIM 118/day). The level of increases for children remained unchanged.

In 1997 there were 58,876 persons receiving basic unemployment allowance and the average amount was FIM 118.30 per day. The earnings-related unemployment allowance was paid to 418,286 persons. The average amount was FIM 214.80 per day. In 1997 there were 308,624 persons receiving labour market support, the average amount of which was FIM 112.40 per day.

In 1998 the number of recipients and the average amounts were the following: 50,786 persons received basic allowance, the average being FIM 117.90, earnings-related allowance was paid to 369,798 persons amounting to FIM 216.30 on the average, and 322,594 persons received labour market support the average amount of which was FIM 114.10 per day.

The members of unemployment funds numbered 1.895.134 persons in 1997 and 1.932.000 (est.) in 1998.

The unemployment funds of self-employed persons had a total of 9,817 members in 1997 and 11,204 members in 1998. The funds paid earnings-related unemployment allowances to 299 persons in 1997 (average amount FIM 227.23/day) and to 520 persons in 1998 (average amount FIM 222.89/day).

New measures were introduced to encourage unemployed persons to take up further training or re-training:

- education allowance for the long-term unemployed is available to a person with a work experience of at least 12 years who has been unemployed for at least one year. The allowance corresponds to unemployment allowance and is payable for 500 days (the unemployment allowance period is not reduced). The benefit is temporary and can be claimed for a training starting between 1 August 1997 and 31 December 1998.

- education allowance for the unemployed is paid as of 1 August 1998. The allowance is available to a person with a work experience of at least 10 years, who is unemployed and has been unemployed for at least 4 months (during the last 12 months). The allowance corresponds to unemployment allowance and is paid for a maximum of 500 days (with a consequent reduction in the unemployment allowance period). The benefit is financed in the same way as unemployment benefits (i.e. employers and employees as well as the State participate).

**4. Changes in the employment pension insurance scheme**

As of 1 January 1998 also short-term employment in the private sector has been covered by the Acts concerning employment pension. Short-term work is covered by the Freelance Employees' Pensions Act and administered by the Pension Fund for Performing Artists. Short-term jobs in the service of the State or the municipalities remain uncovered.

Pension will start to accrue from jobs of duration shorter than one month. Similarly, pension will also start to accrue from contracts of employment of at least one month's duration which do not fulfil the earnings limit under the Employees' Pensions Act provided that the annual earnings from the employment amount to at least FIM 3.736 (1998).

The reform concerns about 150,000 employees within the fields covered by the Employees' Pensions Act, and 400,000 contracts of employment, which otherwise would have fallen outside the scope of the Act, will now be insured.

The age limit for part-time pension was temporarily reduced as of 1 July 1998 and will remain the same until 31 December 2000. The lower age limit was reduced from 58 years to 56 years. This measure was taken to combat the high retirement rates.

**5. Employment accident insurance scheme**

There have been no changes in the employment accident insurance benefits, except for the index increases made to benefits during the period of reporting.

At the beginning of 1997 guarantee systems were introduced within the employment accident insurance scheme. If an insurance company neglects to consider accident indemnity matters or pay indemnity within a reasonable time, the Federation of Accident Insurance Institutions will take care of it. The costs incurred through the neglect are afterwards collected from the insurance company in question. In case of a bankruptcy, other insurance companies providing employment accident insurance cover the indemnities.

**The Committee has requested that the next report inform of the consequences of excluding some categories of young people from the benefit of the allowance for jobseekers in terms of jobs.**

As explained in the previous report in 1996 and 1997, the right to labour market support for young people was restricted and the right to unemployment benefit was made conditional or optional. The objective of the reform was to improve the prospects of young people with poor qualifications in the labour market and to avoid the risk of exclusion of young people. To counterbalance these measures the training and practical training opportunities were considerably increased. Reference is made to the study appended to this report (*Appendix 23*).

The labour market support reform of 1996 was evaluated shortly after its implementation in a report by the Ministry of Labour, a summary of which is appended to this report (*Appendix 24*). Among young people under 20 years of age, the unemployment rate decreased by 20 % and the number of applications for education was increased by one third within ten months after the scheme was completed. The change was most dramatic among those young people who have only completed secondary school. According to the initial results, the reform had an intended impact on the activation of young people under the age of 20. On the one hand, the increased training opportunities and the new conditions for support were more successful among young people having only secondary education. On the other hand, the reform did not have any remarkable effect on young people with poor motivation for training. It also appeared that these reforms (making benefits conditional) had no significant effect on the general decrease in youth unemployment. These effects have been the least important on the age group 20-24, i.e. young adults. The reform could even increase polarisation among young people, making things worse for those without professional education. Optional training and employment projects specifically designed for this group of young people was recommended.

## Article 12, para 2: Level of the social security system

There were no big changes in the level of social security compared to the previous period of reporting. The present social security system still has features which ensure an income for persons receiving benefits and allowances without encouraging them to take active initiatives themselves, despite the changes enacted in 1995-1998 to make work always more profitable than reliance on social security. Special attention will be paid to a continued revision of the whole system of benefits, taxes and contributions and their combined effects.

## Article 12, para 3: Development of social security

In addition to the structural changes in the social security schemes an important issue has been the financing of social security expenditure. The target has been to maintain or reduce the overall level of employer and employee contributions in order to strengthen the financial state of social security, taking into account the requirements of the Economic and Monetary Union. Buffer funds within both the employment pension scheme and the unemployment scheme were created in 1998. The idea is to use contribution surplus to build up fluctuation reserves, which will then enable the schemes to maintain a lower contribution rate during periods of recession and to gain time to take other measures, if necessary.

