

25 June, 1997

REPORT OF THE GOVERNMENT OF FINLAND

For the period from 1 January 1996 to 31 December 1996 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 of 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 next September at the latest.

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Statistics concerning labour force and employment (The Ministry of Labour)
 Statistics concerning labour force and employment (Statistics Finland)
 Providing for Emergencies Act
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 Aliens' Act and Aliens' Decree
 Facts about Finnish Social Welfare and Health Care
 A Guide to Benefits
 Health Care in Finland
 Benefits and Charges in 1996
 Public Health Report Finland 1996
 Strategies for Social Security in Finland
 Guidelines on Health Care in Finland
 Additional information to some questions presented at the hearing of the Committee concerning the second report of Finland

ARTICLE 1

THE RIGHT TO WORK

Article 1, para 1: The Level of employment

A. Promotion of employment

Under section 15 of the Constitution Act of Finland (94/19), the public authorities shall promote employment and strive to ensure that everyone has the right to work. The aim of the Employment Act (275/87) is to give Finnish citizens the opportunity to work. Section 2 of the Act states that the aim is to achieve full employment. In order to reach this goal, the government shall promote stable and regionally balanced development in the economy, employment and society generally.

Prime Minister Paavo Lipponen's Government has made the reform of working life one of its main weapons in fighting our worst social problem, unemployment. The Government's aim is to reduce unemployment by half during its term of office. During the year under review, the Finnish Government has continued to implement the special anti-unemployment measures set down in the national employment programme approved in 1995. Responsibility for implementing these rests mainly with the Ministry of Labour. The obvious partners in the reform of working life are the labour market organisations and other sectors of the administration.

An interim report on the national employment programme was published on September 30, 1996. The aim of reducing unemployment by half was not achieved in the year under review. The employment programme had been implemented almost completely, but its effects in reducing unemployment will not have their full impact until 1997. During the period under review, the volume of special labour policy measures was also stepped up from the 1995 level.

Reform of the labour legislation

The reform of the labour legislation is designed to remove obstacles to employment and to accepting work. Greater flexibility here can ensure jobs and improve employment. The starting point for working life reforms is to co-ordinate companies' need for flexibility and workers' need for job security. The increasing commonness of new working hours arrangements and atypical employment relationships is also taken into account in amending the legislation.

Several reforms were carried out in accordance with the employment programme. The Employment Contracts Act (320/70) and the Seamen's Act (423/78) were amended on March 1, 1996 making the periods of notice shorter in employment relationships lasting

up to one year. Various reports, programmes, statements and decisions-in-principle on dealing with the unemployment situation have emphasised the need to shorten the period of notice as one way of improving the flexibility of the labour market. The idea is that shorter periods of notice would have the effect of lowering employer resistance to hiring new people and would also lead to an increase in permanent employment relationships.

The amendments to the Employment Contracts Act and the Seamen's Act have shortened the period of notice for employers from two months to one month in the case of employment relationships of up to one year. The period of notice for employees was shortened from one month to 14 days. A provision was also added to the acts concerned, stating that employees who have been laid off are entitled to compensation for loss of wages for the period of notice or part of it, if they give notice on their employment contract after being laid off for a consecutive period of over 200 calendar days. The aim of this addition is to protect workers in situations where they have been laid off for long periods and the end of the period has not been set as a calendar date or any other specific point in time. The provision therefore applies to workers who have been laid off until further notice for financial or production-related reasons.

Another aim is to give atypical employment relationships a fairly equal status with employment relationships which are valid indefinitely. Temporary short-term jobs are becoming increasingly common. Balanced development requires flexibility to be combined with adequate provisions to safeguard the worker's position. In May 1996, a proposal concerning this matter was submitted to Parliament. Legislative amendments concerning fixed-period employment, the security of agency labour and the right to study leave entered into force in 1997. Study of these issues will continue in connection with overall reform of the Employment Contracts Act; the work of the tripartite committee concerned will be completed in autumn 1998.

The negotiation periods for employers and employees in situations involving adjustments in company staffing were shortened and the negotiation procedures made clearer. At the same time personnel representatives' access to information and their interaction potential were improved. The Government proposal regarding this amendment to the Act on Co-determination in Companies was submitted to Parliament in June 1996. The provisions on duty of notification, negotiation proposals and the obligation to negotiate were amended; in reducing staff, the provisions now state the matters concerning which information must be provided and negotiations carried out in co-determination proceedings.

Where fulfilment of the obligation to negotiate is concerned, the provisions were changed; the employer is not considered to have fulfilled his obligation to negotiate regarding staff reductions until the matter has been agreed on, or negotiations have been held on the principles and effects of the measures, and then on the available alternatives, and at least seven days have passed since the beginning of negotiations. If staff reductions affect at least ten workers or employees, at least six days should have passed from the start of negotiations. In such cases, the proposal for negotiations should be made at least five days before the negotiations start. A labour protection action programme and measures to further promote equality between men and women in the workplace were added to the issues requiring co-determination procedures. A contact

person for higher salaried staff was added as a new party to co-determination proceedings. The amendment to the Act entered into force on January 1, 1997.

The legislation on working hours, which has so far been very disjointed, has now been concentrated in the new Working Hours Act. The new Act implements the Council Directive (93/104/EEA) related to the arrangement of working times. A new act on working hours was also necessary as the legislation on the issue is subject to new needs, primarily because of changes in economic and social modes of operation, which in turn affect the operating climate for individual companies.

The inflexibility of the previous Working Hours Act and its inadequate provisions for agreeing on working times locally without authorisation in a national collective agreement had come in for particular criticism. It is becoming increasingly important for companies to be able to adapt to toughening competition, and one of the things this requires is an ability to respond quickly to changing conditions and production needs. The new Working Hours Act (605/96) entered into force on November 23, 1996. The new Act made the local flexibility in working times, which had already largely been implemented through collective agreements, possible also in companies which do not belong to employer organisations. It also lowers the maximum amount of overtime allowed.

Developing labour market support

An amendment to the Act on Labour Market Support (1705/1995) came into force as of the beginning of 1996. As a result, 18 and 19-year-olds without vocational training who had turned down offers of work, training or trainee work without a valid reason, or had failed to apply for suitable training, were not entitled to labour market support in 1996. People under 20 without vocational training, however, were entitled to labour market support for periods of active measures such as labour market training or trainee work.

The aim of the amendment was to reduce youth unemployment caused by lack of vocational training. The change in the conditions for receiving labour market support aims to support active training and employment measures, thus preventing young people from getting used to living on social security. In order to ensure that young job-seekers have access to vocational training, starting places in vocational training for young people in the period 1996-1998 were increased considerably as one condition in the incomes settlement.

For those not covered by labour market support, various active measures such as training and trainee work will be arranged. Training and labour policy measures directed at those under 20 were stepped up considerably in order to counterbalance the new restrictions on receiving labour market support. In the 1996 State budget, basic vocational training for those under 20 was increased by 5,000 new training places a year. Another negotiated result in the incomes settlement was that about 4,000 new student places will be created in 1996-1998. The quota for 1996 was set at 2,000. Changes will be made in the selection criteria for young people's vocational training so as to give priority firstly to people under 20 and secondly to people under 25. The

additional places on offer will be specifically in studies for basic vocational qualifications. A considerable proportion of the training places are in metal and engineering, electricity and electronics, which are at present suffering from a lack of qualified workers.

It was proposed that during 1996, the restriction on 18 and 19-year-olds in the Act on Labour Market Support should be extended to 20 to 24-year-old recipients of labour market support who have no vocational training. This amendment to the Act on Labour Market Support, designed to extend the restrictions on receiving labour market support, was passed on September 6, 1996 (665/1996) and came into force at the beginning of 1997.

All under 25-year-old unemployed people who have a vocational qualification receive labour market support. For people who live with their parents, the support is a maximum of 60% of the total support, which is FIM 118 a day. Even in these cases, the support is paid in full if the person in question is taking part in a labour policy measure. Such measures include labour policy training for adults, trainee work, work tryouts or rehabilitation arranged by the labour authorities. Even if a person between 17 and 24 has no vocational qualification, he can thus still qualify for labour market support by taking part in a labour policy measure.

Working time experiments

The scope for improving employment through working time arrangements has been a subject for scrutiny in Finland. The Finnish concept of job-sharing or "job re-cycling" as a way of improving employment embodies an active desire to improve people's labour market potential and maintain their working capacity, for instance through profitable use of leisure time and, from the corporate point of view, by improving efficiency and competitiveness.

In accordance with the aim set in the national employment programme, the promotion of employment labour policy means was supported in 1996 by a temporary amendment to the Employment Act allowing working time experiments to be carried out. A local authority or joint municipal board can be granted an employment subsidy of up to 50% of the wage costs involved when it agrees with office-holders and employees on a working time experiment whereby working hours are reduced and extra unemployed people are hired in addition to the people whose working hours are made shorter. Subsidy can be granted for the same working hours experiment for a maximum period of two years.

The decree temporarily amending the Employment Decree (467/1996) entered into force on July 1, 1996 and will remain in force until December 31, 1998. Based on applications, 20 local authorities with different populations and areas were chosen by the Ministry of Labour for the working time experiment. The idea was also that experiments should start in many different sectors and functions of the local authorities concerned, so that different models could be tried out. The experiments were also expected to include workers of different ages and of both sexes. In selecting the

participants, the employment situation in the local authorities was also considered. Some of those accepted started working time experiments at the end of 1996, while most started at the beginning of 1997. The aim of the experiments, in addition to possible job-creation effect, is to improve municipal services and operations, maintain working capacity and adopt new working models.

The Ministry of Labour applied for pilot project support under Article 6 of the European Social Fund for the 'Flexibility through 6-hour shifts' project. This model, also known as the 6 + 6 model, means that a working day is divided into two six-hour shifts worked by two different people. The European Commission decided on April 22, 1996 to accept the 6+ 6 project as it stood and granted a subsidy for 45% of the expenses, or ECU 409,500. The aim of the project is to use practical experiments to study the usefulness of the 6 + 6 model in private companies and public services. The project will continue for three years.

Companies and institutions were invited to volunteer for the experiment; for the municipal experiments, a small subsidy was sought and also funding for research and monitoring. The longish period of time between the Ministry of Labour's application and the Commission decision meant that by the time the decision was finally made, interest in experiments with shortened working hours had expanded enormously. While the application mentions only three private companies then trying out the 6 + 6 model, at the beginning of 1997 the Ministry of Labour knew of at least a dozen companies volunteering to experiment.

A 'part-time supplement' experiment has been in progress since March 1, 1994. During the period under review, the regulations on part-time supplement in the Employment Decree were made permanent through an amendment (1330/1996) that entered into force as of the beginning of 1997. The fundamental aim of the part-time supplement system is to encourage people to opt for part-time work in order to create job opportunities for the unemployed. The part-time supplement can also be granted as compensation for loss of earnings to an employee who voluntarily transfers from full-time to part-time employment.

For the period of the part-time supplement, the employer must hire an unemployed job-seeker from an employment office on a part-time basis. The conditions for granting the part-time supplement have labour policy grounds and aim specifically at finding work for the unemployed. At the end of December, 1996, there were 6033 people in the part-time supplement system, 12.3% of them under the age of 25. By the end of October, 1996, a total of 12,724 wage-earners had used the part-time supplement during the trial period. Over 90% of both those who used the part-time supplement and their replacements were women.

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Job alternation leave

At the beginning of 1996, a system of job alternation leave was introduced, offering people who have jobs an opportunity to take a maximum of one year off work with compensation if an unemployed person is hired to do their job in the meantime. The experiment is being monitored as a special research project, funded and headed by the Ministry of Labour. The job alternation leave system is based on the Act on Job Alternation Leave (1663/95), which is in force from January 1, 1996 until December 31, 1997.

Under the Act, a full-time employee can enter an agreement with his employer to take a minimum of 90 consecutive calendar days off, or a maximum of 359 calendar days. For the period of job alternation leave, the employee is paid job alternation compensation which comes to 60% of the daily unemployment allowance that the person taking job alternation leave would have been entitled to; the maximum for the compensation is, however, FIM 4,500 a month.

The purpose of the experiment is to cut down long-term unemployment. Job alternation leave offers a new way into employment for unemployed people who are excluded from the workforce. For young people, in particular, the opportunity to gain the work experience they lack through fixed-term employment relationships is valuable, as it helps prevent marginalization and exclusion. For the long-term unemployed, fixed-term employment helps keep up working skills and confidence in their own ability. This improves their chances of finding a permanent job of their own.

Another aim is to promote other labour policy and economic goals. The workload of those still in the labour force grew during the recession, generating a risk of burn-out. Since the working population in Finland is also growing older and tougher competition is increasing the demands on it, there are entirely new challenges in the workplace. Rising demands require greater emphasis on training, while ageing requires more emphasis on rehabilitation. The job alternation system strives to reconcile all these aspects by supporting active alternatives instead of mere passive support.

By the end of the year under review, 5525 people had found a job replacing someone on job alternation leave. Most of those who chose to take job alternation leave were women (70%). The average age of those on leave was 43, while the average age of their replacements was 33, so in this sense, job alternation has brought fresh ideas to the

workplace. The most common jobs for people taking job alternation leave were in teaching and health care, although there have been some people on this leave in all sectors. Similarly, while the use of job alternation leave centres on the municipal sector, one third of those on leave were employed in private companies. The main reasons for taking job alternation leave were that people needed more time for their family or to care for dependants. Other key reasons were stress, a bad atmosphere at work, hobbies, and the need for rehabilitation or rest. Although job alternation leave was generally seen as a very good thing, the biggest worry of those on leave was their straitened financial circumstances. It will be decided in 1997 whether the job alternation leave experiment should continue as such or be made permanent.

Ageing employees

The structure of Finland's population and labour force will change considerably in the next few years as the proportion of over 50-year-old workers grows. The post-war 'baby-boom' generation reaches fifty within the next decade. The retirement-age population will thus increase considerably in the 2010s.

A committee studying how to improve ageing people's prospects for finding work (IKOMI) submitted its report on November 27, 1996. According to the report (kom 1996:14), the working capacity of ageing workers could often be furthered by flexible working time arrangements. Working time arrangements could be particularly useful in avoiding the problems attendant on night shifts and shiftwork in general. Local agreement based on the collective agreements for civil servants and employees in general and the new Working Hours Act offer more scope than before for such flexible arrangements.

The committee stresses that, in making use of these options in the workplace, locally agreed working time arrangements must take the needs of ageing workers into account. In addition to working time arrangements, other types of work re-organisation and workplace development can be used to promote working capacity. The best results can be achieved when working-time arrangements and their improvement are seen as one aspect of programmes to maintain working capacity. The option of various leaves of absence (e.g. study leave, part-time supplement, job alternation leave, etc.) can offer the flexibility needed in cases where ageing workers do not have the option of working shorter hours, or more flexible working arrangements otherwise. Especially when the Act on Job Alternation Leave was drafted, attention focused on the growing need for leisure time among ageing workers.

The committee studying how to improve ageing people's prospects for finding work proposed in its report that training for the labour protection authorities in issues involving the new legislation on working hours and operations to maintain working capacity should focus on the potential of flexible working time arrangements vis-à-vis ageing workers' needs. A guide to the promotion of ageing workers' working capacity through the use of working time arrangements should be produced for workplaces. A more extensive information package on the promotion of ageing employees' working capacity through working time arrangements should be produced for the use of

occupational health care staff and labour protection authorities. The committee further proposed that ageing workers' opportunities for using job alternation leave for training should be considered; the need for changes in the principles of job alternation leave should be assessed with such aspects in mind. Use of the job alternation and part-time systems by ageing workers will continue to be promoted with the aid of extensive dissemination of information.

The committee's proposals also point to the connection between labour policy programmes and operations to maintain working capacity, which the committee has divided on a 'tripartite' basis involving the individual, the work community, and the work itself and working conditions.

