

Finland, a land of solutions

Strategic Programme of the Finnish Government

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27 May 2015

ANNEX 1 The government's tax policy

Key taxation objectives in the government term

1. Taxation provides encouragement to do work, to do business, to employ, to take risks, to own, and to invest in Finland. The overall tax rate will not rise during the government term.
2. Taxation is predictable and consistent. The general taxation policy line is agreed at the beginning of the government term and changes of policy that cause uncertainty are avoided during the government term.
3. In easing taxation, the focus is on low and medium incomes. Incentive traps will be eliminated. Taxation of earned income will not be increased at any income level.
4. Taxation will be developed so that entrepreneurship, ownership and investment are more profitable than at present. The taxation structure supports Finland's competitiveness and the key objectives set by the Government. The focus of taxation will shift from taxation on labour and business to 'sin taxes' in particular.
5. The basic principle of taxation is a broad tax base and low tax rates. Finland works actively to prevent international tax evasion.
6. Taxation procedures are customer-oriented, taking into account the consistency, predictability and legal certainty of taxation as well as access to information.

Tax decisions and their impact on tax revenues

Taxation on labour

Item	EUR million
To ensure that taxation on labour does not increase, annual adjustments corresponding to the rise in earnings level and/or inflation will be made to earned income taxation.	-180 (2016 level)
The earned income deduction will be increased, focusing on low and medium incomes..	-450
The domestic work credit will be improved by increasing the compensation percentage and including suitable care services for the elderly within the scope of the domestic work credit.	-30
The solidarity tax will continue to the end of the government term.	+65
Tax deductibility of donations given to higher education institutions by private individuals – up to EUR 500,000, lower limit of donation EUR 850.	-5
To support moderate pay settlements, additional reductions of earned income taxation will be prepared. The reductions apply to all income classes and pensioners, focusing on low and medium incomes.	

Corporate taxation and taxation on ownership

Item	EUR million
The level of corporate income tax will be kept competitive.	
The deductibility of losses will be amended such that losses of an income source can in limited companies be deducted from the income of other income sources.	-10
A 5% entrepreneur deduction will be introduced for entrepreneurs and self-employed persons, those engaged in agriculture, forestry or reindeer husbandry, and business partnerships and deemed partnerships.	-130
Successions will be promoted by easing inheritance tax, and other development needs will be assessed.	-40
Successions of forest holdings will be facilitated and/or the forest deduction improved.	-20

Payment-based settlement of value-added tax will be introduced for small companies.	
Mining activity will be transferred back to electricity tax class II and within the scope of the energy tax ceiling.	-27
The capital transfer tax will be abolished in situations in which an entrepreneur or self-employed person or those engaged in agriculture and forestry transfers property to a partnership or limited company in a change of company form. The Tax Department will study neutrality requirements.	
A loss arising in the transfer of property will be made tax deductible from capital income with certain restrictions.	
Capital gains tax on shares and income tax will be amended such that the transfer of shares and share options of unlisted employer companies to key personnel is with certain conditions possible at a lower valuation than a private equity investor without tax consequences.	

Increasing tax revenues

Item	EUR million
The focus of taxation will shift from taxation on labour and business to excise duties in particular.	
The deductibility of interest on home loans will be reduced on an accelerated timetable such that reduction is 10 percentage units per year. The deduction in 2016 is 55%, in 2017 45%, in 2018 35% and in 2019 25%	+150
The lower and upper limits of the real-estate tax will be raised moderately.	+100
The CO2 component of tax on fuels used for heating and by working machines will be increased.	+75
Combined production of electricity and heat will be steered towards lower emission levels by the removal in steps of the CO2 tax reduction. The Ministry of Finance and the Ministry of Employment and the Economy will prepare a model and timetable.	+90
The waste tax will be increased. Incineration of waste will not be subject to the tax.	+5
The tobacco tax will be increased gradually.	+270
The excise duty on sweets will be increased and the tax base broadened, taking into account competition effects and state subsidy statutes.	
The alcohol tax will be adjusted if increases in Estonia provide an opportunity to do so.	
The corporate tax base will be tightened and active efforts made to combat the shadow economy, taking into account the international operating environment and Finland's competitiveness. The goal is an increase in tax revenues of EUR 150 million.	+150
A fixed-term active tax amnesty will be introduced based on preparations by the Ministry of Finance.	

