

## Government Programme Info Session

20/6/2023

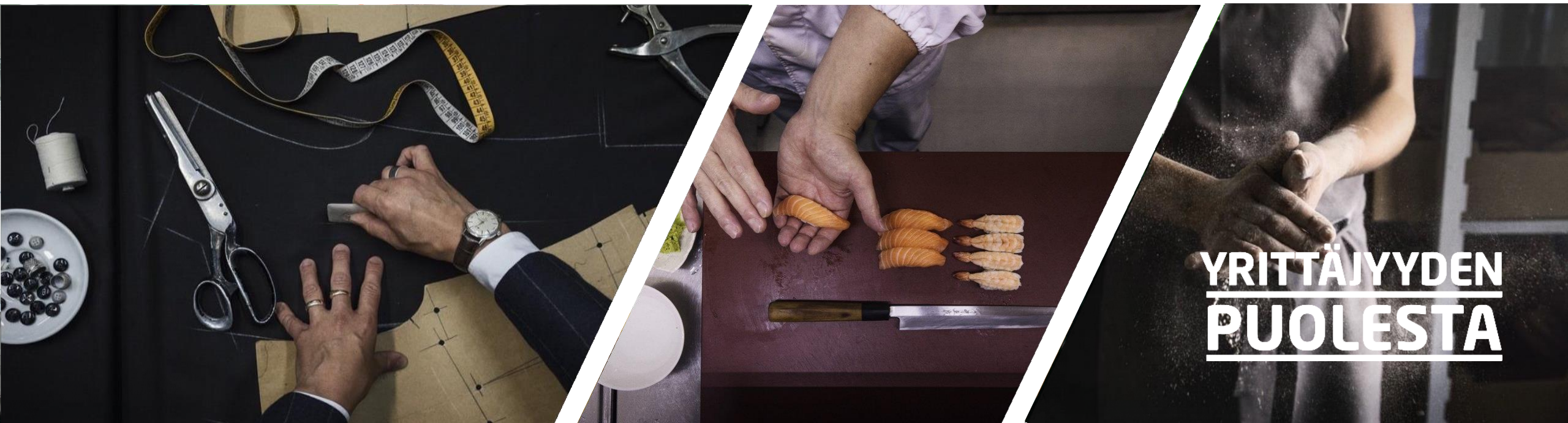


**YRITTÄJYYDEN  
PUOLESTA**

## Government Programme - Bargaining system and industrial peace

- Local bargaining
- Removing barriers to employment

Janne Makkula, 19/6/2023



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## Bargaining system and industrial peace

- The Government will strengthen an export-led labour-market model. The Act on Mediation in Labour Disputes will be amended so the general policy in salary reviews cannot be exceeded by a mediation proposal from the National Conciliator's Office or a conciliation panel.
- A Patient Safety Act will be passed in case of industrial action.

# Bargaining system and industrial peace (autumn period 2023)

**Yrittäjät**

- The right to political industrial action will be limited to demonstrations lasting one day.
- Support strikes will be assessed for proportionality and to assess whether they fall under the notification obligation of the Act on Mediation in Labour Disputes. Support strikes will be legal if they are reasonable in relation to their goals and they only affect the parties to the industrial dispute.
- The financial penalty to be imposed for illegal industrial action will be increased; the upper limit will be €150,000 and the lower limit will be €10,000. A worker who continues a strike deemed illegal by the Labour Court will be fined €200 for participation in an illegal strike.



## Local bargaining

- The Programme contains significant reforms to labour legislation.
- Local bargaining will be extended to companies which are not part of an employers' confederation. This is a structural reform which could have big impacts over the long term.
- All prohibitions on agreement will be removed.
- No shop steward obligation/lock.
- The Labour Court will also be allowed differences of interpretation in generally binding collective agreements.
- The working group will be established at once and the Bill put before Parliament in spring 2024

The basis for the legislative preparation is a report from 7/6/2016 by a tripartite working group on the "shop steward lock". Local bargaining will be enabled at the company level by allowing a shop steward, non-union staff representative, other staff representative or the entire staff to be a party to the bargaining. The protection of a non-union staff representative and other temporarily elected staff representative will be enshrined in law on the same level as it currently is for shop stewards. The opportunities of the elected persons for training and sufficient access to information will be ensured,

## Removal of barriers to employment (by the mid-term policy review)

- Focus on improving conditions for SMEs.
- Opportunity to conclude fixed-term contract without specific grounds for a year.
- Employment Contract Act's requirement to notify about lay-offs to be reduced to seven days, and this can be observed regardless of the clauses of the collective agreement.
- Sick leave pay will be changed so the first sick leave day is a waiting day for which the employer does not have to pay salary, unless otherwise agreed in the employment contract or collective agreement.
- Would not apply to sick leaves of five days or more, or in the event of workplace accidents or professional illnesses.
- Rules on terminations on grounds related to person will be changed so an objective reason is enough for terminating employment in future.