**The Committee of Independent Experts has requested information on the need for the pension reform and the adequacy of the measures taken in the light of the aims pursued.**

The pension reforms of the recent years were introduced because the pension obligations were a matter of concern due to the increase in life expectancy and the wide-spread early retirement age. The concern was increased by the severe economic crisis during the first half of the 1990s and the associated increase in total welfare expenditure and social security contributions. In regard to the Employment Pension Scheme, the pension expenditure would have increased considerably in the long run. Accordingly, ensuring the sustainability of the scheme would have required a significant increase in the level of pension contributions. The main purpose of the reform was to curb the expenditure increase. The reforms also included several measures to raise the effective retirement age of employees which has been lower than in most other countries. Therefore, the measure aimed, in particular, at reducing the incentives for early retirement and promoting longer working careers. The abolition of the basic amount (flat-rate part) of the national pension was made possible due to the almost universal coverage of the Employment Pension Scheme.

The projections by the Social Insurance Institution indicate that the cost reductions in the Employment Pension Scheme entailed by the reform will limit the future increases in pension contributions to a considerable extent. Accordingly, the increase of overall pension expenditure is expected to rise only by 2 percentage points of GDP by the year 2030.

## Article 12, para 4: Social security agreements and international co-operation

**A**. During the period in question two social security agreements entered into force and changes were made to existing agreements. Co-ordination of social security system with Estonia was established and the agreement entered into force on 1 October 1997. The previous social security agreement with Germany was replaced by a new bilateral agreement as of 1 August 1998. A protocol amending the

Agreement on Social Security between the Republic of Finland and Canada entered into force on 1 January 1997 and Amendment to the arrangement on social security with Quebec entered into force on 1 September 1998. Bilateral agreements on social security were signed with Israel and Chile.

**B**. As to equal treatment in respect of social security rights (Article 12 para. 4a) it is confirmed that, according to Finnish legislation, the granting of child allowance is subject to the requirement that the children live in Finland. It is not of relevance whether the parents are working or not as long as the child is residing in Finland. Nor does the nationality of the child or either of the parents play any role in determining the right to child allowance. Further, it is to be noted that child allowances are financed totally by the general tax revenue of the State so that there are no contributions or premiums collected to finance the allowance. Consequently, and owing to the purpose of the allowance to pay for the maintenance of a child residing in Finland, child allowance is not paid to a child living abroad, according to national legislation.

However, in line with EC Regulation (1408/1971), child allowance is also paid for a child residing in a Member State of the European Union or of the European Economic Area, if one of the parents works in Finland. It is to be noted, however, that Regulation (1408/1971) lays down, as a general rule, that the law of the place of employment governs the rights and obligations of a migrant worker in social security matters. Moreover, the objective of the Regulation is to guarantee the EU nationals such social security rights that they would not suffer disadvantages while exercising their right to free movement within the Community.

As regards the countries with which Finland has concluded a bilateral social security agreement, the standard provision is that child allowance is granted under the legislation by which the child is covered. In practice this means that child allowance is paid in the country of residence of the child.

**C.** Payment of maternity, paternity and parents' allowance is also subject to a residence requirement, that is 180 days of residence preceding the birth of a child. The requirement has to be fulfilled by all recipients, irrespective of the nationality of the person. Only the periods spent in countries belonging to the European Union or the European Economic Area or in countries with which Finland has concluded a social security agreement are taken into account in determining the right to a benefit.

Maternity, paternity and parents' allowances are paid within the sickness insurance scheme, which is financed both by employers and insured persons. "Insured persons" refers to persons residing in Finland. The contributions by the insured persons are based on taxable income. In 1997 the share of the employers was 35 % and the share of the insured 64 %. The allowances give compensation for lost income in the event of maternity or paternity, but they are also paid to non-working persons. In these cases the allowance is at least FIM 60 per day. The nationals of Cyprus, Malta and Turkey residing in Finland are granted the allowances on the same terms as Finnish nationals and nationals of any other State fulfilling the residence requirement.

In regard to the principle of equality the Government of Finland would like to point out that the Finnish social security system is widely based on residence. It is characteristic of the residence-based social security system that benefits are universal and not dependent on the socio-economic status of the person concerned or his/her status as a family member of a worker. Therefore, it is justified to consider that also Finnish residence-based social security legislation complies with the requirements of the European Social Charter.

As to the payment of employment pensions abroad to non-Finnish nationals, the Government of Finland is in principle in favour of paying the benefits abroad, which can in practice be accomplished especially by social security agreements. During the period of reporting there have been no changes in national

legislation or the practice of the Central Pension Security Institute, which was described in detail in the previous report. In 1997 - 1998 no national of Malta, Cyprus or Turkey has asked for a permission from the Central Pension Security Institute to have his/her pension paid to these countries.

# ARTICLE 13

# THE RIGHT TO SOCIAL AND MEDICAL ASSISTANCE

## Article 13, para 1: Persons without adequate resources

An amended Act on Social Assistance (1412/1997) relating to the fundamental rights reform of 1995 entered into force on 1 March 1998 (*Appendix 25*). The Act provides concrete measures for the implementation of Section 15 a of the Constitution Act, according to which everyone who is unable to procure the security required for a dignified life shall have the right to necessary support and care. Social assistance is a statutory last-resort economic form of assistance granted by municipalities to individuals or families. The allowance is intended to secure minimum livelihood necessary for worthwhile existence and to contribute to independence. The assistance can be granted to anyone who meets the required criteria. There is no population group which would have been excluded form the scope of application of the system or placed in any special position in terms of the assistance.