Transport tax reform

Item	EUR million
The car tax will be lowered in favour of low-emission cars during the government term such that the tax revenue impact is around EUR 200 million at 2019 prices. The measure will be implemented in steps to avoid market distortions.	-200
The motor vehicle tax will be tightened.	+100
An annual tax will be imposed on registered boats and motor vehicles.	+50
A heavy transport road use fee (vignette) will be introduced. The cost will be compensated for with respect to commercial transport in accordance with the EU maximum.	
The removal of the rail goods transport tax and the halving of fairway dues will be extended by 1 year. EUR -55,3 million	

Tax changes requiring clarification:

- The EU will be petitioned to ensure that the VAT Directive would also allow the reduced tax rate to be applied to digital content.

- The introduction of a provision made from a company's taxable income to promote investment will be studied.
- To promote stock market listings, the opportunity for companies listing on the First North stock exchange to maintain in dividend taxation the tax status of unlisted companies will be explored.
- The tax treatment of the lump sum supplementary pension will be clarified.
- A study will be made on how to make the remittance into a company of copyright income more advantageous from a tax perspective.
- The tax treatment of foundations and associations will be clarified.
- A tax exemption for small dividend incomes up to EUR 500 will be explored.
- A study will be made during the government term on the taxation of capital income, the taxation of property, and the tax treatment of different forms of investment.

Other policy lines

The municipalities will be compensated for the tax revenue impact of changes made by the Government to tax criteria.

To enhance the functioning of the Tax Administration, improve taxpayers' legal protection and access to information, and reduce the administrative burden, the Government will implement reforms of taxes collected by the Tax Administration, with the aim of harmonising and simplifying the taxation and tax collection procedure as well as the taxation appeals and sanctions system. In addition, electronic operating methods and taxation in real-time will be promoted.

Excise duty taxation, car taxation and the value-added taxation of imports will be transferred gradually to the Tax Administration for handling, to achieve cost and resource benefits and reduce the administrative burden on companies. The requirements for transferring to the Tax Administration the motor vehicle taxation duties of the Transport Safety and Security Agency will be investigated.

ANNEX 2 Conditional further measures

Expenditure cuts

Item	EUR million
Compensation for consultation with private doctor and dentist	-60
Child allowances	-120
Financial aid for students	-25
Adult education allowance. State's financial contribution will be replaced by a corresponding state-guaranteed loan.	-70
Index increases of TyEL- and YEL-linked benefits and earnings-related pensions will be halved in 2018 and 2019.	-272
Unemployment security	-120
Ending of job alternation leave	-40
Complete abolition of parental leave holiday accrual	-42
R&D and business subsidies	-40
National aid for agriculture	-30
University funding (separate funding of Aalto University)	-30
Reduction of infrastructure projects (new transport infrastructure projects)	-50
Passenger vessel subsidy	-20
Energy tax subsidy for industry	-40
Total	-959

Tax increases

Item	EUR million
Income tax inflation adjustment not made in 2018	-234
Electricity tax increase	-60
Cancellation of halving of fairway dues and restoring rail goods transport tax in 2018 (EUR 42.5 million + EUR 13.3 million) EUR 55.3 million	
Removal of deductibility of interest on home loans	-100
Additional increase of excise duties on alcohol, tobacco and sweets	-60
Total	-454

ANNEX 3 Cutting municipalities' costs by reducing duties and obligations

Starting points

The Government is committed as part of the balancing of public finances to reduce municipalities' duties and obligations by EUR 1 billion. The Government will not give municipalities any new duties or obligations during the government term. If savings are made in central government transfers to local government, the Government will reduce municipalities' duties to the same extent.