## Labour markets and labour legislation

### Removal of barriers to employment (by the mid-term policy review)

- The Cooperation Act will in future only apply to companies employing 50 or more.
- The periods for change negotiations under the Act will be halved.
- The obligation to re-employ an employee, based on the Employment Contracts Act, will be abolished for companies and organizations regularly employing fewer than 50. This can be observed irrespective of the clauses of the collective agreement.

**Social security**



## Social Security

- Several reforms will be made to housing allowance and social assistance, such as increasing the obligations on a social assistance applicant.
- To receive earnings-related unemployment security, an employee will have to have been in work for 12 months. Wage-subsidized work will not count.
- Earnings-related unemployment benefit will be “euroized”, tied to the recipient’s previous earnings in euros, not to the number of hours worked.
- The benefit will be staggered from the current level: after eight weeks of unemployment, the support will drop to 80% of the original, and after 34 weeks, to 75%.

## Social Security

- By the mid-term policy review, a universal earnings-related benefit model will be investigated. This would mean a model where everyone could receive earnings-related benefits regardless of unemployment fund membership.
- By the mid-term policy review, the Government will prepare a template for combination insurance to improve the social security of people who are employees and self-employed at the same time
- Adult education support will be abolished.
- Sabbatical leave will be abolished.
- The development needs of the entrepreneur's pension system (YEL) will be evaluated. As part of the evaluation, the possibility of centralizing YEL payments in Mela, the Farmers' Social Insurance Institution, will be investigated.

## Government Programme - Economic and Taxation Policies

Juhana Brotherus, 19/6/2023



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## Main policies

1. Savings 4.2 bn, from employment 1.9 bn
  - Savings in social welfare and healthcare and social security are uncertain
  - If successful, government borrowing will be reduced
  
2. 78,000 more people in work: finance ministry's evaluation
  - Local bargaining on, immigration restrictions off
  
3. Taxation will stay around the same
  - Small step from taxation of work to indirect taxation
  - Abolition of VAT relief not to be compensated at all?

## Spending, sales, investments and “investments”

- 4 bn of state property to be sold, exact properties uncertain, Solidium in part
- Sale proceeds to be used in one-off investments: infrastructure investments 2.5 bn, road repairs 0.5 bn, social welfare and healthcare 0.4 bn, 0.4 bn if necessary for business subsidies to attract investments
- Spending cuts to be sought from wellbeing service counties
  - 1.1 bn in savings beginning in 2025, feasibility unclear
- Some social security cuts may not happen

## Taxation

- Just over 0.5 bn income tax cuts
- Fuel tax will drop by 100 m, distribution obligation will rise more slowly, flexible mechanisms
  - > No discretionary changes to fuel prices during the Government's term
- Alcohol and tobacco taxes +200 m
- Lowest VAT rates up +200 m
- Property tax +100 m
- Vehicle tax -50 m
- Tax clearances on 20 topics