The basic amount of social assistance has been determined by law (about FIM 2000 per month for adults living on their own). The amount has been calculated so as to cover expenses arising from certain basic needs (e.g. nutrition, clothes, hygiene, 7 % of the housing costs).

The so-called additional amount is granted on the basis of individual needs. Expenses that are taken into account include the remaining housing costs (in practise 93 %), greater than minor health care expenses, and expenses arising from specific needs and circumstances. When social assistance is granted, the disposable income and assets of the person and family are included in their income.

The number of households receiving last-resort social assistance nearly doubled during the first half of the 1990´s. Assistance was also paid over a longer period of time (in 1996, nearly a quarter of the beneficiaries received assistance almost a year). In 1997, the number of households receiving allowance ceased to grow and began to decrease (but the expenditure still rose a little). Based on preliminary information covering January-June 1998, both the expenses arising from the payment of social assistance and the number of households receiving the allowance have clearly decreased. Unemployment has been the most important single criterium for granting social assistance; more than half of the recipients were also covered by some unemployment benefit. In households receiving social assistance, the head of the household was under 25 years of age in more than a quarter of the cases. The majority of these were students.

Since it has been necessary to complement the basic benefits (basic unemployment benefit, housing allowance, student allowance) by social assistance, the level of the basic benefits was raised in connection with the legislative amendment in an effort to avoid any need for the last-resort assistance. The basic unemployment benefit and housing allowance were raised as of January 1998 and student allowance as of 1 August 1998.

**The Committee of Independent Experts has asked whether the income allowance has remained sufficient for the purpose of Article 13 para. 1. during the reporting period, the total budget for social assistance, and how large an extent does social assistance constitute of the entire welfare budget.**

The Finance and Planning Department of the Ministry of Social Affairs and Health has compared the amount of the basic benefit of social assistance with the average amounts of money consumed by the lower income groups to cover those everyday needs which the basic amount of social assistance is intended to cover. The comparison was based on consumer survey material collected by the Statistics Finland. The comparison showed that the amount of social assistance is sufficient to cover these basic needs.

At the moment, also the National Research and Development Centre for Welfare and Health (Stakes) is working on a large research project on the sufficiency of social assistance for different kinds of households. The preliminary results of this project indicate that the amount and structure of social assistance are sufficient for the basic necessities of modern lifestyle.

In 1997 the gross expenditure on social assistance was in total FIM 3 262 million. Adjusted to the price level of 1997, there had been an increase of 4.1 % from the preceding year. According to the preliminary data, the gross expenditure on social assistance in 1998 was in total FIM 2 763 million, which was 1.5 % of the social welfare expenditure and 0.4 per cent of GDP.

According to the preliminary research material collected by the National Research and Development Centre for Welfare and Health, a reduction of up to 20 or 40 % to be made in the social assistance of a person who has refused to accept employment or training is made in approximately 3 % of all cases. According to another study, made by the Association of Finnish Local and Regional Authorities and the University of Turku, the reduction would be made in 4.7 % of all cases. A reduction of up to 40 % is made only in very few cases. The individual concerned has the right to have the decision reviewed by a municipal social welfare board or another competent municipal body. The individual may appeal from the decision of such a body to the Provincial Administrative Court and further to the Supreme Administrative Court.

The remedies system described above are available in respect of all decisions concerning social assistance. The Social Insurance Institution has published a guide on social assistance regulations, "*A Guide to Benefits"*. A copy of the guide is appended to this report (*Appendix 26)*.

All individuals residing in Finland legally and regularly are entitled to social assistance regardless of their nationality. More detailed information is to be found in the Social Assistance Guide (See below, *Appendix 27).* In 1997 there were 589 720 persons in 342 909 households receiving primary social assistance. If preventive social assistance is included, the number of persons entitled to social assistance was 593 797 persons in 344 705 households. According to the preliminary statistics there were 310 000 households receiving social assistance in 1998.

A copy of the guidelines (in Swedish) issued by the Ministry of Health and Social Affairs to the municipalities, concerning the payment of social assistance, (Social Assistance Guide) is appended to this report (*Appendix 27*). The Guidelines will be renewed at the end of this year. In order to avoid divergence in social work practices, special attention will be paid to the issue of granting social assistance to students.

## Article 13, para 2: Prohibition of diminution of the political or social rights

Reference is made to previous reports.

## Article 13, para 3: The right to counselling and services

In Finland the responsibility for organising social services is vested in the local authorities, i.e. the municipalities. They can arrange the services themselves or purchase them. As a rule clients contact the authorities responsible for the relevant services, but authorities can also themselves be active and contact those in need of help. Such activity takes place in particular in the context of various trials and development projects in which authorities are involved.

Services and contacts can take place personally, in writing or by using different media. The contents of services have been tried to be adapted to the needs of clients. The quality of services is continuously developed. The aim has been that the services needed should, as far as possible, be received from one and the same service point. Another objective has been to arrange the services so as to form continuous service chains so that support, advice and consultation would be provided on a long term basis, without interruptions. In recent years, the social and health care sector has paid special attention to increased co-operation with different authorities. Attention has also been given to cross-sectorial co-operation, for instance with labour authorities.

The non-governmental organisations providing social services usually co-operate with authorities which either supplement the official operations or produce services that are purchased by municipalities. Non-governmental organisations usually operate on an ideological and non-profit basis and receive funds from the Finnish Slot Machine Association. In recent years also service providers operating on a commercial basis have been established in the social welfare and health care sector. The authorities also supervise the quality of services produced in this way.