Reforming the steering of municipalities' duties

The continual fragmentation and excessive detail of the steering of municipalities' duties will be curtailed. A long-term reform of the steering of municipalities' duties will be launched, with the objective of

- in future, steering municipalities' duties, as a rule, through legislation and, if necessary, through supplementary decrees.
- discontinuing steering based on recommendations
- moving from steering of resources to steering of targeted results
- in supervision, moving from supervision of resources to supervision of the service result received by the customer, with the aid of performance indicators determined in municipalities' self-supervision
- moving from detailed steering to more relaxed steering

Detailed provisions and recommendations relating to the methods, resources and processes of providing municipal services will be largely repealed. If necessary, instead of sector- and service-specific steering, they will be steered with a general law (separate statute or Local Government Act).

Municipalities' planned and future duties

The Government will re-assess the following municipal duties and obligations so that public spending does not increase:

- Act on Preventive Work Against Substance Abuse (Government proposal being examined)
- reducing the maximum number of days of rehabilitative employment service activity (Act will come into force at the beginning of July 2015)
- Social Welfare Client Documents Act
- Decree on Emergency Care with respect to oral health care
- reform of the Social Assistance Act
- Reform of disability legislation (coming into force in 2017)
- Act on the Qualification Requirements for Social Welfare (Act adopted but not signed)

Promoting municipalities' freedom of action

An act will be passed enabling municipalities to decide at their discretion on the way that they arrange services according to the laws listed in the act. Municipalities will not be required to comply with the

obligations prescribed in the said laws or the decrees issued by virtue of them or the procedures for implementing services mentioned in recommendations.

The legislation to which the new act relates will cover, among others, the following acts:

Act of Private Roads	in its entirety
Real Estate Register Act	maintaining a real estate register
Act on Liberal Adult Education	in its entirety
Act on Basic Education in the Arts	in its entirety
Library Act	in its entirety
Youth Act	in its entirety
Museums Act	in its entirety
Sports Act	in its entirety
Outdoor Recreation Act	in its entirety
Municipal Cultural Activities Act	in its entirety
Theatres and Orchestras Act	in its entirety
Children's Day Care Act	play activities, other day care activities
Act on Social Lending	in its entirety
Act on Transferring Vehicles	

It is expected that significant savings in public finances will be achieved through increasing freedom of action, utilising businesses and the third sector, and removing regulations.

Steering and supervision of municipalities

The Government will review all local and central government steering and supervision processes directed at municipalities. Overlaps will be removed. Self-supervision will be developed and supervision outsourced.

The VIRSU project has identified overlaps in, for example, agricultural subsidy administration duties, food control and inspection, animal health and welfare supervision, implementation and monitoring of the Tobacco Act regulations, health protection, environmental control, deciding environmental and water permit applications, monitoring the state of the environment, and monitoring of the Waste Act and the Water Act.

In connection with the reform of the Land Use and Building Act, construction permit and control processes will be reassessed.

Central government supervision processes directed at municipalities will be reviewed. Supervision will be developed so that various guidance or corresponding directions of a recommended nature are not used as binding norms on municipalities. Recommendations and guidelines relating, for example, to housing service facilities as well as the investment guidelines of the Housing Finance and Development Centre of Finland (ARA) will be made more flexible.

The standardisation of service content will be discontinued and a move made to monitoring and measuring service results. In implementation, the results of experiments conducted in accordance with the Municipal Experiments Act will be utilised.

Increasing municipalities' fee income

In official licensing and supervision activities, a move will be made towards cost recovery. Acts in which a move towards cost recovery could be made include, for example: the Act on Private Social Services, the Act of Private Health Care, the Health Protection Act, the Food Act, the Land Use and Building Act, the Land Extraction Act, the Environmental Protection Act, the Marine Environmental Protection Act, the Water Act and the Waste Act.

Qualification requirements for municipal personnel

Detailed and narrow qualification requirements will be withdrawn. The skills of the person selected for a position will be emphasised. At the same time, a commitment will be made to lighten obligations relating to the personnel structure of services. Qualification requirements for positions that involve the exercising of public authority will be enacted in legislation. In other respects, legislative-level educational requirements will be abandoned unless there are particularly compelling reasons for not doing so. Qualification requirements will be revised so that for expert positions that require higher education the qualification requirement is, as a rule, a degree from higher education. Positions for which there are no qualification requirements prescribed in an act or decree will also be left outside regulatory control in future.

