

24 February 2009

## **Government mid-term policy review**

### ***1. Introduction***

Prime Minister Matti Vanhanen's second Cabinet set ambitious goals for itself. The government aims to achieve a responsible, caring and rewarding Finland. The Government's economic policy focuses on improving employment. Secondly, the Government aims is to curb climate change and thirdly, to strengthen basic social protection and to reform the social protection system. Fourthly, the Government will endeavour to safeguard welfare services in circumstances where the population is ageing in Finland.

The economic recession triggered by the global financial crisis will make it more difficult for the Government to reach these objectives. The goals of improving the employment rate, reducing unemployment and securing balanced public finances that were adopted under normal circumstances can no longer be achieved in the current global slump. The Government will nonetheless pursue its goals and introduce measures to create favourable conditions for growth, to attain its long-term objectives and to ease the direct negative impacts of the downturn. In particular, special care will be taken to make sure that the weakest in society do not have to bear the brunt of the recession.

Drawing on the themes selected at the cabinet evening session held on 11 February, in this position paper the Government outlines actions needed to ensure the goals adopted in the government programme can be met and identifies measures required to address issues that have arisen over the past two years.

### ***2. Economic policy***

#### **High productivity and employment to safeguard services and benefits**

The ageing of the population means that the demand for welfare services, pensions and other income transfers will increase while the number of people of working-age is falling. Services and benefits can only be secured on condition that the current employment rate of 70% can be boosted to over 75%, efficiency in the production of services in the public sector is improved and the health and wellbeing of the population in general is enhanced. Beside increasing the employment rate, it is important to be able to clearly improve productivity across the country in all fields of activity and in the public sector. With per capita labour inputs decreasing, any improvement in the material standard of living will increasingly be determined by productivity developments.

The economic downturn will place even greater pressure than before on the sustainability of general government finances owing to the ageing population, while at the same time it will make it harder to raise the standard of living. The employment rate will drop from its current level, national debt will grow substantially and the private sector's capability to generate economic growth could be impaired for years to come.

The Government will respond to the mounting challenges by:

- (1) agreeing to an extensive package of measures to boost long-term employment rates and to strengthen the sustainability of general government finances;
- (2) promoting productivity growth;
- (3) launching a programme to secure the preconditions for growth; and
- (4) instituting new measures to ease the short-term negative effects of the recession on employment.

The Government has already responded to the deteriorating economy by undertaking a number of actions introduced in stages since the 2008 government budget session. The scale of the Government stimulus package in 2009 is approximately 1.7% of GDP, one of the highest in the region according to the EU Commission. Moreover, the Government has adopted a range of effective measures to ensure the viability of the banking sector and to improve companies' access to funding by means of direct government lending and guarantees. These measures, too, are one of the largest in volume in Europe. All these will considerably undermine the balance in government finances in the short term, though.

The main purpose of the stimulus measures scheduled for 2009 is to ease the severity of the cyclical downturn, prevent the rise of unemployment and to make sure that the effects of the weak cycle on companies' performance, workforce and productivity are minimised. These actions should be accompanied by structural measures that create favourable conditions for economic growth in the future and improve sustainability in general government finances.

Despite the prompt and extensive stimulatory action taken, the employment rate will fall and unemployment will increase as a result of the deteriorating international situation. The experiences gained in Finland and other countries show that reversing a falling trend in employment is difficult and time-consuming. Hence it is important to be able to perk employment as effectively as possible within the perimeters permitted by sustainable general government finances.

The current global slump will hit the expertise-driven export businesses and their subcontractors harder than the depression in the early 1990s. More people with high skills levels will be made redundant than before. This means that for the economy to grow in the future, people, companies and research institutes will have to be able to update their competence. This will be crucial to Finland's international competitiveness once the economy starts recovering again. Especially new companies interested in harnessing new skills and expertise provide great potential for generating activities that benefit the whole Finnish economy.

To secure a high standard of competence over the cyclical downturn, the Government will invest in corporate growth potential and training, and allocate extra funds to research institutes. To do so, an efficient, nationwide knowledge infrastructure with universities and broadband access will be needed.

The measures agreed upon in the Government policy review session to safeguard sustainable public finances and economic growth potential will allow central government to allocate more resources to perk economic activity and employment, and to secure social benefits and basic public services during the recession. The Government will carefully monitor economic developments and gauge the need for further cyclical measures and is ready to respond as the situation requires.