## Growth from competition

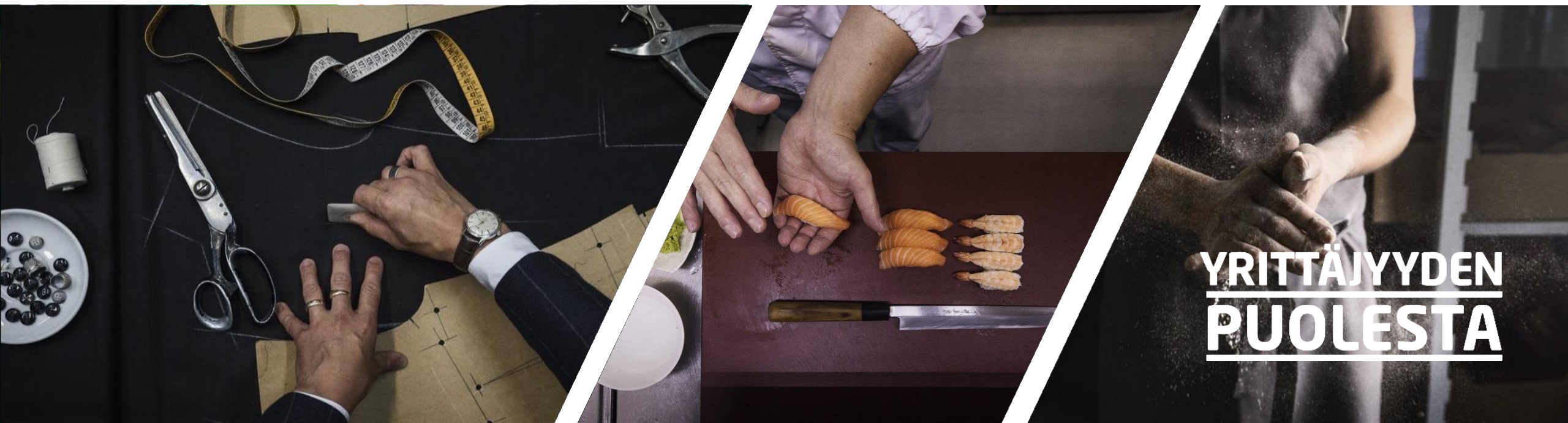
- Alcohol, pharmacy, rail, gambling and social welfare and healthcare markets to be opened up
- In-house companies to be brought under control
- Digitalization of administration
- One-stop shop principle: Valvira (National Supervisory Authority for Health and Welfare), Regional State Administrative Agencies to be combined under the finance ministry from 2025 on
- At least 300 areas for cutting regulation and administrative burden
- Yes to the green transition, as long as wind power is not inhibited



## Government Programme – Business policy

Procurements, social welfare & healthcare, in-house, exports, regional administration, labour policy, municipalities

Harri Jaskari 19/6/2023



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## Procurements

- Central purchasing bodies to be obliged to consider market impacts
- As a rule, make market dialogue part of the procurement process
- If necessary, break service provision procurements into smaller lots to allow SMEs to enter tenders.
- Public entities' purchase invoice data to be made public and centrally publishable without specific request.
- Act on Public Procurement and Concession Contracts to be amended to include a requirement to re-run competitive tendering if there is only one tenderer. Exceptions only to be possible for a compelling reason.
- Inquiry into creating a system for accelerated review request procedure in public procurements (such as to a procurement appeal board).
- Sanctions for failure to notify about direct procurement and compulsory contract change notification.
- Municipalities and wellbeing service counties to be obliged to publish purchase invoice data.

## In-house

- Legislation to be made stricter to allow awards of contracts in-house only when they are economically more advantageous than market options, or when there is another, particularly compelling public interest for doing so.
- Public sector's opportunities to produce services in-house which are already available on functioning markets, such as cleaning, financial administration, catering and ICT.
- For in-house entity ownership, minimum ownership percentage (10%) taking public interest into account to be set.
- The external sales limits for in-house units will be harmonized to max. 5% and €500,000 of the in-house companies' turnover.
- Consumer and Competition Authority's competition neutrality oversight and opportunities for overseeing activities which limit the public sector's competition to be strengthened. The public sector's commercial activities will be monitored with the same intensity and resources as market players.
- Inquiry into competition authority's possibility to make advance decisions.

# Wellbeing service counties and social welfare and healthcare

**Yrittäjät**

- Secure the funding necessary for 2023 to increase the Kela medical expenses reimbursement in its current form in primary healthcare. In the future, a new Kela reimbursement model to be developed.
- Service system and payment commitments to be developed to make them real alternatives for clients and service providers.
- Direct wellbeing service counties to procure services or use service vouchers if necessary.
- If a client does not get the service they need during the care guarantee period, they will be entitled to a service voucher or payment commitment.
- Oversight of fulfilment of care guarantee and client-focused access to information to be improved.
- Service voucher clients to be given the opportunity to use their own money to buy additional services.

# Wellbeing service counties and social welfare and healthcare

**Yrittäjät**

- Remove the legislative barriers to a multi-producer model.
- A wellbeing service county must always justify its decision on the manner in which it delivers services.
- The 0.65 staff allocation ratio to be retained during this parliament.
- New operating models, such as digital services and remote consultations, to be promoted
- Success of the wellbeing service counties to be supported by overhauling the State's steering role.
- The Government will not prepare a regional tax.