Transport services of the municipalities and the Social Insurance Institution of Finland (KELA)

The Government will reform publicly subsidised (central government, municipalities, KELA) passenger transportation with the aim of achieving a 10% saving from 2017.

The reform will be implemented by utilising digitalisation and enabling new kinds of market-based and innovative service concepts by developing legislation. Legislation will be developed by implementing a comprehensive reform of personal, postal and goods transportation.

Abolishing municipalities' planning obligations

The Government will expand, in accordance with the existing Municipal Experiments Act, the combination of individual service plans included in the integrated operating model for welfare to cover all municipalities and all individual care and service plans.

In accordance with the Local Government Act, a municipal strategy will replace municipalities' individual strategic and operational planning obligations.

Revision of deadlines

The Government will review deadlines of non-urgent services and care in order to increase flexibility, but excluding licensing.

ANNEX 4 Housing policy measures

To strengthen economic growth and employment, renew the housing stock, respond to demand for housing, increase competition in the construction industry and choice in housing, and because of the changes in the structure of housing needs, the Government will amend and abolish legal provisions on housing construction and promote long-term and economically sensible real-estate management. The legislative changes also aim to promote complementary construction and to significantly increase the supply of both housing and building sites. The reform will focus on market-based and state-subsidised housing production.

The Government's objective is that housing construction will better meet the demand by taking account of the current and future needs such as migration, the ageing population, the increase in the number of people living alone, economic development strategies of municipalities and economic and climate policy considerations. Another objective is to support and encourage citizens in arranging their own housing.

State-subsidised housing production

Legislation on non-profit housing construction will be reformed by changing for each project the restrictive conditions. The non-profit requirement of owners of state-subsidised housing will be waived for new production.

To increase rental housing production, a new ten-year intermediate model will be generated that will be open to all those who fulfil the eligibility conditions and who are committed to them.

The selection of residents for rental housing of the Housing Finance and Development Centre of Finland (ARA) will be further developed to achieve a better balance by including income limits in means testing when selecting residents. Residents' income will be checked when they are moving to a dwelling subsidised by ARA or when moving from one dwelling to another. Exceptions to resident selection may be made in cases where public support does not lead to unhealthy competition for tenants with the private rental housing market.

Restrictions on the use and assignment of the current ARA housing stock will be eased if the capital freed up is used for housing production or renovation of the housing stock. The extent to which ARA-subsidised rental housing could be made available by acquiring privately financed rental dwellings will be explored. Investment subsidies by ARA to special groups will continue.

The age limit for entering into a savings agreement under the ASP savings and loan scheme will be lowered to 15 years. Work to reduce homelessness will continue with due regard given to proposals made by the 'housing first' working group (AUNE).

The right-of-occupancy housing system will be reformed as an independent system with respect to financing, resident selection and the application process.

Pension insurance companies may continue to use borrowed capital in housing investments until 2019.

Cooperation between local and central government

Central government calls for a substantial increase in building sites and housing production, while respecting the principle of partnership in cooperation between central government and municipalities and in inter-municipal cooperation, if major infrastructure projects in growth centres and in their vicinity are implemented.

The Government will sign a letter of intent on coordinating land use, transport and housing and increasing housing production and growth with the largest urban regions. This must take into account diverse development of the housing market.

Better telework opportunities, reduction of traffic emissions and development of smart grids will facilitate living and working in the whole country. During the term of government, solutions will be sought for the problem of empty dwellings as a result of population decline.

Measures to increase production on building sites and reduce construction costs

The Land Use and Building Act will be amended to enhance opportunities for construction. The decision-making procedure will be simplified, for example by revising appeal procedures. Construction in densely populated areas will be facilitated, for example by easing regulations on areas requiring planning. Decision making on deviating from plans will be transferred from centres for economic development, transport and the environment to municipalities. Furthermore, land use planning for projects and the environmental impact assessment procedure will be integrated.

To increase the authority and responsibility of municipalities over land use, the authority to implement the national land use guidelines will be clarified. Centres for economic development, transport and the environment will have a consulting role in planning and building. Their right of appeal against land use plan decisions will also be limited.