Local government finances will start to deteriorate in the course of this year, particularly as a result of declining tax revenues. With unemployment escalating, there is mounting pressures on expenditure too. Local government finances will become particularly strained in 2010. To secure basic public services, central government will strengthen the financial basis in municipalities, for

instance by temporarily increasing the corporate income tax apportionments to local government authorities and by raising the thresholds for real estate taxes collected by local government. More specific decisions on these taxes will be made in connection with the government discussion on spending limits. Furthermore, central government is making preparations for a temporary increase in government transfers and grants. Extra measures to perk local government finances will be implemented only on condition that local authorities adopt a long-term scenario of moderation in general cost developments, and particularly in wage settlements.

Wage settlement levels have a major impact on employment and general government balance. The Government advocates pay agreements that help promote job creation, competitiveness and overall economic equilibrium. If moderate wage settlements that are conducive to competitiveness and job creation can be contracted, then judicious income tax cuts may also be introduced in 2010. The Government will continue talks with the labour market organisations on wage formation and forthcoming wage settlements.

## **Raising the rate of employment and other measures to bolster general government sustainability**

### **Securing funding for public services and benefits**

In order to be able to maintain a high standard of welfare in Finland the resources of the working-age population need be harnessed more effectively. In order to be able to raise the employment rate, people need to spend a longer time in working life, but this can only be achieved by adopting comprehensive and firm measures and applying to both the start and end of work careers. To secure adequate funding for public services and benefits, action should be taken to encourage people stay in the labour market, to foster sustainable development and to safeguard services and pensions for the ageing population. The Government also aims to foster people's resources to cope at work by allocating funds for retraining in the course of work careers, for maintaining the capacity to work, and for revamping social protection. To lower the age at which studies are started, to accelerate graduation periods and to raise youth employment rates, a reform will be launched that will substantially reduce the average age of entry to the labour market of young graduates.

The Government's aim is to eventually raise the average age of exit from the labour market by at least three years.

To accomplish these goals:

- The minimum age of eligibility for old-age pensions will be raised in stages by two years over a 12-year transition period starting in 2011.
- The minimum age of eligibility for group pension insurance will be raised as swiftly as possible from 60 to 65.
- The minimum age of eligibility for individual pension plans will be raised as swiftly as possible from 62 to 65.
- The provisions governing the extension of entitlement to unemployment benefits, part-time pensions and disability pensions will be amended, bringing the reforms into force once the situation in the labour market has improved but no later than 2013. Proposals pertaining to

the reforms are being drafted by the Social Protection Committee (SATA Committee, in charge of preparing an overhaul in the social protection system in Finland).

- The system for job alternation leaves will be revamped.
- People able to work only part-time or who are otherwise hard to employ will be encouraged to participate in the labour market using measures designed to promote the health and working capacity of workers and to improve the quality of working life in order to make it possible for people to extend their working lives. The Social Protection Committee will draft the relevant proposals by the end of summer 2009. This means the Ministry of Social Affairs and Health and the Ministry of Employment and the Economy will need to make a concerted effort to develop people's working capacity to work and to actively disseminate best practices.
- Adult education and relevant compensation schemes will be reorganised to improve flexibility in the labour market and to reduce the risk of structural unemployment. The goal is to help anticipate changes in the labour market, boost productivity and respond to the needs of the labour market more effectively.
- Unemployed people will have better access to self-motivated training in accordance with the proposal to be prepared by the Social Protection Committee. They will be offered the same benefits as are available to those participating in labour-market training.
- Attention will be paid to the continuity and sufficient extent of guidance counselling in order to ensure an unbroken chain from basic education to the labour market.
- The admission of the same year's matriculated students to university education will be stepped up. The entrance examination systems will be revised in collaboration with universities and polytechnics to make more efficient use of the electronic joint application system and the matriculation examination. Entrance examinations will be modified to make them more appropriate and the textbooks to be used in entrance examinations will be publicised only after the matriculation examinations. Educational institutions will be asked for their commitment and possible proposals during 2009.
- The supply of extension education geared to higher education graduates will be improved to enable admissions to university degree studies to be increasingly targeted to the young age groups. This development will build on preparations already made in the comprehensive adult education reform.
- A proposal for a structural reform in the student financial aid system will be drawn up by the end of 2009 with a view to encouraging full-time studies.
- Undergraduate work placement will be developed to make it easier to join the labour market.
- Once the 'Ammattistartti' project, a pilot project designed to prepare students for vocational basic education, has been adopted on a permanent basis, the project and other forms of preparatory instruction will be further honed. On-the-job learning in vocational training will also be enhanced.
- Measures will be taken to assure that there are places in upper secondary education and training for all school-leavers. Relevant statistics compilation will be developed and data generated within the electronic joint application system will be used with a view to more efficient placement in education and training.