Supporting initiative on the part of the unemployed

A new decree on supporting initiative on the part of the unemployed (1788/95) entered into force on January 1, 1996. Under the decree, private associations can be granted financial 'self-sufficiency support' for operations designed to promote initiative on the part of unemployed people by maintaining and improving their labour market skills. In 1996, a total of FIM 10 million had been earmarked for this purpose in the State budget proposal. Self-sufficiency support can be granted to an association for expenses incurred in renting premises for operations or meetings, for arranging training sessions, for the costs of marketing the skills and work of the unemployed themselves, for the wages of a director of operations and, in the case of a new co-operative, for the founding costs preceding registration. However, it cannot be granted for actual business operations.

Work co-operatives founded by the unemployed are the most visible part of the new co-operative approach. During 1996, nearly 200 work co-operatives were founded. They usually have between 20 and 40 members. The main business idea of a work co-operative is to hire out labour, usually building or office services. During the year under review, a study was completed which showed that 52% of co-operative members found work at least once through the co-operative, usually for an employment relationship lasting about 1-5 days. In addition, about one third of the co-operatives had hired people other than their members. Co-operatives which focused on one or two fields of operation had a higher employment percentage and the older a co-operative was, the longer the average duration of employment relationships. Long-time members of co-operatives have also found permanent work. It was felt in two thirds of the co-operatives that their members' income had improved thanks to the co-operative.

The National Workplace Development Programme

The National Workplace Development Programme (1996-1999), included in the Government programme and the national employment programme, is another new Co-operation programme which aims at workplace reform. The Programme was prepared in autumn 1995 in Co-operation between the Ministry of Labour and the labour market and employers' organisations. In December 1995, the Ministry of Labour decided to take action to implement the programme. The role of research-assisted workplace

development as part of social policy promoting economic growth and employment will be augmented through the programme measures, i.e. project support, networking and publication and information.

The main form of operations in the project is to support development projects based on the needs of individual workplaces. The programme strives to help workplaces to plan, test and create new modes of operations which concurrently promote both productivity and welfare in the workplace. Other forms of operation include promoting international Co-operation and initiative at individual workplaces, and consolidating the role of research in workplace development. The programme offers workplaces the option of using expert advice in their development projects. The programme also promotes discussion on models, methods and experience of workplace development in Finnish society at large.

The development programme strives for extensive Co-operation, especially with workplaces, research and training institutions, labour market organisations and other authorities and funding bodies. Active Co-operation is being set up with the labour and labour protection authorities in order to provide information on, and generally market, the opportunities offered by the programme to workplaces in different areas. The starting point of the programme is community-level learning. One of the aims is to gradually establish research-assisted workplace development as a recognised and increasingly important part of national innovation.

Development projects must fulfil certain criteria if they are to receive the expert support of the programme. The basic idea is that they should be projects which aim to change the mode of operations of a company or public body, thereby increasing productivity and the quality of working life.

Projects should be planned and implemented jointly by the management and the staff. They should focus on at least one of the areas of focus set down by the management group, which in 1996 were: the promotion of new forms of organisation (especially teamwork and networking), development of management and Co-operation skills, development of human resources (especially staff training and innovativeness), improving the position of ageing and very young workers, promoting interaction between different age-groups in the workforce, and promoting equality. In selecting projects, additional criteria are also used. These are innovativeness, importance for the sector concerned or the country as a whole, and impact on the number and quality of the workforce. The main tool of workplace development is funding granted for technical expert assistance. By the end of December 1996, expert assistance had been granted for 44 development projects and basic analyses.

B. Statistics on the number of unemployed

Unemployment, which had skyrocketed during the recession, began to fall as production increased at the beginning of 1994, and the favourable trend continued during 1996. In the first half of 1996, total production growth stayed at 1.5%. Towards the end of the year, however, growth picked up and average growth for the year came to about 3%. In

the manufacturing industry, production rose by about 2.8%, but in the forest and paper industry fell by about 2.5%. Production in the metal and engineering industry grew by about 6%. The outlook for the forest industry has improved and exports have begun to pick up after a temporary slump. The powerful advance of the metal and engineering industry continues. The stable financial market, lower interest rates and the stronger Finnish mark all reflect widespread confidence in the economic outlook. The latest consumer barometer shows that household interest in larger acquisitions has increased. The financial position of local authorities has also improved generally. The main problems of our economy - the high unemployment rate and the deficit in the public finances - can nevertheless only be alleviated very slowly.

According to the Ministry of Labour's employment report for 1996, the working-age population of Finland, that is, people between 15 and 64, comprised an average of 3,850,000 people in 1996. 65% of these, or 2,503,000, were in the labour force. Among the workforce, 1,311,000 people were men and 1,192,000 were women. The working-age population increased by 11,000 people and the available workforce by 6,000. The increase in the available workforce derived entirely from an increase in the number of women looking for work.

In 1996, an average of 1,346,000 people of working age did not belong to the workforce. This is about 5,000 people more than the previous year. The increase was primarily caused by an increase in the number of students. About 397,000 of those outside the workforce were students, an increase of 8,000 on the previous year. Active studies increased considerably in the first half of the 1990s; for instance, there were about 100,000 more students in 1996 than in 1990. According to a report published by the OECD in December 1996, education expenditure in Finland relative to GDP is among the highest among the member countries. The report dealt with 1993. At the time, the OECD countries spent an average of 5.9% of GDP on education. In Finland, the figure was 7.3%, which meant a shared first place with Canada. Investments, especially in adult education, are still being stepped up, partly for labour policy reasons.

About 106,000 of the population outside the workforce were persons performing domestic work. This figure had fallen by 3,000 from the previous year. About 780,000 of the working-age population outside the workforce were disabled or retired. The rate of early retirement has slowed down in recent years, however, and the percentage of rejected applications has been rising steadily. The conditions for being granted early retirement have also been made stricter by raising the age limits, for instance. In 1994, the minimum age for taking individual early retirement was raised from 55 to 58. The change will be implemented gradually up to 1998.

According to the 1996 employment statistics, there were an average of 38,000 recipients of unemployment pension. This was about 2000 less than the previous year. The decrease took place at the beginning of the year. As of August, however, the number of recipients of unemployment pensions already exceeded the previous year's level. Social welfare benefits, either on their own or in combination with taxes or other payments, can have the effect of reducing people's willingness to work, especially at lower income levels. Considering the loss of social welfare benefits, taxation and child-care payments, earnings from work may be so low that available income does not

increase to any degree. Thus social welfare may, in some cases, provide an 'alternative income' which makes it unprofitable to work. These problems are described by concepts such as the 'benefit trap' or 'incentive trap'. Since the incentive to work is lower in the lower income brackets, the concept 'poverty trap' is also sometimes used.

In November 1996, legislative amendments which affect municipal day-care payments and home care allowances were drafted. These are intended as part of a more extensive programme aimed at co-ordinating care allowances, housing benefits, income support, unemployment security and taxation to prove more of an incentive for working than at present. The aim of doing away with incentive traps is to increase readiness to work and thus the labour supply. The impact of the measures is still hard to predict, however.

Reducing unemployment

Unemployment fell during the whole year under review, although more slowly than expected in view of the Government's stated aim of cutting unemployment by half. However, unemployment is now falling more rapidly. At the beginning of the year, when economic growth was slow, the fall in unemployment derived to a considerable extent from training and support measures by the labour authorities which had been stepped up to the maximum. As economic growth speeded up in the second half of the year, genuine labour market demand also began to help reduce unemployment. At the end of the year under review, unemployment according to the employment statistics was still about 50,000 higher than the declared aim of reducing unemployment by half would require.

The hoped for reduction in unemployment was also hindered by the growing number of people striving to enter the open labour market from training and labour policy programmes. As demand for labour was still low, a considerable number of these people again became unemployed. Repeated unemployment was also made more likely by the spread of short-term employment relationships on the open labour market.

According to the Ministry of Labour's job-seeker register, there were about 448,000 unemployed job-seekers in 1996, a fall of 18,000 on 1995. According to the labour force research done by Statistics Finland, there was an average of 408,000 unemployed in 1996, or 22,000 less than in 1995. The unemployment rate fell from about 17.2% in 1995 by about one percentage point, to an average of 16.3% in 1996.

Various labour policy measures were of key importance in reducing unemployment. An average total of 118,000 people were involved in subsidised employment, labour market training and trainee work arranged by the labour authorities and as replacements for people on job alternation leave in 1996, or about 15,000 more than in 1995. There was also a further estimated average of 4,500 people who were employed through investments designed to create jobs, labour policy structural subsidies and certain European Social Fund projects. Thus, in 1996, a total average of 122,500 people, or 4.9% of the workforce, were covered by labour policy measures. Among the EU Member States, only Sweden could match Finland in the level of active labour policy measures.

Unemployment by gender

The fact that the growth in labour demand focused on male-dominated sectors means that the decline in unemployment has affected men more than women. According to labour research, there was an average of 211,000 unemployed men and 197,000 unemployed women during the year under review. However, men's unemployment went down by 20,000 on the previous year, while the corresponding figure for women was only about 2,000. The unemployment rate for women (16.5%) was already higher than for men (16.1%).

The employment offices' job-seeker registers, on the other hand, show an average of 241,400 unemployed male job-seekers and 206,600 female ones; the reduction on the previous year was thus 13,300 for men and 4,600 for women. According to the workforce research done by Statistics Finland, the difference in the unemployment rate for men and women was at its highest in 1992, when it stood at 5 percentage points (men 15.5% and women 10.5%).

Though demand for labour has so far increased fastest in male-dominated sectors and occupations, the predicted revival in the service sector can be expected to improve women's employment prospects. The relative weakening in women's labour market position during the recession is, however, also explained by certain other factors which are not connected with economic trends. Work is still sharply divided according to sex and women often do the work in the professional hierarchy which recent downsizing and fixed-term employment have affected most.

The fixed-term employment relationships which have become so much more common, especially in the public sector, affect women more than men, giving rise to repeated episodes of unemployment in between jobs. The weaker employment trend for women is also partly affected by cost-cutting in the public sector. Measures to reduce costs have tended to focus on women, who typically work for welfare services, such as health care and other social services.

There is, as yet, no reason to say that women's position on the labour market has been permanently undermined, because economic trends affect different sectors and occupations at different times and in different ways. Only one quarter of the workforce of the processing industry, which has shown the biggest increase in the workforce, are women. Meanwhile, women hold the majority (up to 60%) of jobs in the service sector, but many women-dominated service sectors have not yet started to recover properly from the recession.

Youth unemployment

The most encouraging feature of employment trends during the year under review was that youth unemployment fell more rapidly than unemployment generally. In 1996,

there were an average of 70,000 unemployed under the age of 25, according to labour research. 68,600 young unemployed job-seekers were registered with employment offices. Labour research puts the reduction in youth unemployment at about 7,000 (-9%), while employment office statistics indicate a figure of about 12,000 (-15%).

The main reasons for the rapid fall in youth unemployment in 1996 were the restrictions introduced into the conditions for receiving labour market support at the beginning of the year. These restrictions were designed to shift unemployed people under the age of 20 without vocational training from passive forms of support into active training and other active labour policy programmes. The provision of training and trainee work for young people was thus increased considerably, in order to counterbalance the restrictions on their access to unemployment security.

In view of the trend in youth unemployment, the labour market support reform seems to have been successful. This is shown by the fact that among under-20s - the primary focus of the reform - unemployed job-seekers fell by over 9,000, or about 37% during the year (December 1995 to December 1996). The number of unemployed job-seekers in the 20-24 age group also fell about twice as rapidly as unemployment in general. During 1996, the figure declined by about 4,300, or 8%. The fall in youth unemployment speeded up particularly towards the end of the year, when training was stepped up. By December 31, unemployment among the under-25s had been reduced to about 60,000. About 29,000 young people were covered by labour policy measures.

Long-term unemployment

Another notable positive feature in the unemployment trends during the year under review was that long-term unemployment also finally began to fall. At the end of the year, there were 134,000 people who had been continuously unemployed for over one year. This means that long-term unemployment had declined during the year by about 8,000. The duration of unemployment had also shortened, however, partly because of a change in how the labour market works. New employment relationships are increasingly often fixed-term and short, which means that repeated unemployment has increased, despite the general falling trend in unemployment.

The employment prospects of the long-term unemployed are still weak. Only a small percentage, about 10-15%, of those who have been unemployed for over one year can now find work on the open labour market. Focusing labour policy measures on reducing long-term unemployment was therefore one of the main aims of the labour authorities, and during all of 1996, the number of long-term unemployed that jobs had been found for remained high, at an average of about 34,000. During 1996, an additional 7,000 long-term unemployed were also involved in labour market training. As measures lasted for about six months, the unemployment of about 80,000 long-term unemployed was successfully interrupted with the aid of these measures in 1996. The reduction of long-term unemployment was also furthered by the increase in the demand for labour, in that fewer of those who became unemployed ended up as long-term unemployed. By the end of the year under review, only an average of 8,000 new long-term unemployed occurred per month, compared with up to 13,000 only a few years earlier.

Ageing workers

Unlike the other age groups, unemployment among ageing workers continued to grow throughout the year under review. In 1996, there were an average of 104,700 unemployed people over 50, which was 11,500 (12%) more than in 1995. By the end of the year, people over 50 made up over a quarter of all unemployed. About half of the ageing unemployed people were long-term unemployed who had been out of work for over one year, and about 30% had been unemployed for more than two years.

The time unemployment lasts grows rapidly with age. By the end of the year under review, unemployed people under 20 had been unemployed for 14 weeks on average, while the corresponding figure for 20 to 24-year-olds was 20 weeks. The period grew for older age-groups; for 50 to 54-year-olds, unemployment had lasted for 53 weeks on average, and for people of 55-59 for 95 weeks. The option of an unemployment pension lowers the average duration of unemployment for people over 60, which was 75 weeks in December.

As of 1995, the duration of unemployment has grown considerably in the higher age groups. This may be taken to mean that most unemployed people over 55 will be unable to find work on the open labour market and are only registered as unemployed job-seekers in order to get income support. Employment measures and labour market training do not focus very much on the over 55s, either. In the first half of 1996, a total of 1,500 unemployed people over 55 started labour market training or subsidised employment; this means that only about 1% of measures focused on this, the most difficult, group of unemployed people during the year under review.

Regional differences

Regional differences increased somewhat, as unemployment fell most in the areas that already had the lowest unemployment rates, while remaining the same as the previous year or even increasing slightly in areas that had the highest unemployment rates in the country. During the year under review, there was an average of 6-7% fewer unemployed than in 1995 in the labour districts of Uusimaa, Turku and Vaasa. Unemployment remained at the previous year's level in the labour districts of North Karelia and Lapland, and grew slightly in the Kainuu labour district (+3%). Measured by the number of unemployed job-seekers, the unemployment rate was lowest in the labour districts of Uusimaa (14.5%), Turku (15.1%) and Vaasa (15.8%) and highest in North Karelia (23.9%), Kainuu (25.5%) and Lapland (26.0%).

The slight increase in regional differences was partly caused by the powerful focus of employment and training measures on the urban areas of southern Finland, where there are a lot of long-term unemployed. For instance, the number of support measures in the labour districts of Uusimaa, Turku, Kymi and Satakunta increased by about 20-30%, compared with the previous year. Meanwhile, in North Karelia, Kainuu and Lapland, where employment trends were weakest, the volume of measures only increased by

5-10%.

The measures' effect in levelling out differences in unemployment levels was nevertheless considerable. In Lapland and Kainuu, three times as many people were involved in measures as in the Uusimaa labour district. During the year under review, about 7% of the workforce in North Karelia was covered by various programmes, while the corresponding figure for Kainuu and Lapland was 9%. In labour districts in southern Finland, the figure varied between 3% and 5%.

Unemployment by occupation

Divided by occupation, there was little change in unemployment levels, with the exception of the building sector and 'unclassified' groups. There was an average total of 45,500 unemployed job-seekers in different occupations in the building sector, or 9% less than a year earlier. Unemployment in the sector has been reduced by the increase in labour-intensive renovation, the increase in new building towards the end of the year, and a transfer of workers in the sector into other occupations.