***Municipal Social Welfare and Health Care Personnel 1997***

*Social welfare*

| | |
|---|---|
| Child day care | 49 522 |
| Institutional care of the elderly | 18 654 |
| Home help services | 13 877 |
| Institutional care of the disabled | 5 914 |
| Other services for children and families | 2 866 |
| Sheltered work and vocational rehabilitation | 1 749 |
| Care for alcohol and drug abusers | 1 107 |
| Institutional care of children and young people | 866 |
| Other services for the elderly and the disabled | 476 |
| Social welfare, in total | 95 031 |

*Health care*

| | |
|---|---|
| Primary health care | |
| -Out-patient care | 25 173 |
| -In-patient care | 18 141 |
| -Dental care | 3 978 |
| Social welfare, in total | 47 292 |
| | |
| Specialised health care | |
| -In patient care | 61 460 |
| -Out-patient care | 2 416 |
| Total | 63 876 |
| | |
| Health care, in total | 111 168 |
| | |
| Administration | 13 072 |
| Environmental health care | 1 139 |
| Other | 25 |
| | |
| Social welfare and health care, in total | 220 435 |

*Source:* Facts about Finnish Social Welfare and Health Care (*Appendix 28).*

The preparation of labour legislation and the discussion on questions concerning working life more generally have been done together with the social partners, in compliance with the established model of action, also indicated by the International Labour Organisation (ILO). This structure is also systematically referred to systematically in the follow-up and control of the research projects launched by the Ministry of Labour, when dealing with more extensive studies .

## Article 13, para 4: Equal treatment for nationals of other Contracting Parties

An amendment to the Public Health Act entered into force on 1 May, 1997. The amendment added a new paragraph 10 to Section 14 of the Act. Under the Act a municipality shall arrange urgent out-patient medical care and dental care irrespective of the patient's place of residence. According to the preamble to the Government Bill this applies to the provision of urgent care to those resident in foreign countries too.

# ARTICLE 16

# THE RIGHT OF THE FAMILY TO SOCIAL, LEGAL AND ECONOMIC PROTECTION

Finnish family policy encompasses the idea of the family as a nuclear unit of society the supporting of which is important. The family should basically be independent, but it is, nevertheless, when needed, important to support it economically and socially in accordance with the principle of universality. Services targeted at families are meant for all families, not only to those at risk. The family-oriented thinking has also been applied to the provisions of services for individuals. Thus the aim of the services of mother-child clinics is to support the whole family. A major challenge for the future is to reconcile the demands of working life and family life in the national legislation and the service structure.

## A. Financial support for families

### Changes in parents' allowance

Changes in the system of parents´ allowance and maternity allowance have been discussed in more detail in the context of Article 12. The provisions concerning the system of parents' allowance have been amended so as to better take the special needs of the family into account, as regards adoption, premature birth of a baby or birth of several babies at the same time. Since the beginning of 1997 parents' allowance has been extended by 60 days for those parents who get more than two children at the same time. Since the beginning of 1997 parents' allowance has also been paid to an adoptive parent of a child under 7 years of age, if he or she participates in the care of the child and is not in gainful employment. Since the beginning of 1997 the parents of a premature baby have been entitled to parents' allowance until the baby reaches that stage of development at which other children are when the maternity or paternity leave of the parents ends.

### Changes in society's support for the care arrangements for small children

The Act on Child Home-Care Allowance was amended by the Act of 1996 on Child Home Care and Private Care Allowances, in force since 1 August 1997 (1128/1996)**.** It is closely related to the Act of 1973 on Children's Day-Care (36/1973), with later amendments, and to the legislation concerning fees for municipal child day-care services.

According to the new legislation, families have a choice of three different child care alternatives supported by public funding until the child goes to school at the age of 7:

1. to look after the child at home on child care leave, with the support of child home care allowance

2. to have the child looked after by a private child minder or at a private day-care centre with the support of private child-care allowance

3. to have the child looked after in municipal day-care

*Child care leave and child home care allowance*

The parents of a small child have the right to take unpaid child care leave off their work until the child is three years old. Either parent may take the leave, but both parents cannot take it at the same time. When the child care leave ends, the parents have the right to return to their former jobs or a comparable job.

Child care leave is unpaid, but the family may receive child home care allowance from the municipality for the duration of the leave. The allowance is available to a family with a child under three years of age who is not in municipal day care. Child home care allowance is also paid for other children in the same family who are under school age and not in municipal day care.

The child home care allowance may be granted immediately after the parental allowance period has ended and can be paid until the youngest child in the family is three years old or enters municipal day care or until the family chooses to use private child-care allowance for their child's care.

Child home care allowance includes

- a basic care allowance which is paid separately for each child entitled to the allowance. The basic care allowance for one child under the age of three is FIM 1500 (252.28 EUR) a month,
- a supplement of FIM 500 (84.09 EUR) a month for each additional child under the age of three, and FIM 300 (50.46 EUR) a month for each other child under school age.

In addition to the basic care allowance, the family may also receive an income-related supplement depending on the size and income level of the individual family. This is paid only for one child to a maximum amount of FIM 1000 (168.19 EUR) a month. Child home care allowance is taxable income.

*Partial Child care leave and partial Home Care Allowance*

A parent is entitled to an unpaid reduction of working hours, called partial child care leave, until the end of the year when the child starts school. The employer and employee are free to agree on partial child care leave and its details, as appropriate. Both parents cannot take partial child care leave at the same time.

Partial home care allowance is paid to a working parent of a child under the age of three, if the parent's average weekly working time is less than 30 hours. Partial home care allowance is FIM 375 (63.07 EUR) a month and is taxable income.