- National recommendations setting out the principles and procedures for the identification and recognition of prior learning will be prepared in collaboration with training providers, universities, social partners and other stakeholders.

The Government's goal is to ensure adequate tax revenues, curb expenditure growth and guarantee a sound financial base for municipal services. To this end, the Ministry of Finance has appointed a working group for a comprehensive tax reform. The group's task is to draw up proposals that will ensure the tax system can foster sustainable economic growth, and safeguard sound financial resources for public services and benefits, with due regard to ecological sustainability.

To achieve these goals:

- The tax on alcohol will be raised.
- The minimum and maximum real estate tax rates will be raised to boost local government finances.
- The Government will step up action to combat the shadow economy and financial crime. The Government will take swift action to find ways to improve the capabilities of the police, prosecution service, courts and tax authorities and look into the possibility of introducing a reversed value added tax system in the construction sector.

The Government will continue to pursue a prudent long-term spending policy. The deficit restriction on central government finances and the structural surplus objective specified in the Government Programme can be temporarily lifted if this is accompanied by decisions to reinforce general government finances structurally.

### **Further preparation to reform the system of central government transfers to local government**

The working party for reforming the system of central government transfers to local government will have completed a reform proposal including relevant computations. The purpose is to bring together government transfers from individual administrative branches as outlined in the Government Programme, subject to restrictions specified in the framework law, and to implement all pertinent amendments in the criteria for government grants and transfers. As specified in the Government Programme, the proposal must include suggestions for solutions to problems caused by extremely low population density and living in the archipelago. At the same time, discretionary government transfers will be incorporated into the composite budgetary item for central government transfers, and their magnitude will be gauged with due regard to the problems of deteriorating local government finances and increasingly polarised municipalities. The Government will decide on the magnitude and schedule of the reform in the system of central government transfers to local government in connection with the government spending limits discussion.

### **Reinforcing the framework for economic growth**

The Government's aim is to make sure that the Finnish economy can recover and starts growing as swiftly as possible and get back onto the planned path of better employment. Once the global financial crisis eases, the recovery in demand will trigger new growth in world trade and unleash pent-up investment needs. Owing to the financial market crisis and its probable repercussions, the

Government will need to take further growth-oriented action in the economy to bring the country back on its path of positive development. Steps will be taken to ensure favourable conditions for economic growth by giving due consideration to the availability of labour, productivity trends, skills enhancement and the external competitiveness of the economy. Timely and targeted growth efforts will also promote the climate policy objective of a low-emission economy.

As in the past, the Government's growth policy will focus on fostering competence from primary to tertiary education and on creating and exploiting knowledge effectively. A key role in achieving these objectives lies in ensuring a comprehensive nationwide transport and data communications infrastructure, and in making different parts of the country appealing as a residential and working environment. Finland's extensive renewable natural resources, their sustainable exploitation and the development of a state-of-the-art technology to harness these resources all offer excellent potential for economic recovery.

To increase the use of renewable energy, the supply of fuel wood will be promoted and investments related to different ways of using renewable energy will be encouraged. The Government will allocate resources to the productisation, commercialisation and internationalisation of climate and energy technology.

To better exploit knowledge and competence:

- Public research funding will be increased (Finnish Funding Agency for Technology and Innovation Tekes, Academy of Finland, research infrastructure).
- Input will be made into the commercialisation of research findings, business know-how and internationalisation.
- A system for tax deduction of R&D expenditure will be explored to promote innovation by SMEs.
- The operating conditions for growth-driven companies will be improved for instance by making the taxation of equity investments more competitive from the beginning of 2010.
- Efforts to promote exports and international expansion will be intensified.
- Expert services for entrepreneurs in creative fields will be developed and business competence reinforced.
- Exploitation of knowledge databases created using public funds will be enhanced by revising the pricing criteria applied to the disclosure of data and by improving the use of statistical data without jeopardising data protection.
- The composition and duties of the Advisory Board for Sectoral Research will be revised. Additionally, research institute activities that would more appropriately be carried out by universities will be identified. The tasks will be transferred on a case-by-case basis in close consultation with the ministries and universities. A process to develop the impact assessment of policy measures will be started.
- The information society policy will be reinforced and productivity in the public sector boosted by using information technology more effectively. Greater effort will be made to accelerate the development of e-government systems and to make IT solutions more compatible and user-friendly.
- A project will be launched to help export education and training services and Finnish expertise and to create a corporate cluster in the field. The goal is to exploit both existing

international interest and commercial potential and the high standard of Finnish competence. Existing subsidies and export channels will be harnessed in the project.