Unemployment fell most in 'unclassified work' due to the labour market support reform and more training measures, as this group includes mostly young people without vocational qualifications. Unemployment in this group fell by an average of 11%. Despite the considerable increase in training, the biggest unemployed grouping at the end of the year continued to be those actually without an occupation, who totalled some 39,000. In occupations within technology, natural sciences and administrative duties, which includes highly qualified staff, unemployment fell by about 4% during the year under review. There was little change in other occupational groups.

C. Statistics on the number of vacancies

From 1990 to 1994, which was the lowest point of the recession as far as employment was concerned, the demand for labour fell by a total of 443,000 jobs. Since employment has increased by about 72,000 jobs in the last few years, only every sixth job lost has thus been regained. Of the new jobs generated in 1995 and 1996, 57,000 were for men and 15,000 for women. The slower recovery of women's employment is caused by the fact that the new jobs were generated in male-dominated export-dependent sectors, mainly industry. Production in the service sector has been increasing steadily during the past three years, but the revival in the demand for labour has taken longer than expected.

Due to growing consumer demand, the emphasis of demand for labour was nevertheless already clearly shifting in 1996, to the domestic market and the service sector, where 60% of the workers are women. The increase in employment has also been slow in the public sector, where over two thirds of all employees are women. The less favourable trend in women's employment is also explained by the fact that women lost a lot of jobs in the restructuring of banks and insurance companies. On the other hand, women's

employment grew in trade and the service industry. In the case of men, employment increased the most in business services.

New jobs seem to be generated in growth centres. More than half of all new jobs in 1996 were in Uusimaa, where the number of employed grew by about 15,000. The demand for labour also rose noticeably in the labour districts of Turku, Vaasa and Oulu.

In 1996, the number of people employed in the service sector grew by about 31,000. The growth rate picked up from the previous year, when the increase was 19,000. The strongest growth was recorded in trade (+11,000), hotels and catering (+4,000) and business services (+14,000). The number of employees went down in banking and insurance (-2,000) and transport (-4,000).

There was little growth in employment in the processing industry in the year under review. Jobs in industry increased by only 3,000, while the corresponding figure for 1995 was 30,000. Many sectors in industry were cutting jobs, and only the metal and engineering sector showed an increase. Towards the end of the year, industrial production revived and demand for labour in the sector began to pick up slightly. Employment in the building industry also increased by about 3,000 on the previous year. The rapid increase in building permits granted and new building starts began to be reflected in the employment situation of the sector only in the last quarter of the year under review, when the corresponding figure for employment for the previous year was exceeded by about 6,000.

The number of people employed in primary production fell in 1996 in line with the long-term trend. Jobs in agriculture decreased by about 9,000 and jobs in forestry by about 2,000. Demand for labour through employment offices increased slightly during the year under review.

Article 1, para 2: Free choice of an occupation

A., B. and C. Prohibition of forced labour

Finland's second report referred to the provisions concerning personal freedom in Finland's Constitution Act (94/19, amend. 969/95). According to Section 1 of the Act, Finland's Constitution guarantees the inviolability of human dignity and the freedom and rights of the individual as well as promoting justice in society. Under Section 6 of the Constitution Act, everyone has the right to life and personal liberty, physical integrity and security of person. Under Section 15 of the Constitution Act, everyone has the lawful right to procure a living through the work, occupation or trade of his or her own choice. The public authorities are responsible for labour protection. As stated in earlier reports from Finland, the Finnish legal system prohibits forced labour.

The Committee of Independent Experts has presented questions concerning the section of the Penal Code, imposing criminal liability on discrimination. The Committee has

asked information on the number of violations recorded and sanctions imposed. Section 3 of Chapter 47 of the Penal Code entered into force in September 1995. In 1995 there were no criminal charges brought on the basis of the Section. The statistics of 1996 will be available during summer 1997. Therefore the requested information has not been available at the time of preparing the report.

The Committee of Independent Experts has also asked whether Finnish law renders null and void any clauses in collective agreements or individual contracts of employment which infringe the principle of equality. According to Section 17 paragraph 3 of the Employment Contracts Act an employer must treat his/hers employees equally. The employer must treat his workers impartially without any unwarranted discrimination on the basis of origin, religion, age, political or trade union activity or any other comparable reason. According to paragraph 4 of the same Section, what is laid down on equal treatment of workers applies also when the employer engages personnel.

As stated earlier, the infringement of Section 17, paragraphs 3 and 4 are subject to criminal liability, imposed by the Penal Code. According to Section 50, which relates to statutory provisions for the protection of workers, if any term in the contract of employment is null and void because it is contrary to statutory provisions for the worker's protection, this shall not affect the validity of the remainder of the contract. The Collective Agreements Act does not stipulate *expressis verbis* that a discriminating clause would be automatically invalid. The criminal liability on discrimination of the Penal Code covers the discrimination through a collective agreement. According to the principles of the Finnish legal system a flagrant, discriminating clause of an employment contract or a collective agreement violating the fundamental rights enshrined in our Constitution, would be automatically null and void.

The Committee of Independent Experts has requested information concerning the Readiness Act (1080/1991). The groups of employees primarily falling within the scope of application of the Readiness Act can be determined by a decision of the Government or the Ministry. The Readiness Act does not stipulate that only the persons who are entering the labour market or seeking to change their employment would be affected. So far, the Act has never been used. A copy of the Readiness Act in English is enclosed.

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

The effort to prevent discrimination on account of gender and to promote equality between women and men in working life by equality planning has been statutory in working places of at least 30 employees (the Act on Equality between Women and Men, section 6 a; the section is cited in the previous report) since 1 March 1995. Measures to promote equality must be included in the annual personnel and training plan or in the action programme for labour protection.

A separate plan can also be made of measures promoting equality. In equality planning clear principles are set with regard to the promotion of equality and measures to achieve the objectives are planned. The objectives of the plans include at least equality of

remuneration, equitable recruitment of women and men in the various jobs as well as equal opportunities for training and occupational advancement. Developments in issues concerning equality are monitored on a yearly basis.

The Equality Ombudsman, whose duty is to monitor the implementation of the Equality Act both in private and public administration and business life, has attempted to distribute information and give advice and instructions on equality planning, for instance by publishing guidelines for equality planning at working places in 1996. The Equality Ombudsman also tries to promote equality planning at working places by co-operating actively with employers.

The Continuing Education Centre of the University of Jyväskylä started a Professional Development Programme training Consultants for Working-life Equality in November 1994. The programme is a professional specialised studies course in which students focus on the promotion of equality and planning equality programmes in state administration, municipalities, organisations and private enterprises. The first consultants for working-life equality have recently graduated.

The purpose of the Consultants for Working-life Equality course is to link the implementation of equality objectives to the planning, management and follow-up of the activities and economy of organisations. From the point of view of the working community the objective in the training of consultants for working-life equality is to support the preparation of a development programme for working conditions and a personnel policy programme as well as equality planning.

As stated above, equality between men and women is enshrined in the Finnish Constitution. Employees and job-seekers are also protected by Section 17 of the Employment Contracts Act and section 15 of the Seamen's Act. The rate of women's participation in the labour market is high in Finland. The Finnish wage-earning family has long been a household with two incomes and the proportion of women in the workforce is one of the highest in the world. Finnish women also have a high educational standard, compared with many other European countries; in younger age groups, Finnish women are generally better educated than men. Perfect equality has not yet been achieved, however, as the wage differences between men and women for instance, bear witness.

In August 1996, the Ministry of Labour appointed a working group to deal with ways of improving women's employment potential, with the task of making a general study in various sectors of women's unemployment trends, the reasons for them and any structures in education and entrepreneurs' support which may undermine women's position on the labour market. The working group concluded its work on December 31, 1996. (Unemployment divided by sex is dealt with in article 1, paragraph 1.) In its publication, the working group describes women's employment and position on the labour market as follows: The unemployment rate of men and women is about the same at present.

Women's unemployment is strongly focused on certain sectors. The highest number (over 10,000) unemployed women occur in the following professions: secretarial and

general office work, sales of goods, health care and nursing, hotels and institutional catering, real estate services and cleaning, and people without any vocational qualifications. Generally speaking, women are flexible in their employment relationships and are involved in atypical employment relationships more often than men. Women's educational standard is high, but subjects of study are clearly differentiated according to gender. The working group estimated that about one third of Finnish entrepreneurs are women. Where wage differences are concerned, the working group said that the pay differential between men and women remains largely the same as before. Women are over-represented in the lower tiers of the wage hierarchy.

During the year under review, women accounted for 61.4% of the workforce while the corresponding figure for men was 68.7% . As noted in article 1, paragraph 1, men's unemployment fell by about 20,000 during the year under review, while the corresponding figure for women was only 2,000. In 1996, the average unemployment rate for women was 16.5%, while that for men was 16.1%. There was, however, a lower number of unemployed women than men. In 1996, about 8% of all those employed were working part-time, and 65% of them were women. In addition, women had atypical employment relationships, such as fixed-term employment, more often than men.

Regulations on labour policy take the equality aspect into account. Thus, promoting gender equality on the labour market should be taken into account when employment services, labour market training for adults, vocational guidance and vocational rehabilitation are arranged. Regulations on a lower level than actual legislation also require the labour authorities to take practical measures to promote gender equality. Various things such as alternatives for work and training, vacancies and job-seekers must be presented impartially, irrespective of gender or aspects indirectly related to gender. Similar obligations also apply to information about such matters.

The employment services engage in extensive interaction with both individual clients and employers. The services in question can thus influence the functioning of the labour market and its structures and promote equality in the labour market. It is the duty of the employment services to promote gender equality through dissemination of information, by giving job-seekers as much information as possible about alternatives for work and training, and by supporting clients who are seeking employment in defiance of traditional gender divisions or new opportunities for work (for instance, support for women entrepreneurs).

In autumn 1996, a joint Nordic project was launched in which the authorities in charge of developing the employment services of the different countries' labour authorities are exchanging experiences of equality work in the labour administration customer services, and developing new methods.

During 1995-1997, about 5% of the workforce will be involved in labour administration measures. These employment measures have the highest number of placements in the municipal sector (which accounts for about half of the subsidised employment in question). In 1996, 62% of those in municipal subsidised employment were women.

Meanwhile, women accounted for 57% of all those in subsidised employment in 1996, a higher proportion than their percentage of all unemployed.

Due to the current mass unemployment, the volume of training for adults was increased considerably and the aim was to focus training more on groups such as salaried and professional personnel, women and the over 40s. 46% of those who entered labour market training for adults were women. About 68% of all vocational guidance clients were women. Women generally accounted for a much higher percentage of the users of personal employment services than men. The reason for this is probably that men have a higher tendency than women to use information services and self-service methods.

Support for entrepreneurship is one of the key areas of operations in promoting employment. Unemployed job-seekers about to become entrepreneurs are eligible for start-up grants from employment funds, in order to ensure their livelihood while they are starting up their business and until they become established. In 1996, 40% of those receiving start-up grants were women. The labour administration's entrepreneurship training also focused on how to increase the ratio of women. In 1995, nearly half of those entering entrepreneurship training (48%) were women, which corresponds to the percentage of women among applicants for the training. This compares with 34% women in 1992, 38% in 1993 and 44% women in 1994.

The Ministry of Labour was involved in preparing the Government's equality programme. The programme will also cover the labour administration's measures to promote equality in the near future. The Government's equality programme, which is based on the Platform for Action adopted by the Fourth World Conference on Women in Beijing, was published in spring 1997.

EMPLOYMENT NOW is part of the EMPLOYMENT (Employment and Development of the Human Resources Initiative) Community initiative, which aims to improve the functioning of the labour market and the skills of citizens. The EMPLOYMENT programme is part of EU human resources development operations. It will be used to support multinational experimental and development projects between Member States in 1995-1999. The EMPLOYMENT projects will be funded by the European Social Fund together with national authorities. In Finland, implementation of the EMPLOYMENT programme will be co-ordinated by the Ministry of Labour.

The EMPLOYMENT programme is aimed at people on the labour market with special difficulties. That means women, the disabled, the disadvantaged and young people without vocational qualifications. The aim of the programme is to promote equal opportunities for women and men on the labour market by developing new structures, modes of operations and training programmes to promote women's employment and their labour market standing.

The national areas of focus in Finland's EMPLOYMENT NOW programme are: improving women's position in working life; how to reconcile career and family; support for women entrepreneurs; and dismantling vertical and horizontal gender divisions in working life and training. In Finland, particular priority is given to projects which promote the utilisation of women's resources in working life and improve

women's access to management positions, develop alternative welfare services alongside public service provision, use guidance, training and support circles to promote women's entrepreneurship, and offer women guidance and training for non-traditional fields.

During the 1995-1999 programme period, there will be two application periods for making project proposals. The first application period was in 1995 and, as a consequence, 10 EMPLOYMENT NOW projects were started in Finland. The second application period was January 1-31, 1997 and will lead to another ten or so NOW projects.

The labour administration's other measures to promote equality include an equality action plan approved by the Ministry of Labour in 1990. The aim of the plan was to serve the administration's clients and develop employment, the labour market and working conditions so as to promote gender equality and improve women's position in working life. Equality training is carried out on an integrated basis in all staff training. This is aimed particularly at managerial staff as part of general management development. In result target negotiations headed by the Ministry's management, departments and district administration are also required to commit themselves to promoting equality. Monitoring the achievement of equality goals takes place as part of reporting on operations. For a number of years now, the labour administration has also implemented a personnel policy equality plan. Implementation of the overall equality plan will be more successful if people feel that their own work community is equal.

Participation in working life is regarded as a key aspect in the integration of immigrants into society. At an average of 46% in 1996, unemployment among foreigners in Finland was high compared with the rate for the population as a whole, despite the initiation of projects to promote immigrant employment at certain employment offices. The unemployment rate in some immigrant groups was considerably higher than the average.

A broadly-based committee for immigration and refugee policy appointed by the Ministry of the Interior made a proposal for a Government programme in this sector at the end of 1996 and also proposed various measures to make integration of immigrants more efficient. The merger of the Ministry of Social Affairs and Health's Office for Refugee Affairs with the Ministry of Labour's Migrant Unit on March 1, 1997 was also a step towards this.

In the government division of labour, the Ministry of Labour is in charge of refugee issues, unless these fall within the purview of another ministry, and of immigrants, reception of asylum applicants and measures to promote the integration of immigrants into society. On March 1, 1997, an Immigration Department was founded at the Ministry of Labour which is now in charge of issues such as planning, directing and co-ordinating measures to integrate immigrants into society and into working life, and also the promotion of tolerance and interaction among ethnic groups. In the present, 'two-column' administrative model for immigration, the Ministry of Labour co-ordinates services for immigrants and their integration and also questions related to ethnic relations, while the Ministry of the Interior is, as before, in charge of immigration control and security issues.

A Ministerial Committee to combat racism, led by the Minister for Culture Claes Andersson, approved a plan of action on May 14, 1996. Based on this, the Council of State issued a decision-in-principle on February 6, 1997 concerning administrative measures to promote tolerance and combat racism. The various ministries are expected to introduce practical measures in their relevant fields, and implementation will be monitored at the end of 1997. For instance, the Ministry of Labour is expected to introduce measures to find employment for immigrants and to study discrimination at work.

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

The Advisory Board for Refugee and Migrant Affairs which operates in connection with the Ministry of Labour appointed a division for employment and social security in spring 1995, which prepared an action programme for immigrant employment in 1996. In addition to the different ministries, the Advisory Board also includes representatives of the labour market organisations and immigrants. The Board has a working group on immigrant rights dealing with issues such as measures to counteract discrimination at work.

The Committee of Independent Experts requested additional information on the measures proposed by the Advisory Board for Refugee and Migrant Affairs. The Advisory Board arranged a seminar on immigrant employment and ethnic relations in the workplace in May 1996 in Co-operation with the employer and employee organisations, as part of the ILO's international project on discrimination in the workplace. The Advisory Board intends to continue tripartite co-operation on this issue.