*Private child-care allowance*

Municipalities may pay private child-care allowance for the care of a child under school age living in Finland to a private child minder or day care centre of the parents' choice. The support can be paid beginning from the end of the parental allowance period until the child reaches school age. The payment of the support is terminated if the child is placed in municipal day care.

Private child-care allowance consists of:

- a basic care allowance which is FIM 700 (117.73 EUR) per child on a month, and
- a supplement which the family may be entitled to depending on its size and income. The supplement is paid to a maximum of FIM 800 (134.55 EUR) per child in a month.

The private child-care allowance is paid directly to the child's minder and is taxable income for the minder.

*Developing preventive work and services within child welfare*

In recent years Finland has endeavoured to improve in particular the position of children living in the most vulnerable circumstances and at risk of being socially excluded. There has been a lot of discussion about the standards and problems of child welfare, and several projects evaluating and developing the quality and availability of child welfare services have been initiated. The purpose is to develop preventive action and the service system so that all children and families in need of child welfare services could be provided with the necessary support, guidance and care. The main objective is to reduce the regional inequality in child welfare and to improve the professional skills and knowledge of the staff engaged in child welfare work and preventive work.

Within the framework of an educational experiment to strengthen the professional skills of child welfare personnel a training programme has been developed for social workers specialising in child welfare work. Owing to the favourable feedback, the programme was included in the educational supply of the University of Helsinki in 1998. A project called "*Good taking into care*" which, was introduced in 1997, aims to find new means and patterns for social work, as regards child welfare in the most difficult cases.

There is further reason to develop the facilities of staff working with children daily, in order to identify the need for special support of a child and his or her family, as well as to respond to it as early as possible.

In the 1990' s child welfare work has been made more difficult by the fact that - although it is prescribed in the Child Welfare Act that the local authorities are responsible for providing child welfare services - not all municipalities do reserve in their budgets sufficient funds to be able to fulfil their obligation. The most problematic cases have been those involving children and young persons who are in need of expensive, long-term institutional services, it is these children and young persons who are at the greatest risk of being socially excluded. To solve the problem, the Parliament has enacted an Act on a financing system, encouraging municipalities to allocate resources to child welfare - in spite of the high expenses it may involve. The new system of financing has been applied as from 1 March 1999.

**Tax deductions relating to family policy**

A new Act on a Temporary Subsidy for Domestic Work entered into force in October 1997 (728/1997). The Act will be in force until the end of 1999. According to the Act, a taxpayer is entitled to a deduction from state income tax on the basis of certain types of domestic work. Work considered domestic work includes ordinary housekeeping, child care and maintenance and repair of dwellings. Health care services which are exempted from value added tax do not entitle an applicant to the deduction. The repair of dwellings does not include the repair and installation of domestic appliances. The work must be done in the taxpayer's dwelling or second residence (summer residence).

The deduction is only granted to a person who has been residing in the Provinces of Southern Finland, Oulu or Lappi at the end of the year preceding the tax year (in the Province of Eastern Finland and in the

Province of Western Finland a corresponding direct subsidy is paid). This requirement is not applied to the spouse of such a person. The amount of credit is decreased if other subsidies are paid for the same work. The maximum annual amount of deduction is 5.000 FIM (840.94 EUR).

**B. Childcare services**

*Municipal day care*

Since 1 January 1996 every child under school age has had the right to municipal day care once the parental allowance period ends, regardless of the income level of the parents or of the parents profession. According to the Act on Children's Day Care (36/1973), the aim of day care is to support parents in raising children and to work with households in promoting the individual and balanced development of children. By extending the unconditional right to day care, to cover all children under school age, the educational aspect of day care has been emphasised in addition to its practical aspect.

Municipalities charge fees for day care, which are based on the size of families and their income level. The maximum fee is FIM 1000 (168.19 EUR) per child in a month. No fee is charged for the families with the lowest incomes. The fees cover about 15 % of the total amount of day-care costs.

**D. Legal protection of the family**

An account of the earlier legislation concerning the security of child maintenance was given in the third report of the Government of Finland.

An amendment to the Security of Child Maintenance Act (671/1998) entered into force in January 1999. The main objective of the reform is to harmonise the provisions on municipal maintenance allowance and on the recovery of maintenance from the father, in order to ensure that a child would obtain the maintenance as efficiently as possible and especially when he or she is in the greatest need of it.

Finnish authorities have an exceptionally strong role in the process of investigation of the paternity of those children who are born out of wedlock. According to the Paternity Act (700/1975), an effort has to be made to investigate the paternity of a child born out of wedlock, unless the mother expressly forbids it. The authorities can not take the initiative to demand maintenance from the man believed to be the child’s father until the paternity has been established

With the increasing cohabitation it is very usual that a child’s parents together ensure that the paternity is established. Also in these cases children born out of wedlock have the right to maintenance from both parents, even in the case that the parents move apart. The publication of the Ministry of Social Affairs and Health, "*Towards a child-friendly society",* is appended to the report (*Appendix 29).*

## E. Housing

***Table 12. Housing subsidies and allowances provided of the State Housing Fund***

| | 1997 | 1998 | 1999 *) |
|---|---|---|---|
| **Housing subsidies** | | | |
| General housing allowance | 2 120 | 2 550 | 2 470 |
| Pensioners housing allowance | 1 161 | 1 185 | 1 305 |
| Students housing allowance | 622 | 673 | 634 |
| Tax reliefs on housing loans | 2 300 | 2 200 | 2 300 |
| **State Housing Fund** | | | |
| State housing loans | 6 419 | 4 000 | 3 900 |
| Interest subsidy loans | 4 872 | 3 500 | 3 000 |
| Bonus interest for home savers | 94 | 170 | 100 |
| Other interest subsidies | 40 | 5 | 3 |
| -repair grants | 450 | 340 | 340 |
| -grants for rental flats | 10 | 23 | 23 |
| -grants for the homeless and refugees | 8 | 8 | 15 |

*) estimated

GDP in 1997 was FIM 622,1 billion. Thus all housing benefits and subsidies amount to 1.5 % of GDP.