- Research, development and innovation activities will be intensified and upgraded in accordance with the recommendations issued as a result of the international evaluation of the national innovation strategy and innovation system.
- The efforts to develop the labour market (TYKES Workplace Development Programme) will be intensified as part of the innovation system.

Any stimulus measures to be determined at a later date will place greater emphasis on fostering sustainable economic growth potential in the longer term in tandem with the immediate employment effects.

Steps will be taken to strengthen the coordination of the natural resources policy in order to make Finland a leading nation in exploiting natural resources and materials in an economical and sustainable manner. The main points of focus in harnessing natural resources will be the increased use of domestic energy by making full use of the resources available all over the country, minerals, and food production. A food strategy will be prepared by the Government in 2010. An important goal for these efforts is to ensure the competitiveness and operating conditions of the Finnish food chain and food security in the future.

In addition to these immediate measures, the Government will launch a growth project. The project aims to generate tangible policy recommendations in order to accelerate economic growth in the 2010s beyond the predicted rate, and to raise the employment rate throughout the country. More specifically, the project should determine the optimum role for the State and the public sector in boosting economic growth in the whole of Finland in a situation where the ability and willingness of the private sector to take risks have been lower than the average for several years.

The Cabinet Committee on Economic Policy will appoint a steering group and a research team to assist it in preparing recommendations for action. The steering group will report to the Cabinet Committee on Economic Policy and to the Economic Council on a regular basis. An interim report will be prepared by 30 September 2009, and the final report completed with recommendations by 15 February 2010. Additionally, a sector-specific dialogue on the prospects and measures to boost growth will be initiated.

## **Measures supporting integration to prevent social exclusion**

The Government's goal is to navigate Finland through the recession as intact as possible. To this end, measures will be intensified to prevent prolonged unemployment of those who are, or have been, made redundant. The Government urges the unemployed and people who have been made redundant or temporarily laid off to seek training or take part in other schemes that support employment and working ability. A special target group is young males threatened by social exclusion. Income security during participation in activation measures will be raised from the existing level by extending the increased support to the basic income security system. The new benefit would only apply to recipients of labour market support and basic unemployment allowance. Refusal to participate in activation programmes will automatically result in the loss of the benefit.

Over the past few years, the differences in the state of health of individual demographic groups have grown in Finland. The long-term unemployed, in particular, are disadvantaged in terms of access to health services compared with the working population. Social exclusion can be prevented and working ability maintained by developing the health and rehabilitation services available to the unemployed. The Government's goal is to improve access to services that combat social exclusion and increase equality in health services. The best practices developed in the course of the project to enhance health services for the unemployed will be disseminated throughout the country.

A new opportunity must be offered to heavily indebted people and entrepreneurs whose businesses have failed. Both firms and individuals should be encouraged to seek advice and help in solving debt-related problems as early as possible. The policies on payment defaults and debt-rescheduling processes will be revised to allow a quicker re-entry to business or the labour market by bankrupt entrepreneurs. The Government finds it important that favourable conditions for development are secured throughout the country. Special attention will be paid to the survival of the regions with the highest percentage of aged population. The innovation policy will be extended to all parts of the country. Steps will be taken to uphold the regional infrastructure and provision of services.

In decision-making, more efficient use should be made of the data accumulated on the social sustainability of current developments in society (e.g. income and health disparities, poverty and access to welfare services). For this purpose, the Ministry of Social Affairs and Health, together with the other ministries, are to prepare an evaluation and prediction model for social sustainability by the end of June 2010. The idea is to establish a process similar to the evaluation of the sustainability of general government finances.