The working group studying the position of women immigrants appointed by the Advisory Board prepared a report in 1996, dealing partly with women immigrants' position in working life. The working group includes representatives of women immigrants. This type of assessment had not been made in Finland prior to the recent April 4 report.

In 1996, the advisory committee continued the *Suvaitsevaan Suomeen* ('Towards a tolerant Finland') project which started in 1994. In 1995, FIM 2 million was allocated for the project, and FIM 1 million in 1996, which has been used to support various projects to promote tolerance, good ethnic relations and employment for immigrants. One of the main projects supported was a basic study concerning a monitoring system for racist phenomena and ethnic discrimination during the period August 1 - December 31, 1996. Funding was also granted for a research project on the prospects for entrepreneurship and self-employment among Finland's ethnic minorities.

The requirements for projects receiving support, of which there were 34 in 1996, were:

- that they were pilot projects;
- that they had a regional or even national impact;

- that they promoted the ability of different occupational groups to encounter a multicultural working environment;
- that they promoted participation in Finnish society by ethnic groups;
- that they increased citizens' knowledge about immigrants, combated prejudices and promoted co-operation between Finns and ethnic minorities.

The following aspects were also taken into consideration:

- improving the employment rate or job creation for ethnic groups;
- participation of representatives of ethnic minorities in planning and implementation;
- improving the professional skills of occupational groups which are essential in immigration issues;
- developing the monitoring systems for racist phenomena and discrimination; and
- the topicality of the issues concerned.

On June 13, 1996, the Advisory Board sent all the ministries and the Association of Finnish Local Authorities a letter designed to promote participation among immigrants and ethnic minorities. The letter commented that little attention had focused on the discriminatory structures inherent in Finnish society, while the media had drawn attention to certain severe manifestations of racism in practice. The Advisory Board proposed that the powers responsible for government and municipal personnel policy should ensure the representation of people of immigrant background or ethnic minorities, especially in organs dealing with issues which concern these groups. Recruitment of such people into the service of both the State and local authorities and other public bodies should also be promoted. Implementation of these proposals will be monitored.

F. The guarantees which prevent any discrimination in regard to members of workers' organisations

Nothing new to report.

Questions of the Committee of Independent Experts

The Committee of Independent Experts has paid attention to amendments made in the Finnish Constitution and in the provisions of the Penal Code. In the next report submitted by Finland the Committee wants to receive information about the practical application of the new provisions. Moreover, the Committee wants to know if the rules of collective agreements and contracts of employment can be declared invalid by virtue of Finnish legislation in case they contradict the principle of equality.

At the moment there is only a small amount of information available in the Penal Code about how the prohibition of discrimination is applied at work in practice because the provision has been in force only for a short time. Also, discrimination at work is typically difficult to substantiate. It can be very difficult to show evidence. Foreigners are often the first people who become unemployed during economic recession, and this

has to be taken account of. Regarding discrimination at work the mechanism of control is not as effective as it is for example regarding equality between women and men.

Following is a decision made by a court of first instance relating to a case in which an employee had been given notice because of pregnancy.

A trader owning a restaurant had given notice to a waitress soon after the trader had heard that the waitress was pregnant. Because the employer had cancelled the contract of employment without a proper and acceptable reason after hearing that the waitress was pregnant the Court took the view that the employer had placed the employee in an unfavourable position because of her gender. The employer was ordered to pay both a fine and compensation to the employee who had been given notice for loss of income, reduction of maternity allowance and annual leave compensation of almost FIM 60,000 with interest.

No appeal against the decision has been made and it is therefore final. There are not yet any decisions made by the Supreme Court on the application of the section of the law.

If the condition in the collective agreement contradicts the provisions of the Act on Equality between Women and Men, the provision is null and void and cannot be applied (Contract of Employment Act, section 50). Generally other parts of the contract of employment stay in force.

The Labour Court, which has the competence to interpret the regulations of collective agreements, can declare invalid a regulation of a collective agreement which is contradictory with the principle of equality.

Article 1, para 3: Free employment services

A. Employment services

Under the Employment Services Act (1005/93), the Government arranges and develops employment services in order to improve the functioning of the labour market and in support of the career development and employment of individuals (individual clients), and also to safeguard a supply of labour for employers (employer clients). All citizens are entitled to free basic employment services arranged by the Government. The employment services referred to in the law are the employment services proper, vocational guidance, labour market training for adults, training and vocational information services, and vocational rehabilitation. The employment services are free for employers, also. In this context, the first and second reports of the Finnish Government are also referred to.

The public employment services aim to ensure that vacancies are rapidly filled with quality staff and that people who wish to change jobs or who are out of work can find work as quickly as possible. The employment services provide information on vacancies

and job-seekers, provide advice and guidance for job-seekers and employers in issues related to finding work or labour, and offer work.

During 1996, an estimated total of 1,008,000 people (same person entered in statistics only once) registered with the employment offices as job-seekers. Compared with the previous year, the total number fell slightly; there were 1,023,000 people in 1995. Most of the job-seekers were unemployed. In 1996, there was a total of nearly 800,000 unemployed job-seekers. The corresponding figure for 1995 was about 808,000. In 1996, some 47,500 of the job-seekers were on unemployment pensions and 161,500 people were either looking to change jobs or came from outside the workforce.

During the year under review, an estimated 193,000 vacancies were registered with the employment offices. The corresponding figure for 1995 was 170,000. The total number of new vacancies in 1996 was only lower than the previous year in the Kainuu labour district. The increase in new vacancies was highest in the labour districts of Uusimaa, Vaasa and Oulu. New vacancies divided by occupational group increased mainly in trade, industry and health care.

In 1996, about 175,500 of the new vacancies registered with the employment offices were filled. Of these, over 109,000 were filled by job-seekers registered with the employment offices. Thus, the percentage of new vacancies filled by job-seekers registered with the employment office was about 60% in both 1996 and 1995. The duration of open vacancies was an average of 16 days during the year under review. In 1995, vacancies remained open for slightly longer, 17 days.

The Committee of Independent Experts has requested information on the reform of the employment subsidy system and its impact on the efficiency of the employment services. The preliminary information concerning the follow-up of the reform is positive. Due to the reform the system is more flexible and effective. Furthermore, the reform has made it possible to take into account the individual circumstances of the person looking for work.

B. Harmonising public and private manpower services

A new Employment Services Act entered into force at the beginning of 1994, ending the old State monopoly in arranging manpower services. A Committee of Independent Experts has inquired into the supervision of private manpower services. No specific authority supervises/monitors the operations of private agencies offering manpower services. Such operations are regarded like any normal business operations. The various authorities monitor the operations of companies offering private manpower services in the case of issues in their individual purviews. The authorities will intervene in these operations if they find something unacceptable. Issues concerning the quality of services fall within the purview of consumer protection, issues of discrimination and the legality of grounds for payment are dealt with by the labour protection authorities, issues of equality are dealt with by the Equality Ombudsman, and data protection is the sphere of the Data Protection Ombudsman. Private associations and companies are, however, not under any obligation to report to the labour authorities about any manpower services

they may be offering. Thus, the Ministry of Labour has no detailed information on the private manpower services on offer.

C. Organisation of public employment agency services

The Ministry of Labour follows the manpower acquisitions and position of employment services using the sample-based employer interviews made by Statistics Finland. According to this survey, slightly less than half of the sample were looking for new employees from outside in 1996 (excluding people in subsidised employment). About 80% of the new employees sought were for fixed-term jobs and only 20% were for permanent posts. About 15% of the new employees acquired in 1996 were, or are, working part-time.

Filling vacancies by an agreed date has been made a target for the employment offices. In 1996, 92% of the vacancies registered with employment offices had been filled by the agreed date of starting work. The corresponding figure for 1995 was 90%. Another target for the employment offices was to claim a large market share. This is measured through the outside-the-workforce recruitment process. This process does not include labour recruitment internally in a workplace, or recruitment from outside the workforce through 'direct contacts'. About 2/3 of the vacancies in this 'external' recruitment process in 1996 were registered with an employment office. About 5% of all employers who hired new employees used the manpower services of educational institutions, associations or organisations. Use of private employment agencies was low - less than 1% of all employers had used it.

Employer services

It was explained in Finland's second report that more attention is being focused on employer services. A systematic study of the satisfaction of employer clients was carried out at all Finland's employment offices in 1995 and 1996. Both years, the employers gave the employment offices an average grade of 8.0 on a scale from 4 to 10. Measures to develop the employment offices' employer client services in 1996 included founding more separate employer service units or teams, so that 50 offices now have one.

More effort was also put into marketing these services, for instance as part of the YTY (co-operation between companies and employment offices) campaign; the number of units specialising in providing temporary jobs was increased; and new forms of operations such as personnel hiring and charged-for corporate services were increased and more tailor-made measures were implemented. A new data system for customer services will also be introduced in 1997-98.

The co-operation project between companies and the employment offices strives to improve co-operation between companies and employment agencies. In connection with this project, a campaign was launched on March 8, 1996 in co-operation with employer

and entrepreneur organisations, aimed at making the full range of employer client services provided by employment offices known to this target group.

The proportion of temporary jobs on the labour market has increased. Separate service outlets for temporary jobs have been set up at certain major employment offices in response to this new need. A separate register has also been set up at nearly all these service points of job-seekers willing to take temporary employment.

Personnel hiring services are another of the labour administration's new service forms for employer clients. This started as an experiment at the Turku employment office, and the experiment was expanded on April 1, 1996 to the Helsinki and Tampere employment offices. The aim is to create a fast and easy way for employers to find labour to meet temporary needs, thus lowering the threshold for employing new people. Personnel hiring also gives employees an opportunity to gain work experience, maintain their professional skills and show what they are capable of. This may help improve their potential for finding work and also give them a better chance of finding a permanent job.

The basic purpose of the experiment is to discover how personnel hiring can be fitted into the service structure of the labour administration. Based on the experience gained, the Ministry of Labour will decide whether to make operations permanent, and on their regional and sectoral extent, by the end of 1997.

The labour administration has developed special business services which are available against a fee as a supplement to the basic services concerning the acquisition and development of manpower. The main service product consists of aptitude tests for use in personnel recruitment. Other services for a fee include team-building and corporate functionality analyses.

Services for job-seeker clients

According to a customer feedback questionnaire in 1996, job-seeker clients were especially satisfied with the friendliness and discretion of service and the expertise of staff. Nevertheless, some customers were dissatisfied with information about selection procedures and candidature for labour market training, the scarcity of self-service points and the availability of information on subsidised employment. They also wanted more information from the employment office concerning the content of the work on offer and the terms of employment relationships.

The following projects have been implemented or initiated with a view to improving job-seeker client services: quality projects at different employment offices, development of recruitment services in co-operation with vocational institutions, polytechnics and institutions of higher education; developed and increased services for client groups; a gradually deepening service model; a new model for drawing up individual job-finding plans for the long-term unemployed; the option of looking for work over the Internet; and continuing development of the national employment agency services data system.

Use of group services increased further during the year under review and has become a key aspect of the employment office service model. During the year under review, some 6,300 groups were active at the employment offices, with a total number of 95,000 participants. Most were information groups. With their help, it has been possible to rationalise the operations of the employment offices and improve the availability of personal services.

Finland's 1996-1999 employment programme requires measures to be taken to reduce long-term unemployment. In December 1996, there were about 134,000 long-term unemployed. Compared with December the previous year, the number of people who had been unemployed for more than a year had gone down by almost 5.5%, or 7,700 people. The percentage of people who have been unemployed for over two years is still growing and in December 1996, they accounted for about 45% of the long-term unemployed.

During the year under review, a working group was appointed to reduce long-term unemployment, its functions being to support the expert groups set up at the employment offices, to develop monitoring methods for long-term unemployment, to develop methods for assessing the efficacy of service packages designed for the long-term unemployed, to support local networking and to monitor international projects connected with long-term unemployment. During the year under review, expert groups were founded and trained for their work at the 25 employment offices with the highest long-term unemployment rates. The task of the expert groups at employment offices is to find ways of reducing long-term unemployment.

Statistical monitoring has been developed to make increasingly detailed information available on long-term unemployment. In accordance with the measures called for in the national employment programme, a project has been prepared aimed at studying the employment potential and need for training and rehabilitation of ageing long-term unemployed and assessing their pension alternatives. Funds were allocated in the 1996 additional budget for hiring 50 fixed-term employment officers for employment offices. The Social Insurance Institution was allocated FIM 20 million in additional funds for discretionary rehabilitation.

The project started on July 1, 1996 in ten municipalities. The employment offices there invited a total of 15,300 customers for interview. On this basis, customers can be referred to medical examinations to study their working capacity and general fitness and to determine any need for rehabilitation or medical care, or they can be referred to rehabilitation assessment through a local office of the Social Insurance Institution. Customers can also be referred to other employment services they may need and also to jobs or training where available.

In September 1996, a job-seekers service was started as an experiment on the labour administration's Internet homepage. Job-seekers can advertise their own skills through this service. Based on the good feedback from this experiment, it was decided to make the service permanent as of the beginning of 1997.

During the year under review, the 'security during change of residence' system, intended to promote labour mobility, was rationalised and the payment procedure was made simpler through an amendment to the decree on benefits related to manpower services. With the exception of accommodation costs, travel costs are no longer paid as mobility grants under the travel compensation regulations of the collective agreement for civil servants. The grounds for reimbursement of travel costs is the number of kilometres x FIM 0.75. Mobility grants had been granted to 10,900 people by the end of October 1996.

Particular emphasis was given to co-operation with the education authorities during the year under review. The aim is to make advisory services and guidance more efficient in co-operation with educational institutions, and to help find jobs for graduates. There is co-operation with university careers and recruitment services in 11 municipalities. No exact data on the volume of these operations is yet available, however. The employment offices' higher education advisors, who cooperate with university careers and recruitment services, have been trained for close co-operation and a new 'anticipatory' working method. Similar careers and recruitment services will be set up at vocational institutes and polytechnics.

Manpower services for the Swedish-speaking minority were developed during the year under review by holding negotiations with the bilingual labour districts and employment offices on how to improve the quality of services. A person in charge of Swedish-language services has been appointed for all the bilingual districts and offices, with the task of ensuring the comprehensiveness, adequacy and quality of Swedish-language services.

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

A tripartite advisory committee system is in place at all levels of the administration, and includes the main employee and employer organisations. There is a labour policy advisory committee in the labour administration, and its manpower services sub-committee focuses on organising and improving manpower services. The members of the manpower services sub-committee are the Confederation of Finnish Industry and Employers (TT), the Employers' Confederation of Service Industries (PT), the Finnish Confederation of Salaried Employees STTK, the Confederation of Unions for Academic Professionals (AKAVA), the Central Organisation of Finnish Trade Unions (the SAK) and the Commission for Local Authority Employers (KT). The sub-committee deals with all operating plans, development projects and other topical issues concerning manpower services, and convenes about once a month. A similar system is also in operation on the district level.

The Committee of Independent Experts has drawn attention to the YTY project mentioned in Finland's second report, wondering why only employers are included in the project. The project in question is a fixed-term project aiming at encouraging employers to use employment office services and increase the registration of vacancies with the offices. In addition to finding jobs for people, the employment offices also take

employers' needs into account. The aim is to be able to offer employers new manpower quickly. The project cannot, however, be viewed in terms of an employers' service; as employers use more manpower services and register vacancies with employment offices, the YTY project will also improve the employment prospects of the unemployed. In this respect, we refer to section C, which contains reports on a number of projects which are aimed at, and expressly developed for, job-seeker clients.

The Ministry of Labour and the Association of Finnish Local Authorities signed an agreement of intent on October 10, 1995. The purpose of the agreement is to commit the signatories to systematic co-operation in promoting employment. The aim is to involve all the parties that need to cooperate in solving the unemployment problem at the local and regional level, i.e. the labour and other authorities, local authorities, educational institutions, interest organisations, companies, NGOs and other representatives of free citizens' organisations. The aim is to get these parties to take genuine responsibility for employment, especially the prevention of long-term unemployment, and to commit their own resources to promoting job creation.