The prices of existing owner-occupied housing stabilised in 1997, and at the end of the year, the real housing prices were at the levels of 1987 and 1991.

***Table 13. Housing production and State-subsidised renovation***

| | 1997 | 1998 | 1999 *) |
|---|---|---|---|
| **Housing production** | 30 000 | 30 000 | 35 000 |
| -State-subsidised | 20 346 | 12 500 | 11 000 |
| -non-subsidised | 10 000 | 17 500 | 24 000 |
| **State-subsidised renovation** | 24 248 | 9 300 | 5 900 |

*) estimated

In 1997, construction began on 10 200 one-family (single-detached) houses, for which little less than 2 200 subsidised loans were granted. The building of one-family houses is expected to expand in 1998 and 1999.

# ARTICLE 19

# THE RIGHT OF IMMIGRANT WORKERS AND THEIR FAMILIES TO PROTECTION AND ASSISTANCE

## Article 19, para 1: Adequate and free information services

### A. Free services to immigrants

*Support for the immigrants' own culture*

A specific allocation is reserved in the State budget each year, for the purpose of supporting the activities of associations of immigrants, teaching their languages and cultures, producing newspapers or magazines and radio programmes and providing information on their cultures to the majority of the population.

### B. To combat misleading propaganda

Reference is made to previous reports.

### C. Information for immigrant workers in their own language

The labour administration has continued the production of informative material for immigrants on questions related to immigration and living and working in Finland. Material for refugees has been produced extensively and in the greatest number of languages. For those intending to move to Finland, the Ministry of Labour has published "A *guide for the immigrant to Finland* " in Finnish, Swedish and English. This guide also available on the Internet. Also brochures presenting the services of the labour administration (labour exchange, labour market training, unemployment benefit, etc.) have been translated into several languages. Employment offices provide counselling for foreigners in questions related to working and training, and advise them to contact the competent authorities in other matters.

## Article 19, para 2 : Facilitating the departure, journey and reception

Until now the reception of asylum seekers has been regulated by the decision of the Council of State, not by the law. After the entry into force of the new Act on the Integration of Immigrants and Reception of Asylum Seekers (493/1999), the provisions concerning the reception of asylum seekers are based on law.

One of the aims of the Act is to secure the necessary subsistence and care, by arranging the reception of asylum seekers. The reception of asylum seekers in Finland covers those persons who have applied for

an asylum by virtue of Section 30 of the Aliens' Act, until they have been granted asylum or until a final decision concerning deportation has been issued and enforced. The employment and economic development centre of the region in question shall place the asylum seeker in a municipality which has concluded an agreement on the drafting of a plan for the integration of immigrants. The reception of asylum seekers includes the provision of a temporary accommodation in a reception centre, income support, interpretation services and other basic services, as well as work and education.

An advisory board has been placed in connection with the Ministry which is responsible for the reception of asylum seekers, for the purpose of co-ordinating co-operation between different authorities and developing and planning the reception of asylum seekers.

A person who is covered by the reception of asylum seekers may be granted income support under the Income Support Act.

According to the decision-in principle of the Council of State on measures promoting tolerance and combating racism the prevention of racism and promotion of tolerance shall be the mainstreaming principles of the work of the Ministry of Labour when co-ordinating the reception of immigrants and measures to promote their integration into society.

**The Committee of Independent Experts has requested information on migrant workers´ housing problems on arrival, on the availability of medical care during their journey and the responsibilities of travel agencies**

In Finland, an individual's right to social welfare and health care and the connection of this right with a certain municipality are normally determined by his or her residence. Consequently people residing in Finland, i.e. those whose place of residence referred to in the Municipality of Residence Act is in Finland, are entitled to social welfare and health care. A person's municipality of residence is the municipality in which he or she resides. A person who has immigrated to Finland has a municipality of residence, if he or she resides in Finland and intends to continue residing permanently in the country, and if he or she has a valid residence permit entitling to a stay of at least one year, in cases where such a permit is required.

The principle of residence is also applied when the responsibility for the arrangement and costs of social welfare and health care are divided between the different municipalities. Thus, according to the main rule, each municipality is responsible for arranging social welfare and health care for its residents. Exceptions concerning social welfare mainly include social assistance and other social services provided in urgent cases. To these services the principle of temporary residence is applied. In health care, the principle of temporary residence is applied instead of the principle of residence to cases requiring urgent care, to those student, occupational and seamen's health services which are provided as part of the municipality's public health work, and also to specialised health care of students. The municipality is under an obligation to arrange statutory occupational health services for employees as well as entrepreneurs and other self-employed people working in the area of the municipality. The principle of temporary residence is also applied to specialised health care in cases where people, due to their work, must stay outside their own hospital district or where some other reason makes the application of this principle necessary. In such cases, the municipality where the person concerned is residing temporarily is responsible for the arrangement and costs of services. However, the municipality is entitled to receive compensation for these costs from the municipality of residence of the patient.