### **3. *Securing welfare services***

#### **Focus on the structural reform in the provision of services**

The structural reforms implemented in the course of the PARAS project to restructure local government and services have created a basis and offered new potential for developing the services. Over the next few years, demographic changes will cause major problems primarily in the areas that are being depopulated but also in growth centres. The structures employed in the provision of services will be overhauled to ensure adequate services for all the people living in the country.

Structural reforms and the development of services are both indispensable for the attainment of the objectives outlined in the PARAS reform. The large size of the municipality, municipal amalgamations or the establishment of joint operation areas will not alone improve the availability, quality or efficiency of services unless the ways in which they are organised and produced are upgraded.

The progress of the PARAS project will be accelerated by placing greater emphasis on structural reforms in order to moderate municipal development and enhance productivity:

- The Government will guarantee the financial recourses required for the services while the municipalities will assume responsibility for demonstrably modernising their services and improving productivity.
- In the context of the PARAS project, the main focus will shift to developing services while the efforts to reform administrative structures will be continued. In the future, the

municipalities will be required to focus on developing the services within the new and evolving structural framework. Full use must be made of the potential offered by the new structures.

- Reforms will be pursued by adopting best practices, improving the service processes, modifying the division of duties, utilising information technology, introducing purchaser-provider models, and by making use of the services offered by the private and third sectors. The need for such measures is particularly pressing in municipalities that satisfy the criterion for a minimum population base and have therefore not undertaken any structural reforms, and in municipalities that are exempted from the population base requirements under the act on restructuring local government and services.
- The use of service vouchers will be developed in the context of the new legislation.
- Nationwide productivity objectives will be established for municipalities and joint municipal authorities by making use of appropriate productivity cost-calculation indicators. Municipalities and joint municipal authorities will be required to prepare a plan for measures to be taken to improve productivity.
- The twenty largest municipalities will be obligated to prepare productivity programmes for developing the services. The implementation of the programme will be monitored jointly by the central and local governments. The impact of the productivity programmes will be evaluated and the best practices created in the processes applied in other municipalities as well.
- The Government will initiate, in collaboration with the Association of Finnish Local and Regional Authorities, a project to identify and eliminate existing norms and standards that prevent improvements in productivity and maintain inflexibilities.
- Efficient steps will be taken to promote the adoption of best practices in the provision of services by the municipalities and joint municipal authorities, and to develop tools for this purpose. The comparability of the costs of services will be improved in collaboration with the Association of Finnish Local and Regional Authorities.
- The report will be accompanied by proposals for actions with a view to urban regions. When the report is released, the plans for urban regions and the outcomes of the performance evaluations will be used as a basis to determine whether more clear-cut obligations should be imposed on urban regions regarding land use, housing, traffic and the provision of services across municipal boundaries.
- Other measures will also be evaluated in connection with the report to provide pointers for further preparations.
- The Ministry of Social Affairs and Health and the Ministry of Finance will be obligated to implement, together with other relevant actors, a training and development project to support the functional reform of the social and health care system and change management.

## **Developing social and health care services**

On the whole, the Finnish health care system works well. However, there are problems such as the growing gap in the state of health between demographic groups and the shortage of physicians and dentists. Consequently, resources are to be allocated to preventive services.

In order to guarantee equal access to health care services, the Government supports the project entitled 'An Effective Health Centre'. The objective is to create nationwide normative guidelines for developing health centres that work efficiently and provide a good service.

New schemes and reforms foreseen under the programme include new practices in the division of duties and responsibilities at health centres, the expansion of low-threshold services, the utilisation of information technology in customer service, and a greater focus on preventive health care at child health clinics and health centres.

The Government seeks to alleviate mental health problems. Accordingly, the resources of the primary health care system to respond to growing mental health problems must be strengthened. Access to mental health services will be improved and the system upgraded as suggested by reports on the subject, such as the 'Mieli 2009' project regarding mental health and substance abuse. Efforts will be made to reduce the exclusion of young people and adults from the labour market because of mental health problems. As part of these measures, the psychotherapy offered by the Social Insurance Institution as a discretionary rehabilitation treatment will be included in the obligatory services to be provided under law. Other measures will also be adopted to reduce incapacity for work for depression-related reasons.

The provision of specialised medical care will be overhauled in order to curb costs and ensure equal access to services. A nationwide division of duties between hospital districts will be implemented and the districts' responsibility for access to physicians in the primary health care underlined.