Agreements of intent can exist on many different levels. They nevertheless almost always agree on wage-based measures. In this respect, the agreements do in fact correspond largely with the aims of labour policy and the scope allowed by the Employment Decree. The local authorities consider the agreement an encouraging expression of joint aims, and measures are now being planned systematically. Agreements are thus used to mark a clear direction for co-operation by various parties at the local level. The employment offices can also see that employment co-operation with the local authorities has been long-range and reliable. Negotiations on corporations with local authorities are held about once a year. The aim is to define jointly what the local authority's role should be in promoting employment, so that each party can prepare for the agreed job-creation measures in allocating their resources.

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

The Employment Services Act (1005/93) provides a legislative guarantee of the availability of employment services. Access to these services has also improved; in addition to the national network of employment offices, applicants now have options such as looking for work via the Internet.

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

The key elements in implementing Finnish labour policy in addition to employment services and wage-based job-creation measures are vocational guidance, training and vocational information services, rehabilitation and labour market training for adults. In this respect we also refer to the Finnish government's previous reports.

Vocational training and guidance

The legislative base of labour market training for adults is an act issued on August 3, 1990 (763/90) and a decree issued on October 5, 1990 (912/90). No amendments were made to the legislation in 1996.

The purpose of the act is to promote and maintain the balance of supply and demand for labour on the labour market by providing training for adults, and to combat unemployment and counteract labour shortages. The training on offer consists mainly of vocational training. It is available from, for instance, vocational adult education centres and other vocational education institutions and institutions of higher education, and from other providers of appropriate training. Students are paid a training allowance or labour market support equal to the daily unemployment allowance for the period of training and are also eligible for other social benefits for students.

The labour administration determines the need for training, arranges competitive bidding, commissions training and also selects the students. The choice is influenced by issues such as how long applicants have been unemployed and what their chances are of finding work without training. Labour district offices arrange for most of the training.

All clients of the labour administration, regardless of nationality, can apply for labour market training. Due to limited resources, only about 50% of all applicants are accepted for training. There is also training specifically for foreigners and immigrants. Similar projects are also carried out as part of the ESF Objective 3 programme.

Funding used for labour market training for adults 1991-1996 (FIM million):

	1991	1992	1993	1994	1995	1996
Training acquisition	613.6	763.8	787.7	837.0	921.0	1,065.1
Social benefits for students	768.6	1,164.7	1,239.4	1,074.2	1,072.0	1,219.7
Total	1,400.2	1,928.5	2,027.1	1,911.2	1,993.0	2,284.8

Due to the continuing high level of unemployment, the volume of labour market training for adults entirely subject to national funding was increased compared with the previous year. The aim for acquisitions in 1996 was 8.4 million student work days, while the corresponding figure for 1995 was 7.6 million.

The aim was achieved. During the year under review, there were an estimated 43,000 students per month involved in training, 5,000 in training forming part of ESF

programmes. A total of 118,400 people started training; the corresponding figure for 1995 was 93,100. Most of the labour market training focused on unemployed people, those threatened by unemployment or those who had been laid off (90%). 19,700 of those who started labour market training in 1996 were long-term unemployed, compared with 14,000 a year before.

The labour authorities also have the option of acquiring training jointly with employers when the people being trained are employees who are, or will be, in the service of the employers concerned. In such cases, the employer contributes to the funding. Courses focusing on work abroad are also arranged in the form of labour market training by some adult and further education centres. These courses focus on issues such as the language of the target country, its geography and traditions, and its culture both at work and in general.

The statistics on finding employment after labour market training have improved even further. By the end of September 1996, 44% of those who completed training found work within two months of the end of training. The corresponding figure for 1995 was 39%. The improvement was partly brought about by an increase in training for individual companies.

According to labour policy research, labour market training has reduced unemployment and its duration, improved prospects for finding a new job, and reduced the threat of unemployment. During the year under review, a training quality development project also began. The aim was to find ways of ensuring training quality and new operating models for making training more individual and closer to working life, and to assess and develop the functionality and efficiency of training implementation processes, starting at the planning stage and ending with prospects of finding work after completing training.

Vocational rehabilitation

In the 1991 amendment of the rehabilitation legislation, vocational rehabilitation was made the responsibility of the Social Insurance Institution (obligation to arrange), the education administration, the labour administration and insurance and employment pension institutions. The legislation on vocational rehabilitation makes it possible to provide training for the disabled in all forms of vocational training, i.e. basic vocational training and further training. The aim of training is to provide the best possible vocational qualifications. The labour administration's vocational rehabilitation consists largely of vocational guidance for the disabled; advice on finding work or applying for training; guidance; labour market training; and support for work placement and vocational guidance. Increasingly often, training includes personal curricula, trainee work and training periods in the workplace. Disabled people's access to apprenticeship training has also improved.

The Social Insurance Institution (SII) must investigate the insured person's need for rehabilitation if required, and at the latest when daily sickness allowance has been paid for more than 60 days. The purpose of this provision was to make early diagnosis of

rehabilitation needs more efficient. Over 3,000 clients were referred for such rehabilitation needs analyses.

The Social Insurance Institution must arrange vocational training and guidance for disabled people whose potential for earning an income is considerably reduced due to illness, injury or disability. This SII rehabilitation can support basic training, vocational training or studies at a university, or support a person in entrepreneurship or in practising a profession. A new form of vocational rehabilitation that the SII is now obliged to arrange is training to maintain and improve working capacity. Clients may now appeal against a rehabilitation decision issued by the Social Insurance Institution, a fact which represents an improvement in clients' legal position.

During 1996, a total of 14,865 disabled people, or 2% more than the previous year, received vocational rehabilitation within the SII's obligation to arrange this. 3,148 rehabilitation need analyses were carried out. Vocational training, higher education or courses were arranged for over 6,000 disabled people - a lower number than the previous year. The number of people who received training to maintain and improve their working capacity, about 4,400, was clearly higher than the previous year. This type of training is arranged in co-operation with the workplace and occupational health service. 177 disabled people received income support.

The SII also provided vocational rehabilitation in the form of expensive advanced aids for over 400 severely disabled people who needed them for their work or studies. The SII also paid rehabilitation allowance, which replaces wages during periods of vocational rehabilitation, to about 11,000 disabled people.

According to studies carried out by the education authorities, the legislation on vocational training has made it possible to arrange special teaching both in specialised vocational training institutions and as part of vocational training in general, either in an integrated form or in special groups. The number of people receiving special teaching has gone up, although there is no up-to-date statistical information available. Some 3,400 of the about 6,000 disabled students receiving special teaching studied at general vocational institutions and the rest at specialised institutions, of which there are 15 in different parts of Finland. A raised State subsidy is paid for severely disabled students. Students can finance their vocational studies either with general State financial aid to students or with rehabilitation allowance and compensation granted by the SII.

The labour administration arranges vocational rehabilitation as a manpower service and also provides discretionary benefits for disabled clients, mainly to promote their placement on the open labour market. The 1996-1999 employment programme sets aims for vocational training for disabled unemployed people and for furthering their employment prospects. The manpower services had 65,172 disabled clients, or 7% more than the previous year. The disabled accounted for 8% of all unemployed people using manpower services. An estimated 5% of disabled job-seekers are severely disabled. Careers guidance had 14,486 disabled clients, or 35% of the total number.

Altogether 11,000 measures in support of vocational counselling and job placement. These included various health examinations and rehabilitation need assessments, work

tryouts in the workplace and 'work clinics', and work and training tests at educational institutions; the number was a considerable increase on the previous year. A total of 19,000 disabled people, or 18% more than the previous year, found jobs on the open labour market without needing support measures.

The labour administration mainly provides vocational training as labour market training for adults. The training can be acquired from vocational adult education centres, other vocational training institutions, or higher education institutions. Students selected for labour market training are entitled to a training allowance and other social benefits for students. 7,388 disabled job-seekers started labour market training, 47% more than the previous year. 1,345 disabled job-seekers started other training. Disabled people have also taken part in training projects carried out with support from the European Social Fund (ESF), and this is reflected in an increase in the number of people starting labour market training.

As in the previous year, about 11,000 disabled people found subsidised jobs in the private or public sector arranged with employment appropriations. Support was also granted to over 1,000 disabled people about to become entrepreneurs, enter apprenticeship training or other such measures. Less than 100 disabled people entered sheltered work, putting the total of people in sheltered employment relationships at about 3,000, most of them severely disabled.

The rehabilitation legislation in the insurance sector (accident and traffic insurance and employment pension institutions) makes it possible to implement a wide range of tailor-made training and guidance programmes. The number of participants in vocational training, work preparation, and business training and similar rehabilitation programmes was still low, compared with the number of people with employment pensions, at only 3,000 clients. Half were accident and traffic insurance clients, and the other half rehabilitation clients of employment pension institutions.

ARTICLE 5

THE RIGHT TO ORGANISE

In respect of the right to organise the labour legislation has not been changed. We refer to previous reports. The Committee of Independent Experts has requested information concerning the International Maritime Register Act (1707/91). The Committee would like to know whether there is any nationals of Contracting Parties to the Charter employed on Finnish vessels included in this register. If so, it asks whether these seamen's right and opportunity to join the trade union of their choice has been restricted. At the moment, there are no foreign seamen employed on Finnish vessels. The right of the seamen - whether Finnish or non-Finnish - to join the trade union of their choice has not been restricted in any way.

ARTICLE 6

THE RIGHT TO BARGAIN COLLECTIVELY

Article 6, para 1: *Joint consultations*

The legislation concerning collective bargaining has not been changed. We refer to Finland's previous reports. The Committee of Independent Experts has requested a description of the joint consultation bodies that exist at national and regional level in all sectors of economy, as well as a description of the procedure followed and the fields covered. The parties to collective bargaining have been introduced in the second report submitted by Finland.

According to the Act on mediation in labour disputes (429/62) the national conciliation officers have the object of furthering the relations between employers and workers or civil servants and their organisations. At the regional level the district conciliation officers have the same duty. One duty of the national and regional conciliation officers is to prevent labour disputes and to uphold peace on the labour market. The procedure is to be determined by the conciliation officer. Among other things, the procedure includes ongoing consultation between the labour market organisations and giving information to different parties.

The Finnish State employs people within the scope of the national budget under two different forms of employment relationship. The main form of State employment is as civil servants (about 75 per cent), while the remaining personnel are employed on individual contracts as State employees (about 25 per cent). In 1996, the budgeted State personnel figure was around 122 000.

The negotiating parties and the procedure in joint consultations are therefore defined both under the Act and Decree on Collective Agreements for State Civil Servants and under the Collective Agreements Act. Because the provisions relating to State employees mainly corresponds to those on the general labour market, they are not more closely dealt with in this answer.

At the central level the Ministry of Finance, represented by the State Employer's Office represents the employer interests of government agencies. Sixty of these are employers at central-government level. The remaining agencies and regional and local administrative units are at the local level. The Office of the President of the Republic, Parliament, the Bank of Finland, the Social Insurance Institution and the Government Guarantee Fund fall outside the scope of State Employer's Office agreements.

The Confederation of Unions for Academic Professionals AKAVA represents employees in the public sectors through its public-sector branch, the AKAVA-JS. The Finnish Confederation of Salaried Employees STTK negotiates with State employers through its public-sector branch, the STTK-J. The Joint Organisation of State

Employees VTY represents State employees belonging to member unions of the Central Organisation of Finnish Trade Unions, the SAK.

The joint consultations are held and agreements reached at two levels, central and individual agency levels. General terms of employment as well as the framework for the agency-specified collective agreements are negotiated and agreed centrally by the State Employer's Office and the relevant employees' central organisations.

The above mentioned framework consists of any pay adjustment to be made in the period concerned and other general terms of employment. General terms of employment include e. g. working hours and pay benefits in times of sickness and maternity leave, and the aim is for these to be consistent throughout the service. The obligation to preserve industrial harmony throughout government service already exists under this central-level agreement.

At the level of the individual agency, the agency and the local branches of the civil service unions make supplementary collective agreements on the agency's pay system and the allocation of pay adjustments and any other arrangements meant for individual agencies, within the cost framework adopted at the central level. Thus, individual agencies can agree on the arrangements that suit their operations best and boost their financial performance most effectively.

Furthermore, it may be mentioned that the Employer's Association for Public Enterprises represents both unincorporated State enterprises and some public corporations. The number of personnel represented was in year 1996 around 18 800. Joint consultations are organised under the Collective Agreements Act by procedures corresponding to those followed in the private sector and to some extent under the Act and Decree on Collective Agreements for State Civil Servants.

A general joint consultation agreement at the local level (municipalities) has entered into force on 1 September 1993. The agreement is based on the earlier amended Section 3, subsection 4 of the Local Collective Bargaining Agreements Act which, in addition to the basic agreement, provides for a procedure for joint consultation between the employer and the personnel. Resembling the traditional collective bargaining agreements, the general joint consultation agreement is binding for municipalities and joint municipal boards, but it can be replaced by a local joint consultation agreement. More than 300 local joint consultation agreements have been concluded. The main reason for concluding such local agreements has been the idea of combining the controlling of safety at work with other forms of joint consultation.

In respect of disagreements the present model of organising joint consultation provides for a possibility to bring the matter as far as to the Labour Court. The parties to the general joint consultation agreement have been able to draw up instructions and create application models for the new agreement.

Article 6, para 2: Machinery for voluntary negotiations

A. Encouraging employers and employers' organisations and employees' organisations to undertake collective bargaining

In this respect, there was a legislative amendment during the year which offers more scope than before for collective bargaining agreements. The new Working Hours Act (605/96) entered into force on November 23, 1996. As noted earlier, the aim of the new Working Hours Act is to make the legislation on the subject simpler and clearer. Flexible working hours are designed to satisfy the needs of both employees and employers.

The new Working Hours Act extends the right of both parties to employment relationships and the labour market organisations to reach agreements that differ from what is set down in the Act. The purpose of the extended freedom of agreement is to enable the parties to collective bargaining agreements and employment contracts to take the specific needs of a company or sector into account in decisions concerning regular working hours.

B. Collective bargaining machinery and its results

In this respect we refer to previous reports.

C. The problem of union recognition

Noting new to report.

Article 6, para 3: Conciliation and arbitration

A. Machinery for the settlement of disputes

Conciliation

In this respect we refer to previous reports. In 1996, the national conciliator conciliated in 4 labour disputes. There were no strikes at all in 1996. District conciliators conciliated in 4 labour disputes. There were 2 walkouts caused by district-level labour disputes.

Arbitration of labour disputes and court procedure

The Committee of Independent Experts has requested information on the arbitration procedure. According to the Act respecting the Labour Court (646/74) a matter coming within the jurisdiction of the Labour Court may, in pursuance of the terms of an employees' or civil servants' collective agreement, be referred to arbitrators for decision in accordance with the Arbitration Act (965/92), except where there is a plea that the collective agreement should be declared to be rescinded under the Collective Agreements Act, the Act on collective agreements for the civil servants, the Act on collective agreements for local government officials or the Act on collective agreements for officials of the Evangelical Lutheran Church. The Arbitration Act includes provisions concerning the arbitration agreement, arbitrators, procedures and the award. Cases that are being solved by arbitration are not subject to any register.

B. The compulsory nature of conciliation

Nothing new to report.

C. Procedures for settling disputes in the public sector

Nothing new to report.

Article 6, para 4: Right to collective actions

A. Safeguarding the right to take collective action

The Committee of Independent Experts has asked whether the workers who are not affiliated to a trade union may call a strike. Unorganised employee's and employer's, who are not bound by the collective agreements, right to start a strike has not been regulated anywhere. The right to collective action and the right to strike can be concluded from the fundamental rights of the Constitution Act (94/1919). The right to strike is one of the basic principles of our legal system. According to the Employment Contracts Act the worker's participation in a strike or other industrial action cannot be regarded as a particularly weighty reason for the termination of the employment contract.