Citizenship has no effect on the application of the principles of residence and temporary residence. Foreigners residing in a municipality have an equal right to social welfare and health care with Finnish

citizens. According to Section 15 a, paragraph 1, of the Finnish Constitution Act (969/95), even those foreigners who reside in Finland temporarily are entitled to social assistance, when necessary, and in urgent cases also to other social and health services. During journeys no particular health care services are provided. Instead, people normally have travel insurances and in cases of illness they use the closest health care services available.

By international social security agreements states have reciprocally agreed on the conditions on which people covered by the social security system of a state party are entitled to the social security benefits of another state, in which they reside temporarily. These agreements also concern the management of liability for compensation between the signatory states, related e.g. to the provision of medical care. Moreover, Finland has ratified the European Agreement concerning the Provision of Medical Care to Persons during Temporary Residence. This agreement was signed under the auspices of the ILO in Geneva on 17 October 1980. Internationally the agreement entered into force on 1 December 1983 and for Finland on 1 September 1986. Social security agreements to which Finland is a party are appended to this report (*Appendix 30*).

## Article 19, para 3: Co-operation between social services of different countries

Reference is made to previous reports.

## Article 19, para 4 : Non-discrimination of migrant workers

### A. Application of laws or other provisions requiring that migrant workers do not receive treatment which is less favourable than that of nationals of the country

*a. Remuneration and working conditions*

In this respect reference is made to clarification given in Article 1, paragraph 1, sub-paragraph C to the question of the Committee of Independent Experts, as regards information on active measures concerning immigrants, and to what is presented under Article 1, paragraph 2, sub-paragraph D.

*b. Membership of trade unions and enjoyment of the benefits of collective bargaining*

**The Committee of Independent Experts has requested for information on the regulations of certain branch collective agreements where only Finnish citizens are eligible as union representatives.**

Reference is made to information given under Article 5.

*c. Entitlement to housing*

The number of migrant workers in Finland is rather small. The housing facilities are often arranged by employers.

Foreigners (including refugees) are partly settled in rental dwellings owned by the local authorities or non-profit organisations and built with State housing loans and interest subsidies, and administered by the State Housing Fund. The selection of tenants for State subsidised rental dwellings is based on social considerations. All the applicants are compared on the basis of income, property and need for housing. A dwelling is given to a household with the lowest income and property, and the greatest need for housing. The nationality of an applicant has no significance in this context.

**The Committee of Independent Experts has asked if there is a possibility to appeal in court after the administrative appeal for a person who is dissatisfied with a refusal to provide housing, and if equal treatment is ensured for Finnish nationals and foreigners in relation to these appeals**.

At the moment there is no possibility to appeal. A possibility to appeal would lead to new problems. Firstly, the dwelling could not be kept empty during the appeal. Secondly, even if the appeal was successful, a person to whom the dwelling has already been granted could not be given a notice. Nationality has no significance in this context.

## Article 19, para 5 : Treatment not less favourable with regard to employment taxes, dues or contributions payable in respect of employed persons.

Reference is made to previous reports.

## Article 19, para 6: Reunion of the family

**A. The Committee of Independent Experts has asked whether employers are legally required to assist migrant workers in finding housing.**

The employer has no legal obligation to find an apartment for a foreign employee or to help the employee in finding one. However, information on the accommodation of the employee shall be given in the form by which the employer requests an opinion from the employment office on the use of foreign labour. The purpose of the question is to find out whether the accommodation arrangements of the foreigner in question are taken care of and can be considered to meet the Finnish living standards. However, the presupposition is not that the employer should have arranged accommodation for the employee, but the main thing is that it has been arranged. In practice it is usually the employer who takes care of the accommodation arrangements.

Correspondingly, when a foreigner already staying in Finland applies for a work permit, he/she needs to annex a certificate of employment filled in by the employer, in which, among other things, information on accommodation is given.

**B**. Although the relevant legislation concerning family reunification has not been amended during the reporting period of the fifth report (1997–1998), the Act on the Amendment of the Aliens' Act (No. 537/1999) entered into force on 1 May 1999. It contains a definition of a family member taking into account the provisions of the European Social Charter. Section 18 b of the Aliens' Act reads as follows:

*Family Member*

*The following shall be regarded as family members of a person residing in Finland: his spouse as well as an unmarried child of under 18 years of age whose guardian the person residing in Finland is. If the person residing in Finland is a minor child, his guardian shall be deemed a family member. People who continuously cohabit in a relationship resembling marriage shall be deemed comparable to spouses. A requirement for this comparison shall be that they have cohabited for a minimum of two years, except if they have a common child.*

*The family members of a citizen of a State belonging to the European Economic Area shall be governed by Section 16, paragraph 4. The provisions of the European Social Charter (Finnish Treaty Series 1991/44) shall govern the family members of citizens of the States that have acceded to the Charter.*

The legal protection of those applying for family reunification has been improved so that when a decision is made on a resident permit affair related to family reunification, the applicant or the member of the family always has the right to appeal.

According to the internal guidelines of the Ministry of the Interior (No 5/011/97), Article 19, paragraph 6 of the European Social Charter must be taken into account when issuing residence permits for family reunification. This means that if a migrant worker is a citizen of a Contracting Party, his or her dependent children under the age of 21 years are considered family members.

**The Committee of Independent Experts has asked to provide the relevant figures for the present reporting period, concerning requests for residence permits made by nationals of Cyprus, Malta or Turkey.**

It is noted that Turkish nationals lodged 90 applications for the first residence permit in 1996, 112 in 1997 and 98 in 1998. Nationals of Malta lodged one application for the first residence permit in 1996, one in 1997 and one in 1998.

Nationals of Cyprus lodged three applications for the first residence permit in 1996, four in 1997 and nine in 1998.