Other measures to improve the performance of health centres include the arrangement under which physicians completing the additional (nine-month) training in primary health care are required to do so while employed by a municipality or joint municipal authority. Additionally, legal reforms will be carried out to facilitate the adoption of new models for the division of duties.

Full use will be made of the new opportunities offered by multi-professional cooperation and coordination between the educational, social and health sectors and the labour administration. Performance in this respect will be improved, among other things, by removing impediments to the exchange of information.

The roles of the individual actors in the organisation of rehabilitation services will be clarified, just like the customer's right to services and income security during rehabilitation.

The Government will promote partnering with the private sector and NGOs in the production of social and health care services. Obstacles to genuine competitive bidding will be removed. Entrepreneurship in the provision of care services will be promoted. NGOs will be supported in their efforts to contribute to the provision of services.

The capabilities of next-of-kin and significant others to offer care and assistance will be improved.

Access to health care and medical care services will be improved by making it possible for local residents to select the health centre or hospital in which they are to receive the care and other health services for which the municipality is responsible.

The citizens' freedom of choice in other primary care services will be increased across municipal boundaries.

In order to improve the availability of preventive services, the roles of incentives, legislative control and the provision of information and their relative importance will be investigated.

To develop preventive health care services:

- The provision of information on preventive measures will be improved and dissemination of best practices encouraged, for example, through the preparation of a new health care act.
- The citizens' responsibility for their own state of health will be underlined.
- Steps will be taken to determine how to increase the instruction of health-promoting physical education, healthy nutrition and substance abuse prevention in the social and health care programmes at polytechnics and universities.

The introduction of e-services in the health care sector will be promoted:

- Steps will be taken to ensure that the on-going information technology development project will be completed on schedule.

#### ***4. Promoting the well-being of children, young people and families***

##### **Developing the living environment of children and young people**

Most Finnish children are doing well and growing in a positive environment. However, over the past few decades, social and psychological exclusion has become more prevalent among children and young people. To prevent exclusion, it is essential to support families and offer timely help to children and young people long before the need for corrective services, such as child welfare action, arises.

As far as early intervention is concerned, sectoral boundaries have created unnecessary barriers to cooperation while the potential offered by multi-professional cooperation have not been fully utilised. A report will be prepared to look into the modification of administrative structures with a view to addressing the wellbeing of children and young people from early childhood to entry into the labour market.

In order to increase preventive social work targeting families with children, the Government seeks to expand the family centre model to all parts of Finland. Their access to home help services will be improved. The decree on guidance centres and school health care will improve access to preventive services by children, young people and their families throughout Finland.

A framework will be created for multi-professional cooperation between government agencies in order to prevent young people from being excluded from education and the labour market upon completion of basic education; an obligation related to this will be imposed on the authorities regarding people under 25 years of age. The exchange of information in the context of multi-professional cooperation will be promoted.

Steps will be taken to ensure the availability of morning and afternoon activities for young schoolchildren. Final decisions on the measures will be made after the proposals have been circulated for comments. Efforts to extend school club activities to pupils of all ages will be continued in the context of the programme on the quality enhancement in basic education (POP

programme). The potential for improving the opportunities of low-income families' children to participate in morning and afternoon activities and other free-time pursuits will be investigated.

During the past few years, the physical condition of young people has declined dramatically. The Government's goal is increase physical education both at and outside school in collaboration with the school partner networks. This will be done, for example, by developing morning and afternoon activities and providing opportunities for physical activities during recesses and improving the capabilities of NGOs to contribute to this objective. Additionally, support will be provided to municipalities to improve the safety of school transports and the standard of school yards with a view to promoting physical exercise among children and young people.

A specific project to promote child and youth sports, 'Liikkuva koulu', will be launched in 2009 to disseminate recommendations for physical exercise for school-age children to all comprehensive schools. The project, funded by Veikkaus, the Finnish pools and lottery operator, will be implemented jointly by the educational, social and health, and defence administrations.

The Finnish school system will be developed to further consolidate its abilities to maintain a high standard of performance, while at the same time emphasising the comprehensive development of the personality of children and young people and the importance of a sense of responsibility, both at school and in the public and wider social contexts. Optional courses in skills and arts subjects will be increased.

Steps will be taken to make better use of information and communications technology in education in order to improve school performance and satisfaction, while guaranteeing adequate information society skills to all pupils irrespective of their place of residence.