## Business policy

- Research, development and innovation funding to be raised (4% of GDP in 2023).
- Double the number of growth-oriented mid-sized entrepreneur-led companies by 2023
- Make it easier to combine salaried employment and self-employment.
- Aim measures which support growth at single-person businesses, micro-entrepreneurs and new entrepreneurs.
- Ensure services are available to ease business handovers.
- Make hiring the first employee easier.
- Establish how suitable pro-enterprise steps in other countries are for Finland (such as the entrepreneur account in Estonia).
- Run a big-data-based analysis of the impacts of business subsidies.
- The administrative burden on businesses will not be increased.

## Business policy and International expansion

- The state's Finnish capital investment and business funding operations by combining Business Finland Venture Capital Oy, Oppiva Invest Oy and Ilmastorahasto Oy as part of Suomen Teollisuussijoitus Oy.
- Merging of Finnfund into this company to be explored.
- Team Finland network's operations and leadership to be reformed in cooperation with businesses. Merging the functions of Business Finland abroad as part of Finland's diplomatic network to be explored.
- The Government will evaluate the impact of export promotion operations in comparison with the likes of Sweden and Denmark.



## Business policy and regional administration

- The state's regional administration (permit, steering and oversight roles) to be combined in a new, multisectoral agency, which will include Valvira (National Supervisory Authority for Health and Welfare), Regional State Administrative Agencies and the environment and natural resources area of the Centre for Economic Development, Transport and the Environment. Oversight duties to be under one roof.
- Vitality Centres to be set up on the basis of full-service Centres for Economic Development, Transport and the Environment, allowing more locations if necessary. The Vitality Centres will still be able to specialize and divide labour among themselves.
- A user will only be asked for information once, and the entire service chain will be available from a “one-stop shop”.
- A broad, cross-administrative reform programme based on digitalization to be delivered
- Automatic government agency decisions based on AI to be facilitated.
- Government services in English to businesses to be ensured.

## Business policy and municipalities

- Municipalities to be allowed to specialize to facilitate better service of their areas' population.
- Reform the central government transfer system to correspond to the municipalities' new situation (vitality municipalities). The general nature of the state transfers to be highlighted.
- The number of urban regions which are party to the Land Use, Housing and Transport Agreements will not be increased from the current nine. Strategic collaboration alliance with major cities to be launched.
- State's steering role in regard to municipalities to be evaluated and reformed during the government term.

Programme for lightening regulatory control. Pilot schemes to be carried out.

- The Government commits to compensating the municipalities in full for duties and obligations placed upon them.
- The Government will promote opportunities for remote work and technological solutions to enable work and enterprise regardless of location

## Business policy and municipalities

- Municipalities' tasks will not be transferred to the wellbeing service counties, but opportunities will be given for increasing cooperation.
- Launch a Northern Programme and continue the Eastern Finland Development Vision.
- Investigate the possibility of a fixed link over the Kvarken (Vaasa-Umeå).
- Start planning for the one-hour train to Turku and the Airport Rail Line.

## Business policy, labor policy and municipalities

- In employment services, the Government will oblige the wellbeing service counties, municipalities and Kela to cooperate locally to ensure services and support are available from the same local service point
- The employment services' legislative service process will be lightened to allow the use of limited resources more purposefully and closer to clients.
- Unemployment funds will be given the opportunity to offer their customers employment services.
- Employment services' productivity will be improved by broader partnership with the private and third sectors.

## Business policy, zoning and permits

- One-stop-shop agency and permit processes will be created for large investments.
- Appeals procedures for permit processes will be reformed so a case can only be referred to a regional administrative court once.
- A statutory and binding deadline to be set for government agencies' processing times. Government agencies to be obliged to compensate for costs arising from delays.
- Zoning and permit processes to be digitalized.
- The level of detail and legal effect of the regional land use plan to be reduced.
- Landowners' right of initiative in the master plan and detailed plan to be increased.
- Process for partnership zoning to be recorded.

## Government Programme - Solo entrepreneurs

Tiina Toivonen, 20/6/2023



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# **Supporting small business owners**



## Supporting small business owners

- The Government will support better balance of salaried work and self-employment and wants to improve small business owners' social security, e.g.
  - By the mid-term policy review, the Government will prepare a template for combination insurance to improve the earnings-related unemployment security of people who are employees and self-employed at the same time
  - The development needs of the entrepreneur's pension system (YEL) will be evaluated.
- Make hiring the first employee easier, e.g.
  - Salary will not need to be paid for first sick leave day
  - “Objective reason” will be enough for terminating employment
  - No justification will be needed for a fixed-term contract of up to a year