Civil servants

According to Section 10 of the Decree on Collective Agreements for State Civil Servants some high-ranking civil servants are defined as being employers and they represent the State in collective bargaining and in cases of industrial actions. Because

of their position all these civil servants are denied the right to strike. The number of these civil servants is approximately 1500.

B. General restrictions concerning the right to collective action

According to the Collective Agreements Act an employer and employee bound by a collective agreement must refrain from any hostile action directed against the collective agreement as a whole or against any particular provision thereof. The Committee of Independent Experts has requested further information on cases in which the Labour Court examined whether collective action undertaken during the period covered by a collective agreement was unlawful.

In almost every case concerning unlawful collective action examined by the Labour Court, the collective action was directed against a particular provision of a collective agreement in force. Collective actions directed against the provisions concerning remuneration or working time or collective actions directed against the employers right to supervise and direct were the most common.

C. Restrictions on the right to strike under special circumstances

Nothing new to report.

D. The effect of strikes and lockouts on the terms of employment

Nothing new to report.

E. Statistics concerning collective action

Statistical information concerning the strikes and walk-outs of 1996 is enclosed.

ARTICLE 12

THE RIGHT TO SOCIAL SECURITY

Article 12, para 1: System of social security

Social security has remained basically unaltered compared with previous years. However, due to economic recession changes have been made in the level and structures

of social security. These changes have been necessary to hold down the increase of social security expenditure.

Some significant changes have been made in the residence-based social security provisions administered by the Social Insurance Institution during the period of reporting from 1 January to 31 December 1996. Changes have also been made to the employment pension insurance scheme during the period of reporting. In the long term the purpose of amendments made to the employment pension scheme during the period of reporting is to guarantee the sufficiency of employment pension funds and in that way to improve employment pension security from what it would be without these changes.

A. Changes in the national pension insurance scheme

The national pension is meant to guarantee, more clearly than before, a minimum income to persons who do not have an earnings-related employment pension or whose pension is very low. The national pension has been totally pension-related since 1 January 1996, i.e., people are not entitled to a national pension if the employment pension they receive from another pension system is higher than a certain amount. The national pension acts as a minimum pension. The purpose of the employment pension is to safeguard that a person maintains the same level of consumption after retirement that he/she had before retirement.

From the beginning of 1996 a national pension was no longer granted if the employment pension of a person living alone in the cost-of-living class I of the municipality was more than FIM 5,294 per month and in the cost-of-living class II of the municipality more than FIM 5,078 per month. For married persons the limit is FIM 4,670 per month in class I and FIM 4,488 per month in class II.

In 1996 the national pension still consisted of a basic amount and a supplementary amount. However, in regard to pensions granted in 1996 the basic amount is pension-related and it can be zero if the amount of employment pension is higher than the figures mentioned above.

From the beginning of 1997 there have been no basic and supplementary amounts in the national pension, but it consists of one pension-related part. If the amount of some other pension that the person receives is so high that he/she would not be entitled to a national pension, but the person is nevertheless paid the basic amount of the national pension in line with the Act in force, the basic amount will be gradually reduced. In the beginning of 1996 the basic amount paid was reduced by FIM 60 per month. After this the amount of the national pension will be reduced by 20 % per year from the 1996 level until the basic amount will be suppressed in 2001.

The funeral grant, child supplement and spouse supplement were removed from the national pension scheme in the beginning of 1996.

A normal index increment of 0.3 % was made to pensions in the beginning of 1996 which is equivalent to the increase in the cost-of-living during the period of October 1994 - October 1995. However, no index increment equivalent to the increase in the cost-of-living during the period of October 1992 - October 1993, was made in 1994. Likewise, no index increment in the benefits for the disabled was made in 1996 (child care allowance, invalidity support, care allowance for pension recipients).

As a result of the index increment made in national pensions in 1996 and an index increment in employment pensions, the deletion of national pension premium and the reduction of sickness insurance contribution the amount of pensioners' total pension income did not reduce.

Changes made to the national pension scheme are caused by the clarification of the system and reasons related to the state economy. The pension expenditure will increase due to the population's age structure as the post-war baby boom generations will retire around the year 2010. The minimum pension target level of the national pension does no longer require that a person needs to be paid a flat-rate basic amount regardless of the amount of the employment pension because as a result of the gradual implementation of the employment pension scheme an average pension level is estimated to be 60 % of income, which is the target level of employment pension.

B. Changes in the national sickness insurance and maternity insurance systems

The system of sickness daily allowance and rehabilitation have been reformed so that sickness daily allowance gives compensation only for lost income. This means that the minimum amount of sickness daily allowance is removed. The daily allowance will be calculated the same way as at present, i.e., on the basis of earnings declared in taxation or of the application of the insured person by estimating his or her earnings and deviating from taxation in accordance with the requirements of the Act. If no earnings declared in taxation exist or if the earnings cannot be estimated on the application of the insured person, a daily allowance will not be paid. However, unemployed persons maintain in certain cases their right to sickness daily allowance or rehabilitation allowance calculated on the basis of the level of unemployment security.

A precondition for receiving the daily allowance is that the person earns at least FIM 5,000 per year. Nevertheless, a sickness daily allowance can be granted on the basis of a means test if a person without income or with low income has been unable to work uninterruptedly for 60 days or more. The maximum amount of a means tested sickness daily allowance is FIM 60 per day.

Removing the minimum amount of the daily allowance or adjusting the lower limit of earnings did not affect maternity, paternity or parent's allowance. The allowance is at least FIM 60 per day. It corresponds to the basic amount of child home care allowance.

The medical care compensations of the sickness insurance were changed as from 1 January 1996 so that the refund percent of dentists' fees for the examination and

preventive care of mouth and teeth was lowered from 90 to 75 % concerning patients born in 1956 or after.

C. Unemployment security and labour market benefit

Labour market benefit

The amended Act on Labour Market Benefit entered into force at the beginning of 1996 and it limited the right of persons aged 17-19 years to the labour market benefit. To counterbalance the limitation of the right to the labour market benefit, education and training as well as measures relating to labour policy were to a considerable extent increased. In practice education, training or other active alternatives are offered to everyone affected by the limitation on labour market benefit.

In line with the Act, unemployed persons aged 17 without a vocational education and do not participate in labour policy measures are not entitled to the labour market benefit. People aged 18-19 without a vocational education will lose their labour market benefit if they refuse to accept a job, education or training, in-plant training, work experiment or rehabilitation without cause. Persons aged 18-19 will maintain their right to the labour market benefit if they have a vocational education. Persons aged 20 or over maintain their right to the labour market benefit even if they do not have a vocational education.

The waiting period of the labour market benefit was extended from three to five months. This waiting period concerns persons who enter the labour market for the first time. The waiting period is not applied if the applicant has a vocational education or if the labour market benefit is paid as an extension of the maximum period of the daily allowance for unemployment. The amount of child supplements associated with the labour market benefit was lowered. The increase is FIM 9.60 for one child, FIM 14 for two children and FIM 18 for three or more children. The amounts of the benefit are shown in the following table.

Full amount of labour market benefit (before tax deductions)

	FIM/day	FIM/month
Living alone	118	2,537
Liable for maintenance, 1 child	127.60	2,743
Liable for maintenance, 2 children	132	2,832
Liable for maintenance, 3 children or more	136	2,924

Since the beginning of 1996 the payment of the labour market benefit starts after an unemployed job applicant has been registered in an employment office at least for five days (waiting period). If the applicant is participating in labour policy measures during the waiting period the labour market benefit will, however, be paid.

In addition to labour market benefit, expenses relating to travelling, accommodation and maintenance will be paid to persons participating in labour market training.

The Unemployment Allowances Act

In 1996 no significant changes concerning the Unemployment Allowances Act entered into force.

D. Changes in the employment pension scheme

In the beginning of 1996 changes were also made in the employment pension scheme.

The right to future time pension

On certain conditions an employee can have the right to a pension benefit which is calculated for the period from the occurrence of pension contingency to personable age. A precondition for this benefit is that the employee first of all has lived in Finland before the occurrence of pension contingency for at least five years. This period also includes periods of time during which the person has lived or worked in an EU/ETA country or in a country with which Finland has a social security agreement.

Because Finland has no bilateral social security agreement referred to in Article 12, para 4 of the Social Charter with Cyprus, Malta or Turkey and Finland is not a

Contracting Party in the agreements of the Council of Europe concerning the co-ordination of social security (European Convention on Social Security, European Interim Agreements on Social Security) which would oblige to accumulation of insurance periods, living or working in these countries is not considered to be comparable with living in Finland. From the beginning of 1996 a precondition has also been that the person has to be insured for at least 12 months in Finland during the period of ten years immediately preceding his or her pension contingency.

Survivor's pension

A widow/widower born before 1 July 1950 who is without children has the right to a surviving spouse's pension before the age of 50 if he/she was married to the person through whom the benefit is derived on 1 July 1990. Previously only widows had this right. From the beginning of 1996 there has been equality between the sexes as also widowers were given the same right.

Rehabilitation allowance

From the beginning of 1996 the rehabilitation of employees has received increasing attention in legislation. A fixed-term invalidity pension was changed to a rehabilitation allowance. This can be granted if the person can be made at least partially capable for work with care or rehabilitation for which purpose a programme of care or rehabilitation is prepared for the employee. If rehabilitation is not possible the person unable to work will be granted invalidity pension.

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Pensions as well as salaries and wages on the basis of which the pensions are calculated, self-employed person's earnings and the amounts in employment pension acts are linked to an index which is based on procentual changes taking place yearly in prices as well as in wages and salaries.

There have been two index series in use since 1996. For persons under 65 there is the index of people in working age on which changes in wages, salaries and prices affect equally. Another index, the index for pensioners, is meant for the adjustment of pensions after the year in which the employee reaches the age of 65. In this index changes in prices are more important than changes in wages or salaries.

Linking employment relationships together

An employment relationship is insured in accordance with the Employees' Pension Act, Section 1, subsection 1, if the employment continues uninterruptedly for at least a month and the amount of salary/wages is at least as high as the limit in Employees' Pension Act (FIM 1135.14 in the 1997 index level).

Before 1996 employment relationships of the length of less than one month were insured if the employee had had temporary employment relationships with the same employer during at least three successive months. Also, in each month the earnings have to be at least as high as the limit of earnings in the Employees' Pension Act and the number of working hours has to be at least 20.

At the beginning of 1996 the minimum number of months was altered from three to two. Employment relationships which last less than one month are insured in accordance with the Employees' Pension Act if the employee has had temporary contracts with the same employer during at least two successive months, the number of working hours is at least 20, and the amount of remuneration is at least as high as the limit in the Employees' Pension Act per month.

Employment relationships of the length of less than one month are linked together so that the employment relationship starts on the day of the first employment relationship from which remuneration was paid for the first time and the last day of the employment relationship is the day from which remuneration was paid for the last time.

Salary/wages on grounds of which pension is paid

In accordance with the Employees' Pension Act the income on which the pension is based is now calculated on grounds of a maximum of 10 last years of an employment relationship (previously the four last years) of a calendar year. In the calculation a maximum of one third of years during which the income was less than 50 % of the average of all years is not taken into account.

The change will come into force gradually by the year 2006. During the transitional period both the old and new rules are in force if the employment relationship existed on 1 January 1996 and continued after that date. The years before the year 1996 that are taken into account are chosen in accordance with the old rules. Therefore, only four years, the years 1992-95, can be taken into account, and of these the two most average years of income are selected for calculations. The years of income after the year 1995 are added to these year by year. The maximum number of years taken into account is 10. When the number of years at work after 1995 is 10, the years preceding the year 1996 are not taken into account.

Personable earnings can also be calculated in another way. If the income has lowered remarkably for instance due to sickness and personable earnings are not as high as the employee's normal level of income, the personable earnings can be adjusted in a discretionary way. Previously, a condition for the adjustment was that there has to be an effect of 7.5 % to pension level. In line with the law reform which entered into force in the beginning of 1996 an effect of 20 % to pension level is required.

Future period growth percentage

In accordance with the former rules both the employment pension accrued before the occurrence of pension contingency and the future period employment pension was 1.5 % per year. During the period of employment the pension accrued 2.5 % a year from the beginning of the calendar year during which the person reached the age of 60 years. Pension can accrue in line with this increased accrual from 1 January 1994 at the earliest. From the beginning of 1996 the accrual for the part of the future period became 1.2 % a year in the age group 50-60 years and 0.8 % a year in the age group 60-65 years. For the period of employment the accrual continues to be the above mentioned 1.5 and 2.5 %.

Changes in accrual only concern occurrences of pension contingency after the entry into force of the new system.

Integration

It was laid down that the integration limit of pensions is 60 per cent of the highest remuneration in an employment relationship the minimum length of which is one year. The so called national pension reduction will not be made to the co-ordination limit of pensions. This reduction was six per cent of the difference between the co-ordination principle and FIM 7263.10 (the 1996 index). However, the maximum amount is the basic amount of the national pension in November of the previous year. The national pension will therefore not influence employment pensions granted since 1996.

E. Employment accident insurance

Legislation relating to employment accident insurance has not been amended during the period of reporting.

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

When estimating the level of social security the schemes of national pension and employment pension as well as unemployment benefits should be considered as an entity. The benefits paid on the basis of these systems fulfil the requirements of the ILO Convention 102 concerning Minimum Standards of Social Security. However, the benefits paid from the national pension scheme as well as basic daily allowance and labour market benefit probably fulfil the minimum requirements concerning the benefit level and coverage by themselves.

Concerning the national pensions it can, nevertheless, be stated that the situation has not changed since 1994 so that a person who moves to Finland and will soon reach or already is in the personable age will not receive a pension that fulfils the requirements

of the ILO Convention 102 because there is not enough time for the pension to accumulate to full amount. People who have no other income and do not receive a pension from a foreign country can receive a living allowance and a housing allowance.

Article 12, para 3: Development of social security

The aim in the development of Finnish social security is to encourage people to work. Social security should support employment and people to find employment, education, the maintenance of working capacity and rehabilitation. As an example can be mentioned that in the beginning of 1996 fixed-term invalidity pensions were changed to rehabilitation allowances.

The purpose is also to simplify the present system and ensure the financing of social security also in the future. Therefore changes have been made to social security and certain benefits have been cut during the last few years. Various researches and information show that the subsistence of the population has not remarkably weakened and that the income level of households lowered relatively evenly during the years of recession. According to the most recent information the number of people living below the subsistence level has not increased and no significant changes have taken place in income distribution.

Additional question of independent experts related to the Article

The rate of the basic unemployment allowance is adjusted in line with the significant changes in general earnings levels. The most recent adjustment was effected on 1 January 1995, when the rates of both the allowance and the child increase were raised (FIM 118 per day, increase for one child FIM 24, for two children FIM 35 and for three or more children FIM 45 per day). No adjustment was carried out in 1996 or 1997.

The rate of full labour market benefit is equal to the basic unemployment allowance except for the child increases (See Article 12, para 1, C Labour market benefit). However, the benefit is means-tested.

In 1996 there were 93,634 persons receiving a basic daily allowance and the average amount was FIM 119.50 per day. An earnings adjusted daily allowance was paid to 468,805 persons. The amount of the daily allowance was around FIM 212.90 per day. In 1996 there were 314,922 individuals receiving a labour market benefit, the average amount of which was FIM 113.70 per day. It has to be noticed that the same person can have received both a daily allowance for unemployment and a labour market benefit during the year.

Self-employed persons have two pension funds which have a total of 8,000 members. The funds paid earnings adjusted daily allowances to 6 persons in 1996. Moreover, the

funds paid daily allowances to 104 persons who had acquired the right to a daily allowance for employment as employees. The average amount of the daily allowance for employment was FIM 247.30 per day.

A temporary law concerning the dental health care of adult persons has been enacted. It enters into force on 1 October 1997 and is valid until 31 December 1999. In accordance with the Act persons born in 1955 or earlier are refunded for dentists' examinations of mouth and teeth as well as preventive care not more often than every third calendar year. The refund is 75 % of the fee. The purpose is to find out ways to support the dental health care of this part of population from public resources during the validity of the Act. For reasons relating to state economy it has not been possible to extend dental health care to cover the entire adult population.