The ratification procedure for regional land use plans and joint local master plans at the Ministry of the Environment will be abandoned. All decisions on waterfront construction will be transferred to municipalities.

Binding processing times will be set for public authorities involved in the land use planning process, including environmental impact assessments.

For all construction and environmental matters, the right to appeal to the Supreme Administrative Court will be subject to obtaining leave to appeal. A binding deadline will be set for obtaining the decision on leave to appeal. Legal fees for land use and planning permission decisions will be raised. The possibility to appeal against planning decisions by filing an administrative appeal instead of a municipal appeal will be explored.

When planning land use and assigning building sites, municipalities should promote effective competition by drawing up land use plans suitable for various types of housing (single-family houses, terraced houses, blocks of flats).

Full accessibility will only be required for a certain number of flats on new housing sites.

Regional exemption policies will be introduced to facilitate renovation.

Decision making within housing companies concerning renovation, accessibility and complementary construction will be made smoother.

A simplified planning procedure will be introduced to facilitate complementary construction and make it easier to change the purpose of use of buildings.

Conversion of offices and business premises into flats will be promoted.

Refurbishing or renovating a building or changing its purpose of use will not bring obligations similar to those required for new construction, such as accessibility or acoustic insulation. To comply with energy efficiency requirements, flexibility and exceptions allowed by the Energy Efficiency Directive should be fully applied to regulation under the Directive.

Grading will be abandoned for trade in land use planning. Regulation on large retail units in city centres will be reduced.

Legislation on land use planning and the protection of buildings will be amended so that protection will not prevent measures ensuring access to residential buildings, such as subsequent installation of lifts.

Opportunities for construction in densely populated areas will be further enhanced, for example by extending the use of local master plans as grounds for building. Conversion of holiday homes into permanent residential use will be made easier.

The Land Use and Building Act will be amended to significantly extend the scope of the notification procedure to include small-scale landscaping and installation of such devices as solar panels and ground source heat pumps.

To promote wood construction especially, national and commonly acceptable construction standards and technical solutions approved in planning permission procedures across the country will be created.

Planning permission services for the public – both traditional and digital – will be provided according to the one-stop-shop principle.

Furthermore, a key project to review legal provisions on construction carried out by central government and municipalities will be launched with the aim of reducing other costs and bureaucracy, including the construction of civil defence shelters and parking spaces.

ANNEX 5 The Government's spending limits rule

The Government is committed to a spending rule such that central government expenditure within the spending limits in 2019 will be EUR 1.2 billion smaller than in the central government spending limits decided on 2 April 2015 (at 2016 prices). Annual adjustments required by the change in price level will be made to the spending limits of the government term. An annual provision of EUR 300 million is made for supplementary budgets in the spending limits of the government term.

To achieve a spending limits solution of this scale, the Government is committed to the measures listed in the annexes to the Government Programme, which aim to strengthen general government finances by around EUR 4 billion in 2019 and, as part of this, to reduce permanent central government spending within the spending limits by a net EUR 0.65–1.7 billion in 2016–2019.

The spending limits will decrease by EUR 1.2 billion, even though the package of adjustment measures is EUR 4 billion. This is due to, among others, the following factors:

- an annual supplementary budget provision of EUR 300 million
- freezing of index increases will be realised in the spending limits later
- some impact assessments to be revised later are missing (e.g. structural reform of secondary education, effects of informal and foster care, changes in specialised health care)
- the savings will also affect local government finances and social insurance funds

The Government is committed to adhering to its set spending rule as well as to the central government spending limits decision in the first general government fiscal plan, which will be based on it. In connection with the first general government fiscal plan, provision for defence force vessel purchases from 2019 will be decided.

The Government is committed to implement during the government term the savings necessary to cover the entire EUR 10 billion sustainability gap. The effectiveness of the savings and structural reforms will be monitored annually in connection with the spending limits discussion.

The purpose of the spending rule is to limit the total amount of expenditure incurred by the taxpayer. When neutral changes are made in the Budget from this perspective, corresponding adjustments may be made in the spending limits of the government term.