**C.** In the previous report, Finland gave account of the situation concerning restrictions on family reunification or refusal of entry by reason of the physical or mental health of a migrant worker´s family member. Although a situation could arise, as stated in the previous report, where a third country national could be given a negative decision on an application for residence permit due to health reasons, no such cases have emerged to our attention.

## Article 19, para 7: Treatment not less favourable in respect of legal proceedings

The provisions concerning legal aid and cost-free legal proceedings have been amended as of the beginning of June 1998 (e.g. Act on Public Legal Aid (104/1998), Act amending the Act on Cost-free Court Proceedings (105/1998) , Act amending Section 76 of the Aliens´ Act (112/1998 ).

In connection with the reform of the provisions concerning legal aid, the responsibility for providing legal aid has been transferred from the municipalities to the State. The 160 municipal offices for legal aid have been replaced by 68 offices operated by the State. The new system differs from the earlier one in that the customer may choose which legal aid office he wishes to use. Legal aid is meant for people with low income. Before legal aid or cost-free legal proceedings are granted, the legal aid office shall investigate the applicant's income. The income limits for legal aid are provided by Decree. The preconditions for legal aid or cost-free legal proceedings have remained the same. The income limit for financial support covering part of the costs has been raised to some extent. A person whose income exceeds the set limit may only be granted legal aid in exceptional cases.

Under Section 3 of the Public Legal Aid Act, legal aid shall be granted to a person who has a permanent residence in Finland, and to a citizen of a Member State of the European Union or the European Economic Area, who takes up, pursues or seeks employment in Finland, on the grounds provided in Regulation (EEC) No 1612/68 of the Council of 15 October 1968 on freedom of movement for workers within the Community and in the Agreement on the European Economic Area. To a person not covered by those provisions, legal aid is granted if the person in question is a party to proceedings pending before a Finnish court. In other cases legal aid may be granted to such persons for exceptional reasons.

According to Section 1 of the Cost-free Court Proceedings Act, the preconditions for cost-free legal proceedings are the same for both Finnish citizens and foreign nationals.

The Ministry of Justice has published a brochure providing information on how to apply for legal aid or cost-free legal proceedings, who is entitled to them and in what kind of matters they can be granted. The brochure has been distributed to the legal aid offices, but it is also available at the Ministry of Justice, both in Finnish and Swedish.

Anyone suspected of, or arrested or detained for a gross offence is entitled to a counsel without charge, irrespective of his financial situation. A gross offence means an offence where the minimum sentence is four months' imprisonment. Anyone who is under 18 years of age is entitled to a counsel, if he is suspected of any offence. In both cases the counsel shall be ordered by a court.

## Article 19, para 8: Protection against expulsion

**A.** The grounds for expulsion of a non-Finnish national are defined in Section 40 of the Aliens´ Act. These provisions have not been amended since the previous report was submitted. The provision has simply been specified, by mentioning that only an alien who has stayed in the country on the basis of a residence permit may be expelled.

The documents recognised as affording proof of lawful residence are provided in Section 4(1) of the Aliens´ Act. It states that, when entering and residing in Finland, an alien must have a valid passport issued by the authorities of his country of origin or habitual residence. According to Section 7(4) of the

Aliens´ Decree a residence permit and work permit is to be entered in the passport of the alien or in a separate document.

According to Section 7(5) of the Aliens´ Decree an alien who is issued a new passport must ensure that any permits entered in his old passport are entered in his new passport in order to maintain his rights.

In the Government Bill for the Aliens´ Act (47/1990) it is stated that a minor negligence in renewing licences, or the fact that the alien concerned has lost his or her passport and has not been issued a new passport to replace the one that he or she has lost, cannot be considered a ground for deporting an alien. Information on an alien´s residence permit and work permit can always be verified in the register of aliens.

In reply to the question of the Committee of Independent experts, it is observed that in 1996 there were two decisions on the deportation of Turkish nationals in 1996, ten in 1997 and two in 1998. Decisions on the deportation of asylum seekers are not included.

In all the cases the deportation was mainly based on Section 40, paragraph 1, sub-paragraph 3 of the Aliens' Act:

> *An alien may be deported from Finland if he/she commits an offence for which the minimum statutory punishment is one year`s imprisonment or a more severe punishment, or repeatedly transgresses against the law.*

In four cases, Section 40, paragraph 1, sub-paragraph 1 of the Aliens' Act was also applied:

> *An alien may be deported from Finland if she/he stays in Finland without the required passport, visa or residence permit.*

In one case, Section 40, paragraph 1, sub-paragraph 4 of the Aliens' Act was also applied:

> *An alien may be deported from Finland if he/she demonstrates by his behaviour that he/she is a danger to the safety of the others.*

No decisions on the deportation of nationals of Cyprus or Malta were made in 1996 – 1998.

**B.** According to Section 58 of the Aliens´ Act, an alien who is dissatisfied with a decision made by the Directorate of Immigration concerning deportation and related prohibition to enter into the country may appeal against the decision to the Supreme Administrative Court, as laid down in the Administrative Court Procedure Act, on the grounds that the decision is against the law, provided that the Court grants leave to appeal.

Section 62 of the Aliens´ Act also provides that, if an appeal has been submitted to the Supreme Administrative Court, the enforcement of the decision of the Directorate of Immigration is suspended until the case has been decided on. A decision by the Directorate of Immigration concerning deportation from Finland may be enforced before it becomes final if the alien in question, in the presence of two competent witnesses, declares that he agrees to the enforcement of the decision and signs a document to that effect.

## Article 19, para 9 – The limits within which immigrant workers may transfer their earnings and savings

Finland has not declared to be bound by this paragraph.

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