The level of medical expenses refunded within the system of health insurance are shown in the following table.

	Deductible (FIM)	Post deductible expenses covered	Average cover(%)
Basic refund	50.00	50	38.2
Special refund	25.00	75	70.1
Special refund	25.00	100	95.7
Doctors' services	-	60*	38.0
Dentists' services	-	60/75/100*	53.1
Examination and treatment	70.00	75*	41.5
Transportation	45.00	100	84.8

* Refunds calculated according to a fixed scale of charges.

Note: Medicine and travel expenses exceeding FIM 3,166 and FIM 900, respectively, are refunded in full.

Source: The Social Insurance Institution

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

During the period of reporting no new agreements entered into force or changes were made to the existing agreements. Nevertheless, international co-operation mentioned in Article 12, para 4 of the Social Charter has taken place and the agreements or amendments to agreements made during the period of reporting will enter into force during the following period of reporting.

Questions of the Committee of Independent Experts

a) Family benefits

In accordance with the Act on Child Allowances a child allowance is paid for children living in Finland. Therefore, the right to a child allowance is solely residence-based. Whether the guardian is gainfully employed or not is of no importance. Thus, the benefit is also paid to other than gainfully employed parents. Also, the entitlement does not depend on the payment of insurance premiums because the entire system is state financed. Furthermore, the parents' or children's nationality has no importance.

A child allowance can also be paid exceptionally for a child living abroad for instance when the provider works in a foreign country for a Finnish employer and the child lives abroad with the provider. In line with EC regulation 1408/71 a child allowance is also paid for a child living in another EU/ETA country if the provider works in Finland.

A child allowance is paid to the citizens of Turkey, Malta and Cyprus on the same basis as to Finnish citizens. In accordance with the law the allowance cannot be paid if the child lives in a foreign country even if the parents live or work in Finland. There are no statistics available regarding these kind of situations.

According to the information of the population register there were 1 527 Turkish, 23 Cypriot and 8 Maltese citizens living in Finland on 1 April 1997. No statistical information is available concerning the number of their family members living outside Finland.

b) Payment of employment and survivors' pensions as well as other pensions abroad to a non-Finnish national

In Finland the Employees' Pension Act prescribes that the pension a non-Finnish citizen has earned in Finland cannot be paid abroad without the permission of the Central Pension Security Institute. In these cases it is question of paying the pension to other than EU/ETA countries or to a country with which Finland has a bilateral social security agreement. Under certain conditions the Institute can permit the paying of the pension abroad.

Where the country whose national the pension applicant is, pays reciprocally pensions to Finnish citizens this usually constitutes special grounds for permission. If there is no reciprocity, attention is paid to the length of the period the person has lived and worked in Finland. Also, the applicant's family or other ties to Finland as well as the reason why the person moved to a foreign country may influence the decision. The permission is always given if the pension applicant is a former citizen of Finland or a refugee. Concerning survivors' pension the permission has been granted if the person through whom the benefit is derived is a citizen of Finland.

The Central Pension Security Institute has denied permission in cases in which the native country of the pension applicant does not pay pensions to Finnish citizens reciprocally and the pension applicant has not given the above mentioned particular reasons.

So far no national of Turkey, Cyprus or Malta has applied for a permit from the Central Pension Security Institute. It has to be noted, however, that the employment pension is paid to the citizens of these countries when they live in a country with which Finland has made a social security agreement requiring the payment of pensions to the nationals of third countries. These countries are the Nordic countries, Germany, Luxembourg, Great-Britain, Switzerland, Canada and Quebec and the United States.

c) Payment of national, survivors' and invalidity pensions to the citizens of Turkey, Cyprus or Malta

In accordance with the law a national pension and a survivors' pension can be granted only to a person living in Finland who has resided here at least for a minimum length of time prescribed by law. Finnish citizens have to have lived in Finland at least for three years. Non-Finnish citizens need to have resided in Finland at least for five years during the period immediately preceding the granting of the pension.

Citizens of EU and ETA countries (employees and their family members) do not have to have lived for five years in Finland, but in line with the principle of equal treatment they are considered equal with Finnish citizens and the waiting period is three years. In the waiting period insurance accrued in other countries are also taken into account if the person in case has resided in Finland at least for one year. Also, citizens of countries with which Finland has bilateral agreements have a waiting period of three instead of five years.

The association agreement between the EU, its Member States and Turkey provides to treat Turkish citizens equally with citizens of the Member States. Therefore, the waiting period of Turkish citizens is also three years. The citizens of Malta and Cyprus have to have lived for five years in Finland, because there is no such agreement providing equal treatment referred to in Article 12, para 4 of the Social Charter or any comparable instrument between Finland and these countries.

The purpose of the national pension and the survivors' pension is to serve as a minimum pension for people living in Finland if they have no earnings adjusted employment

pension or it is only small. The entitlement to pension cannot be obtained on the basis of employment or insurance premiums. Those insured do not have to pay insurance premiums.

The waiting period for non-Finnish nationals is reasonable when considering the purpose of the pension system. However, if an alien resides in Finland for a long time the person's right to a pension does not in any way depend on the nationality but the right to receive a pension is determined on the basis of the same principles as those applied to Finnish nationals.

Other sectors of social security

There are no restrictions relating to nationality in the Finnish legislation. All people resident in Finland are entitled to residence-based social security. In practice this means that citizens of Turkey, Malta and Cyprus living in Finland are entitled to social security, which is similar to the right that Finnish citizens have. The right to social security does not depend on whether or not the person is an employee nor on whether he/she has paid insurance premiums. In certain cases labour force participation affects the level of the benefit.

Moreover, sickness and maternity benefits are residence-based. In order to be eligible for maternity and parent's benefits under the Sickness Insurance Act the person has to have resided in Finland at least for 180 days before the estimated time of delivery. This period can be considered to be reasonable taking into account the fact that parents who have not been working or paid insurance premiums are also entitled to minimum benefits. Insurance periods accrued in other countries can be taken into account when it is question of people coming from EU and ETA countries or countries with which Finland has a social security agreement. Other benefits than maternity and parent's benefits have no waiting periods.

ARTICLE 13

THE RIGHT TO SOCIAL AND MEDICAL ASSISTANCE

Article 13, para 1: Persons without adequate resources

Certain changes made to the Government decision concerning the general principles of living allowance entered into force in the beginning of 1996. It was decided that the basic amounts of the living allowance will remain on the 1995 level in 1996-1998. The freezing of the allowance only concerns the basic amount of the living allowance, not for instance housing expenses or health care expenses which are taken into account in their real amount. The freezing of the basic amount of the living allowance has to do with the saving measures to balance the state economy. The development of inflation is

expected to be relatively moderate in the years concerned and therefore the saving measures should not have any major effects. Moreover, there has been a reduction of over 10 % in the costs of living after Finland joined the European Union.

Also, the Government decision was amended so that if a person is in need of living allowance because he/she has refused to accept employment or training the basic amount of living allowance can be reduced by 20 % at the most.

Questions of the Committee of Independent Experts

The decisions of county administrative courts are explained by sections of law case by case and with the help of information acquired by county administrative courts themselves. In cases dealing with the living allowance previous legal praxis is not normally used as a reasoning because it involves careful consideration of individual cases.

The county administrative court aims to give as final a decision as possible in issues relating to the living allowance and the panel of laymen obliges to pay a certain sum of money. However, the panel of laymen has often rejected the application on so called general grounds and for instance the reasonableness of the expenses declared by the applicant has not been considered etc., in which case the county administrative court cannot consider the issue in the first instance. In these kind of cases the matter is returned for a retrial to the panel of laymen. If, nevertheless, the panel of laymen has made a statement concerning this in its rejoinder the case can be decided directly in the county administrative court.

The Ministry of Social Affairs and Health has published a guide on living allowance which gives recommendations and is meant to help the application of the living allowance in municipalities. The recommendations in the guide do not bind municipalities but clearly have an effect which increases citizens' equal treatment.

In Finland there is no time limit after which the living allowance could not be paid.

Concerning students the instructions are the same as concerning other clients: the client's income is calculated in line with the Social Welfare Act, section 30. In case it is found out that the applicant is entitled to a living allowance, it must be paid. The students' right to the living allowance is to a certain extent restricted by the fact that the student's parents can also be obliged to participate in the support of an adult student in case this is considered to be reasonable. The application of this consideration of equity can sometimes cause disagreement when a living allowance is granted.

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

Clients using the services of social welfare and/or health care as well as patients living in institutions and hospitals have the same political and social rights as other citizens. Elections are for example held in institutions and hospitals to fulfil the right to vote. When necessary, clients are helped to carry out their political and social rights for instance by arranging transportation services.

Nationals of the contracting countries living or staying legally in Finland have the same rights as Finnish people.

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

In accordance with the Administrative Procedures Act (598/1982) the authorities shall, when necessary, give advice to the party concerned and to other persons involved relating to the institution of proceedings in its sector and on how to act when the issue is under consideration. The principle is that information and services can be acquired free of charge from the authorities. It is the duty of municipalities to take care of the organisation of guidance and counselling, benefits of social security and social welfare and their use. Furthermore, municipalities are obliged to distribute information concerning social security and welfare to municipality inhabitants.

Social welfare services include social work, education and family counselling, home help services, housing services, institutional care, family care and informal care allowance. The first two comprise mainly guidance and counselling.

Municipalities should also arrange health education as part of public health work. This includes information concerning public health and contraception as well as arranging general physical examinations to municipality inhabitants.

Institutions responsible for social security, such as pension institutions and organisations in the field of social security, organise counselling and guidance in their sectors.

During the last few years the focus of information and counselling has been on the development of computer-based information systems.

Questions of the Committee of Independent Experts

In Finland everyone living in the country is entitled to social security as well as social welfare and health care services. The nationals of the Contracting Parties are in the same position as Finnish citizens concerning guidance and counselling. There may first be difficulties with the language but they are minimised with the help of interpreters.

Social security administered by the Social Insurance Institution is mainly independent of nationality and all people living in Finland are entitled to social security based on residence and counselling related to it. There are no limitations relating to nationality in the employment pension scheme.

The Ministry of Social Affairs and Health has an Ombudsman for Aliens who gives advice to and helps foreigners. All central information material is available both in Finnish and Swedish. The Guide for Aliens Resident in Finland has been translated into English and Russian. Brochures concerning the Finnish system of services have been published in several languages in the Office for Refugee Affairs. Besides rare languages (used by refugees) the brochures are published in Swedish, English, French and Russian in addition to Finnish. The brochures are general in nature and they can also be used by foreigners who have come to Finland on other grounds and by the authorities.

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

Finland has not ratified the European Convention on Social and Medical Assistance (1953). To our knowledge, there have not been any cases, where nationals of the Contracting Parties legally present in Finland, without actually residing here, have been repatriated solely because they needed assistance.

ARTICLE 16

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

In Finland social security is based on individual rights which are residence- and employment-based. Social security is not provided through an employee supporting his/her family. A precondition for the right to employment pension and employment accident benefits is gainful employment. On the other hand, the right to parents' allowance, sickness allowance, minimum pension, unemployment benefits and family benefits is residence-based. Family membership has no importance. Maternity benefit,

paternity allowance and parents' allowance are discussed in more detail in the context of Article 12.

Since the beginning of 1996 all children under school age have been entitled to a place in day care arranged by a municipality regardless of parents' socio-economic status. The right to day care is a subjective right linked to age which guarantees children a right to high quality pre-school education.

Legal protection of the family

The Committee wished to have further information on the consequences of divorce on the personal situation of the children. The Finnish legislation ensures that a child shall have the right to maintain contact and meet with the parent with whom he or she no longer resides, as well as get maintenance from this parent, in the event of a divorce. Provisions concerning the relationship between a child and his or her parents can be found in the Child Custody and Right of Access Act (523/1975) and in the Child Maintenance Act (704/1975).

According to the Child Custody and Right of Access Act both spouses have the responsibility for the custody of a child born in wedlock. Basically a divorce does not affect the legal position of the parents as the custodians of the child. After the divorce the children remain in joint custody of the parents. The parents can nevertheless agree in writing that one of them has sole custody of the child.

In case the parents are not able to agree on the custody of the child, a court may decide on application that the parents shall have joint custody of the child or that joint custody shall be dissolved. In case joint custody is dissolved, the court may decide that one parent shall have sole custody of the child. It is usual that a child remains in joint custody of the parents even after a divorce. A custodian is entitled to make decisions for the child. If a child is in joint custody of his or her parents, the custodians shall be jointly responsible for making such decisions.

The right of access of the child to the parent with whom he or she no longer resides is a distinct question from the custody of the child. If the parents of the child live apart, they may agree in writing on the right of the child to meet with the parent with whom he or she no longer resides. Such an agreement may be necessary even when the child is in joint custody of the parents. In case the parents are unable to agree on the matter, a court may on application decide on the right of access. The enforcement of the right of access in cases where one parent by his or her behaviour prohibits the enforcement is stipulated on in the Act on the Enforcement of a Decision on Child Custody and Right of Access (619/1996).

According to the Child Maintenance Act, a child is entitled to maintenance from both parents. During the marriage both parents have the responsibility for the maintenance of a child born in wedlock. The parents have this responsibility even after a divorce. The parent with whom the child no longer resides may agree in writing to pay maintenance for the child, or a court may order the parent to pay maintenance. In case a parent who

has been ordered to pay maintenance neglects his obligation, the child is entitled to maintenance allowance from the municipality (Security of Child Maintenance Act 122/1977). This ensures the maintenance of a child even in cases where a parent neglects his or her responsibility to pay maintenance.

Thus a divorce does not cut the ties between a child and the parent with whom he or she no longer resides. The aim of the legislation concerning children is to create a basis for the good relationship of the child to both parents irrespective of the mutual relationship of the parents and possible problems in this relationship.

The Committee also asked for information on matrimonial property systems in Finland. Provisions concerning the matrimonial property system can be found in the Marriage Act (234/1929). One of the most relevant principles is the equality of the spouses, on which the provisions concerning property are based. By virtue of the Marriage Act both spouses have the same legal status. The property that a spouse has when concluding marriage shall remain his or her own. He or she shall also own what he or she acquires during the marriage.

Marriage shall not restrict the right of a spouse to buy and sell property and conclude contracts. Each spouse shall oneself have the right to decide whether to engage in gainful employment outside the family. Each spouse shall nevertheless have a marital right to the property of the other spouse, but this right has effects only in the event of a divorce. Each of the divorcing spouses shall retain half of their net property. Since the spouses may conclude also mutual contracts, they may have their marital rights to property excluded by a marriage settlement agreement. In the event of a divorce this would mean that each spouse shall take his or her own property, and has no right to the other one's property.

In case the distribution of the matrimonial assets due to a marriage settlement would lead to an unreasonable result, it may be adjusted. The distribution of the matrimonial assets may be adjusted even when the spouses have not concluded a marriage settlement agreement. The aim of such adjustment is to create an economic balance between the spouses so that the result is not unreasonable to either one of them. The provisions concerning the adjustment were added to the Marriage Act in 1987 (Act 411/1987).

The provisions on maintenance in the Marriage Act complement the provisions concerning property. According to the Marriage Act, each spouse shall, according to his or her abilities, participate in the common household of the family and the maintenance of the spouses. When the spouses are granted a divorce and one of the spouses is considered to be in need of maintenance, the other spouse may agree to pay maintenance or the court may on application order him or her to pay maintenance to the spouse in need of it.

Provisions on child maintenance can be found in the Child Maintenance Act. In Finland the right of a spouse to maintenance and the right of a child to maintenance are distinct issues that are resolved on the basis of different criteria. A child under 18 years of age is always entitled to maintenance from his or her parents. The maintenance paid by virtue of the Child Maintenance Act shall be used for the child's maintenance. A spouse

has no absolute right to get maintenance from the other spouse. When the spouses are granted a divorce and one of the spouses is considered to be in need of maintenance, the court may order the other spouse to pay him or her maintenance that is deemed reasonable considering his or her solvency and other circumstances. This kind of maintenance shall be used for the maintenance of a spouse.