Efficient and functional solutions will be developed for reconciling work and family life. A working party will be appointed to look into a more extensive reform to the parental leave system in order to support parenthood, encourage fathers to make more use of family leaves, and develop systems for compensating employers for the cost of parenthood.

An experimental project will be launched in which solutions will be developed for resolving disputes concerning the care and custody, living arrangements and visitation rights of children in collaboration between a psychologist, circuit court judge and the spouses involved.

In order to create a more secure media environment for children and young people, steps will be taken to explore the possibility of establishing a media council to promote media education at schools and encourage self-regulation on the part of video and internet game producers.

Budget appropriations for youth work will be increasingly reallocated to the work carried out among immigrant youth.

Steps will be taken to develop a comprehensive approach to child and youth policies and their coordination throughout the central and local government administration.

## ***5. Immigration policy and integration***

The Government's goal is to support the employment of immigrants and their integration into Finnish society. The Government will step up its efforts to combat racism and intensify

investigation of racist crimes and regulation in view of illegal terms of employment, and makes a commitment to zero tolerance in these issues.

A decision on a long-term action programme aiming at a quick entry of immigrants to the labour market will be made at the discussion on government spending limits. At the same time, a decision will be made with regard to the letter of intent between the municipalities in the metropolitan area. The programme will specifically address the increased need for immigrant services, particularly in big cities.

Employees will be increasingly recruited from EU Members States, also for the purpose of alleviating shortages in specific sectors. With regard to work-related immigration, resources will be targeted to specific suitable countries of origin, as the need for labour is expected to change as a result of demographic changes.

Labour immigration will be implemented by giving due consideration to the objectives of the countries of origin in such a way that the operation of the organisations posting workers can be controlled.

The Government will take measures to encourage foreign nationals who have studied in Finland or completed a higher education degree here to remain in Finland to work. The Nationality Act will be amended so that half of the time spent in Finland studying will be taken into account in determining the period of time required for eligibility for citizenship.

### **Asylum policy**

The Government will develop Finland's asylum policy in the context of international conventions and EU legislation. Where possible, the Government will align Finland's asylum policies and practices with other Nordic countries in an effort to reduce the number of people whose applications for asylum are without merit. A report on the asylum policy will be prepared during spring 2009 and the necessary measures based thereon adopted during the current year.

Preparations for the conclusion of return agreements with Afghanistan and Iraq will be continued. The Government will work actively for the harmonisation of the EU's asylum policy and expects all Member States to comply with the Union's common minimum rules.

The Government is prepared to temporarily allocate additional resources to clearing the backlog of work in the processing of asylum applications. Additionally, the capabilities for determining the age of the applicants will be improved and language tests extended.

## **6. Other themes**

### **Problems with mould and mildew in buildings**

One of the most serious environmental health problems in Finland is the poor quality of indoor air, which is frequently due to damage to structures caused by moisture, mould and mildew. This, in turn, leads to major health hazards and massive financial losses. One out of two buildings shows signs of excessive moisture. In approximately 15% to 20% of the buildings, mould and mildew pose a risk to the health of the residents. The problem affects all types of buildings irrespective of current use or form of ownership.

The Government will launch a five-year project to combat moisture and mildew in buildings to be administered by the Ministry of the Environment. The project is designed to systematically alleviate the health hazards and economic losses due to moisture, mould and mildew, and to prevent such damage in new building and reconstruction and renovation projects.

### **Intelligent traffic and transport**

A strategy and implementation plan for intelligent transport and traffic will be prepared during 2009.

### **Ensuring the standard of quality in bill drafting**

In order to improve the standard of quality in bill drafting and law-making, the Government has decided to take the following actions:

- New solutions will be devised to address human resources issues, such as the establishment of a pool of bill drafters.
- The development of bill-drafting processes and its monitoring will be organised and specified in the performance agreements at all ministries.
- The track record in the implementation of the government proposals list will be specified in the performance agreement.
- The monitoring of bill drafting is to be included as a standard item on the agenda of the meetings of the Permanent Secretaries.
- The Government's decision on the hearing procedure.
- Procedures for harmonising the practices for evaluating the human implications of the bills (e.g. children, people representing different backgrounds or age groups) will be put in place.
- Steps will be taken to determine appropriate measures to coordinate the revision of the style and standard of legal language.

### **Evaluation of the impact on language relations**

Steps will be taken to ensure that when administrative and legislative reforms are made, an evaluation of their actual implications will be made regarding the availability of services in both official languages of Finland.