## Supporting small business owners

- The Government will lighten the administrative burden on businesses and the general requirements for running a business by reforming regulation on limited companies, e.g., by streamlining the procedure for winding up a limited company
- Dispute resolution procedure for small businesses to be launched
  - Over 20% of SMEs have not exercised their rights for fear of the costs (e.g., have not taken a matter to court, even if they have a good reason)
  - In practice, this means just under 60,000 businesses and their owners

# **Reducing businesses' statutory obligations**

## Reducing businesses' statutory obligations'

- The Government aims to reduce regulation and lighten the administrative burden. The conditions for running a business and taking risk will be lighter.
- The Government commits to abolishing during its term at least 300 regulations that hinder businesses and people.
- The Government is committed to the administrative burden on businesses not growing during its term. The Government commits to the “one in, one out” principle on a national level: when new regulation is proposed, other regulation elsewhere is lightened.
- Additional national regulation will be avoided when implementing EU legislation. Analyse whether Finland adds unnecessary regulation to EU legislation, as possible under current legislation. Dismantle national regulatory burden added on top of EU regulation which restricts' businesses' competition and people's daily lives.

**Improving conditions for small  
business by promoting competition**

# Improving conditions for small business by promoting competition **Yrittäjät**

- The Government Programme contains numerous items aimed at tackling competition of public entities with private businesses and at promoting the competitive tendering of public procurements, e.g.
  - The Government will raise the efficiency of the public sector and reinforce regional vitality and the requirements for running a business by limiting the public sector's ability to produce services in in-house companies for which functional markets already exist, such as cleaning, financial administration, catering and ICT
  - The Act on Public Procurement and Concession Contracts will be amended to include an obligation to re-run competitive tendering if only one tenderer participates. Exceptions only to be possible for a particularly compelling reason.
  - Waste Act to be changed to limit municipalities' responsibility to domestic waste.
  - Municipalities' secondary responsibility in the Waste Act will be specified to only allow a municipality to sell waste management services to businesses if there truly is no market alternative.

**Small business owners' insolvency  
and financial difficulties**



# Small business owners' insolvency and financial difficulties

- The Government is committed to preventing over-indebtedness and helping the already over-indebted.
  - For business owners, this will in practice mean things like providing financial counselling, functional insolvency procedures and allowing a fresh start for business owners.
- An overall review of indebtedness and the functioning of various insolvency procedures will be conducted. The needs for reforming regulation will be evaluated. In the review, the reforms conducted by the last government and their impacts will be considered.
- Awareness will be raised about a private person's debt restructuring and the related opportunities. Possibility of lightening and streamlining the debt restructuring procedure by increasing the role of debt recovery at source will be investigated.

# **Improving business security**

## Improving business security

- Adopt a business restraining order to improve business and labour security.
  - Sweden has had such a model for about two years
- By the mid-term policy review, the Government will compile a crime policy programme and make decisions based on it in the framework of the economic constraints.
  - Almost half of Finnish SMEs have been victims of fraud crimes or attempts, such as fake invoices or misleading advertising (Yrittäjägallup survey, August 2021).
  - Over one third is unsatisfied with a government authority's attitude to the suspected fraud crime.
  - SY lobbies for the inclusion of scams and fraud crime in the Programme

# **Supporting investments**

## Supporting investments

- The Government's aim is to streamline and accelerate zoning, permit and appeal processes. To achieve the aim, the Government is reforming land use and construction regulation and cutting bureaucracy
- In practice, this will mean faster permit processes
  - A statutory and binding deadline will be set for government agencies' processing times. It will begin when a permit application has been completed and end when a decision has been made. If the statutory deadline is missed, the payment for the permit or processing will be reduced. Government agencies to be obliged to compensate permit applicants for costs arising from delays
- And tackling baseless appeals
  - The Government will reform the appeals procedures for permit processes so a case can only be referred to a regional administrative court once

## Supporting investments

- Rights of government authorities to make appeals to each other will be reduced, fast.
- Ways of reducing the number of appeals made about zoning and building permits and speeding up appeals will be investigated. For example, the opportunity for reviewing the right to appeal will be investigated.
- The Government also wants to speed up and rationalize project zoning
  - The Government will propose a Regional Use Bill, which will promote purposeful land use, good living environment, smooth zoning, growth of cities and municipalities, sufficient housebuilding, regional vitality, businesses' competitiveness and Finland's attractiveness as an investment.
  - The Government is committed to not increasing the number of zoning levels. The level of detail and legal effect of the regional land use plan as part of the land use planning system to be reduced.
  - The Regional Use Bill will include a landowner's right of initiative in the master and detailed zoning plans. Municipalities to be obliged to process the obligation in the statutory period.

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