It is not usual, however, that a spouse pays maintenance to the other spouse after a divorce. This is because most women these days are educated and have such a profession and position in the labour market that they are able to maintain themselves. A marriage and a child do not lead to a loss of education or job.

ARTICLE 19

THE RIGHT OF MIGRANT WORKERS AND THEIR FAMILIES TO PROTECTION AND ASSISTANCE

Article 19, para 1: Adequate and free information services

A. Free services to immigrants

At the end of November 1996, 20,000 foreign citizens were registered as job-seekers with the employment offices, about 13,000 of whom were unemployed. The job-seekers represented 136 different nationalities. The highest numbers were citizens of the CIS countries and Estonia, most of whom were returning emigrants. The aim has been to find them a place on the labour market through labour market training and various job creation programmes.

There are labour administration officials in St Petersburg, Tallinn and Stockholm, mainly for work connected with return migration. Those who wish to move back to Finland are given immigrant training, which includes Finnish language teaching and information about Finnish society. The amendment to the Aliens Act which entered into force in August 1996 requires all those who wish to move to Finland in the capacity of returning emigrants to take part in these courses, which take about three months.

In addition to regulating return migration, Finland strives to support living standards in neighbouring areas and to help preserve cultures of Finnish origin. The language skills and local knowledge of Finnish-speaking Ingrians regarding conditions in Russia and Estonia has been a major resource in Finnish companies' export trade.

The working group on the position of immigrant women under the Advisory Board for Refugee and Migrant Affairs made a number of proposals for measures in its report, concerning issues such as how immigrants can maintain and promote their own language and culture, how to improve women's employment and their position in

working life, immigrant training, and how to deal with discrimination, marginalization and violence aimed at women immigrants. The working group found that women immigrants were in particular danger of becoming marginalized, especially if they became isolated outside society for reasons such as family.

B. To combat misleading propaganda

Nothing new to report.

C. Information for migrant workers in their own language

Nothing new to report.

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

Nothing new to report.

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

Co-operation takes place in different levels and in different ways through contracts between countries, conferences, exchange of information and statistics as well as through various international organisations.

The Nordic Agreement on Social Services entered into force on 1 October 1996 and it concerns all citizens living in the Nordic countries and all Nordic citizens regardless of their country of domicile. The agreement covers the right to social services and living allowance during a temporary stay in another Nordic country as well as regulations dealing with the co-operation between the authorities for instance when travelling to another Nordic country.

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

The Committee of Independent Experts has requested further information concerning discrimination against migrant workers. In this respect, a referral is made to the

clarification given in Article 1, para 2. The Committee has asked whether there are employment or labour statutes other than the Contracts of Employment Act which protect migrant workers against any discrimination.

The Employment Contracts Act is regarded as the basis of our labour legislation. Therefore it is appropriate that Section 17 of the Employment Contracts Act ensures non-discrimination among workers. Treating all employees equally is one of the first duties of any employer. The amendment to section 17 of the Employment Contracts Act is explained in section C. An equivalent provision regarding the basic duty of the employer is laid down in Section 15 of the Seamen's Act (423/78). As stated earlier, discrimination is also prohibited at the constitutional level. Furthermore the criminal liability imposed by the Penal Code strengthens the protection against discrimination.

The Committee of Independent Experts has requested further information regarding supervision. According to Section 55 of the Employment Contracts Act the labour inspection authorities and the employers' and workers' associations that have concluded the national collective agreement the provisions of which apply to the contract of employment or employment relationship concerned supervise the application of the Employment Contracts Act. The amendment of Section 55 of the Employment Contracts Act is clarified below, in section C.

The Committee of Independent Experts requests examples from case law. There is not much case law concerning the applicable law to employment contracts. A judgement of the Supreme Court (KKO 1994:144) concerning maritime work, the conditions of employment of an Estonian citizen for the work performed on a Finnish vessel were determined by a Finnish collective agreement, according to the provisions of the Seamen's Act.

B. Entitlement to housing provided by local authorities

With regard to accommodation, the Committee observes with interest the duty of the authorities under the Constitution Act to promote the rights of all persons, including immigrants, to housing. However, it repeats its request for more information on the residence condition which is imposed on applicants for public housing and asks whether Finnish nationals are also subject to this condition.

The selection of dwellers for state-financed rental dwellings is based on social considerations. A comparison is made of the income, property and need for housing of all applicants, and the dwelling is given to the household or family with the smallest income and property, and the greatest need for housing. The nationality of the applicant has no significance in this context.'

The Committee further enquires whether migrant workers who are victims to discrimination in the allocation of public sector or private sector housing may bring the matter before the courts, and if this is the case, what remedies or sanctions are provided for in Finnish law in such circumstances.

Section 5 of the Finnish Constitution, as amended in 1995 (969/1995), states that all people are equal in law and that without proper justification no one may be given a different status on account of sex, age, origin, language, religion, conviction, opinion, state of health, disability or any other reason related to the person. This regulation refers to all work within the administration, so that the administration cannot put anyone in a different position without justification. The principle of equality thus laid down also calls for decision-making in accordance with previously defined, generally acceptable and equal grounds.

According to Section 7, also amended in 1995, Finnish citizens and legal immigrants are free to move within the country and choose their place of residence.

Under national legislation, the Council of State will define in greater detail the grounds for selecting the dwellers. The grounds are presented above. A person who is not satisfied with the outcome may, in an administrative procedure, require the local authorities to rectify the issue, or may appeal to the Ministry of the Environment. The local authorities also supervise the selection, made by other bodies, of persons to be accommodated in dwellings financed with state loans.

Section 9 in Chapter 11 of the Criminal Act (578/1995) states that discrimination is punishable. In business and industry, services to the public, civil services and other official tasks, and in the organisation of public meetings or occasions, it is forbidden not to serve the public under generally accepted conditions, to restrict access or to remove anyone from such meetings or occasions without proper justification, and it is forbidden to place a person in a different or considerably worse condition than others on account of his or her race, national or ethnic origin, colour or language. The punishment for breaking these regulations is a fine, or imprisonment for a maximum of six months. Additionally, the Committee asks whether any accommodation measures have been taken in favour of non-nationals.

Immigrants are generally settled in rental housing owned by the local authorities or a non-profit organisation and built with the aid of a state loan. If there is a lack of such housing locally, loans and interest subsidies for the building of new rental housing are directed to these areas. Rental housing intended exclusively for immigrants will not be built. The residents in such dwellings are selected according to the criteria described above.

The State, or the State Housing Fund, will also grant loans and subsidies in order to arrange housing for specific groups which are difficult to house. Refugees fall into one of these groups. Other immigrants frequently belong to the category of the homeless, and, therefore, have access to housing acquired with special support. The capital for new rental housing to be built may be supplemented with public support, if the dwellings are rented to homeless people or to refugees. It is also possible to receive a loan from the State Housing Fund in order to acquire an existing dwelling for use by refugees or homeless people.

If the local authorities agree on reception of refugees in the municipality, the authorities simultaneously undertake to arrange housing for the refugees. In practice this system

has functioned well. A refugee who wishes to move elsewhere in Finland is in the same position as other people living in the country, which means that he or she will have to arrange for housing on his own. This may mean long queuing for a rental dwelling, especially for a move to the capital region, where the small rental dwellings at cheap rents are very few.

C. Measures to ensure non-discrimination of foreigners with regard to the various conditions governing employment, with particular reference to remuneration and on-the-job training .

Under Section 17, paragraph 1, of the Employment Contracts Act (320/1970), employers must, in regard to employment contracts or employment relationships generally, follow at least the terms concerning wages and other terms set down in the national collective agreement regarded as universally valid for the sector in question, or then the nearest applicable agreement applying to the work in question, or the closest equivalent. Under Subsection 2, Section 17, of the Employment Contracts Act, if an employment contract is somehow in conflict with the provisions of Subsection 1, the contract is void in that respect and the corresponding terms of the relevant collective bargaining agreement are applicable instead.

This, the main purpose of the system of universal validity described above, is designed to ensure that employees in companies which do not belong to central organisations enjoy the same minimum wage and job security as the 'organised field', that is, employees directly covered by collective agreements. Subsection 1 and 2 of Section 17 of the Employment Contracts Act have a very clear social nature. Their aim is to ensure that all employees have the same minimum employment terms and are treated equally.

A new Subsection 6 was added to Section 17 of the Employment Contracts Act, which deals with the general provisions for employer's duties, and a new Subsection 3 was added to Section 55 which deals with monitoring (466/1996). The amendment came into force on July 1, 1996.

According to the new Subsection 3 of the Employment Contracts Act, the provisions of Section 17, Subsection 1 and 2, must be considered imperative provisions of Finnish law which Section 12 of the act on legislation applicable to international agreements (466/1988) considers relevant to cases where the employment contract under which a foreign worker is employed in Finland applies to work other than planning, supervision or training related to acquisition of a piece of machinery, equipment or expert system, or related installation, repair or maintenance work, or the transportation of people or goods to or via Finland, when the work in question is temporary and cannot be done using Finnish labour.

To answer the question imposed by the Committee of Independent Experts, the amendments were made in order to clarify the employer's duty to apply what are called 'universally valid' collective agreements to work done in Finland by a foreign employee, and also the employer's duty to supply details of employment terms applied

based on the universal validity of collective agreements at the request of the labour protection authorities.

The addition made to Section 17 of the Employment Contracts Act has clarified the fact that universally valid collective agreements also define the minimum employment terms applicable to foreign workers' employment relationships. Employers thus have a duty to comply with the wage terms and other terms of universally valid collective agreements as minimum terms for foreign employees' employment relationships. Universal validity applies to all clauses used as employment terms. However, not all the national collective agreements are universally valid, and not all sectors have agreements in any case.

Thus, exceptions to the duty to apply Finnish employment terms can only be made in cases where the employment contract under which a foreign employee is working in Finland applies to planning, supervision or training related to acquisition of a piece of machinery, equipment or expert system, related installation, repair or maintenance, or transportation of people or goods to or via Finland, when the work in question is temporary and cannot be done using Finnish labour.

Under Section 55 of the Employment Contracts Act, compliance with the Act is supervised by the labour protection authorities and the employer and employee organisations whose national collective agreements contain provisions that have to be observed in the employment contract or employment relationship in question. In performing their supervisory duty, the labour protection authorities must act in close co-operation with these organisations.

At the request of the labour protection authorities, and under Section 15, Subsection 3 of an act (466/1996) which entered into force on July 1, 1996, the employer or, if the employer has no business location in Finland, the party commissioning the work, must provide a report on the employment terms of a foreign employee's employment relationship which are applicable to the employment contract under Section 17, Subsection 6 regardless of the legislation otherwise applicable. The new provision on supervision emphasises the duty of the employer or, if the employer has no business location in Finland, the party commissioning the work to provide a report for the labour protection authorities on the employment terms applicable to a foreign worker's employment relationship.

The Act on Equality between Women and Men is also applied to foreign employees working in Finland. It is the duty of the Equality Ombudsman to control how the law is observed and to give advice concerning the law and its application. The Equality Ombudsman has also distributed information concerning legislation on equality to foreign employees living in Finland for instance in the form of English-language brochures concerning legislation and other aspects of equality. The brochures will also be translated into French in the near future.

The position of foreign employees can, when necessary, also be taken into consideration in the above mentioned equality programmes at the place of employment. With the help of equality programmes the situation of for instance foreign women in low-salary sectors can be improved, e.g. in regard to remuneration and on-the-job training.

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

Nothing new to report.

Article 19, para 6: Reunion of the family

During the reference period of the third report (1996), the relevant legislation has not changed. Therefore, there is nothing to add to what has been reported before in the matter of possible changes in legislation or in practice.

The Committee has asked some questions concerning Article 19.6 of the second report. During the reference period of the second report (1994-1995), neither the Directorate of Immigration nor the Finnish diplomatic or consular missions abroad had any applications for residence permit from Maltese or Cypriot nationals.

Concerning the Turkish nationals, there were 166 applications for residence permit in the missions abroad and 181 applications at the Directorate in 1994. In 1995, there were 131 applications in the missions abroad and 136 at the Directorate. Unfortunately, no statistics are available yet for 1996. In cases of family reunification, Finland has not rejected any applications for residence permit submitted by Turkish applicants over 18 but under 21 years of age.

In the Finnish Aliens' Act and Decree there are no restrictions on family reunion cause to health reasons. A copy of the Aliens' legislation is enclosed. However, according to 40 Section of the Aliens' Act, a foreigner who has the right of residence, based on the Agreement on the EEA, may be deported only on grounds of public policy, public security and public health. According to an internal instruction of the Ministry of the Interior (No 081010193), the applicant may have to show, when applying for a residence permit, a doctor's certificate of the illnesses listed in the Annex of the European Community Directive 621221. Only these illnesses mentioned in the Directive could justify refusal of entry. This particular Ministry's instruction has not been translated into English. It is only available in Finnish or Swedish.

As the practice regarding EU and EEA-citizens must be considered as some kind of "minimum-legislation", a situation could arise where also a third country national could be given a negative decision on an application for residence permit due to health reasons. No such cases have come to our knowledge.

The nationals of Cyprus, Malta and Turkey have no automatic and absolute right to family reunion. In Article 18 in the Aliens' Act, it is mentioned that a fixed-term residence permit may be issued if the foreigner has a close relative who resides in

Finland or if the foreigner is of Finnish descent or has some other tie to Finland. In practice residence permit is granted to family members of persons living in the country on a permanent basis, if the applicant has not made himself guilty of serious crimes.

Because of the above mentioned Commission's proposal, it is impossible to know what parts in the present Aliens' legislation will be changed in the future, but it has been suggested that a more detailed provision be enacted on the possibilities for family reunification.

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

The Committee wished to have some further information on the legal aid system in Finland. The following information is given in reply to the questions asked on the basis of Article 19.7.

The conditions for granting cost-free legal proceedings in Finland are the same irrespective of the nationality of the person in question. Cost-free legal proceedings may be granted in matters which are dealt with by courts of law. Cost-free legal proceedings may be granted to a person who, considering his or her income, assets and liabilities and other factors affecting his or her economic situation, is not able to pay all the necessary costs for the proceedings without difficulties.

The legal aid provided by the municipalities complements the above mentioned system by covering such legal matters that are not dealt with by courts (legal counselling and documents which are not related to legal proceedings). There is, however, an additional requirement for granting legal aid to foreigners. Legal aid may be granted to a foreigner having no domicile in Finland, if the case is connected with Finland, and granting legal aid can be considered justified on the basis of similar criteria as cost-free legal proceedings (cf. previous paragraph).

As it was mentioned in the first periodical report of Finland, a foreigner has a domicile in Finland, if he or she intends to reside in Finland for more than a year. Thus foreigners who reside in Finland for less than a year are entitled to legal aid only when their cases are connected with Finland. Matters provided for in Article 19 of the Social Charter are connected with Finland, and thereby all foreigners are in this respect granted legal aid on the same conditions.

In practice the conditions for granting legal aid are the same both for Finnish citizens and foreigners. Without the above mentioned restriction, (according to which legal aid is granted to foreigners residing in Finland for less than a year only when their cases are connected with Finland), the legal aid granted to foreigners might cover such matters in which it would not be possible for Finnish citizens themselves to get legal aid.

In Finland the applicant for cost-free legal proceedings or legal aid is not liable to pay security for costs (*cautio judicatum solvi*).

Article 19, para 8: Protection against expulsion

The legislation has not changed during the reference period. In 1996 there were three expulsion decision for Turkish nationals, none concerning Cypriots or Maltese nationals. All the three decisions have been appealed to the Supreme Administrative Court. In 1996 there were 116 decisions on expulsion and 77 cases on non-expulsion.

Article 19, para 9: Permission of the transfer of the earnings and savings

Nothing new to report.

Article 19, para 10: Self-employed migrants

Finland has not declared to be bound by this para.