Adjustments to the spending limits will ensure, if necessary, that the spending limits

- treat various taxation changes in the same way, if they have similar impact on public finances
- do not restrict rebudgeting of expenditure, changes to the timing of expenditure items nor refunds or compensation of revenue that prove to be unjustifiably large. If expenditure arising from the spending package under way is technically transferred to the next government term, the spending limits level will be correspondingly reduced.

If the level of expenditure falls below that specified in the spending limits after supplementary budgets, the difference, to a maximum of EUR 200 million, may be used for one-off expenditure in the following year without reference to the spending limits.

The following items are not included in the spending limits:

- unemployment security expenditure, social assistance expenditure, wage subsidy and housing allowance. However, expenditure effects generated by changes to the criteria for these items and by discretionary decisions affecting their level are included in the spending limits.
- interest expenditure on central government debt
- possible compensation payable to other tax recipients for tax changes decided by central government (including social insurance contributions)
- expenditure corresponding to technically transmitted payments and external funding contributions
- expenditure corresponding to the revenue from betting and lottery, totalisator betting and the transferred earnings from the Slot Machine Association
- financial investment expenditure
- appropriations for VAT expenditure

If economic growth proves to be faster than expected, the increased revenue and lower expenditure due to growth will be used in proportions decided by the Government to reduce indebtedness, ease taxation on work and business, and for one-off measures to boost growth.

ANNEX 6 Immediate consolidation measures to public finances

Separate annex

ANNEX 7 Other measures

- The Government will appoint a parliamentary working group to evaluate the duties and funding of YLE.
- The reform of the Act on the Autonomy of Åland will continue, and the government proposal will be submitted to Parliament in spring 2018 at the latest.
- Streamlining the Wastewater Decree: Chapter 16 of the Environmental Protection Act will be amended to clarify wastewater treatment in densely populated areas and make it more effective. Municipal regulations on environmental protection and construction will continue to apply to areas sensitive to pollution, such as shores and groundwater areas. In other areas, the statutory deadlines for the modification of wastewater systems of residential properties built before 2004 will be abolished. The adequacy of the wastewater system of each of these properties will be inspected in connection with renovation work that is subject to planning permission. Any amendments necessary to the Water Services Act will be considered when amending the Environmental Protection Act. The mandate of the previously appointed working group of the Ministry of the Environment will be reviewed to comply with the amendments.
- Climate policy: The Government will contribute to the adoption of an ambitious and comprehensive international convention on climate change to limit global warming to two degrees. The convention must reduce the risk of carbon leakage from energy-intensive industries and generate new markets for clean technologies. Finland will achieve the climate objectives for 2020 for the share of renewable energy and emissions reductions by the end of the government term. Further preparations for the EU 2030 Climate and Energy Package will aim at ensuring an effective emissions trading system, increased and cost-effective renewable energy generation, and flexibility in the sharing of burdens outside the emissions trading scheme. Hi-tech renewable transport fuels will be promoted. All climate policies must take account of the competitiveness of Finnish export industries and ensure fair burden sharing.
- The third sentence of section 9(1) of the Act on Political Parties (10/1969) will be repealed (as amended in the Act amending the Act on Political Parties 683/2010)
- Further strategy work and preparations for the key projects will be based on the background notes drawn up by the working groups of the government formation talks.

Appendix 6

Immediate consolidation measures, 27.5.2015

EUR million	General government finances						Central government					Municipalities					Social security/employment pension contributions				
	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Education, science and culture	-178	-466	-511	-541	-556	-681	-137	-265	-291	-299	-302	-40	-200	-220	-243	-254	0	0	0	0	0
Social and health services	-71	-181	-281	-361	-451	-451	-22	-34	-47	-56	-66	-38	-135	-222	-294	-374	-11	-11	-11	-11	-11
Service charges, fines, etc.	-243	-322	-322	-322	-322	-322	-83	-98	-98	-98	-98	-160	-224	-224	-224	-224	0	0	0	0	0
Social benefits	-437	-710	-770	-800	-860	-920	-132	-303	-337	-348	-378	-71	-90	-116	-135	-165	-234	-317	-317	-317	-317
Agriculture and forestry	-29	-48	-60	-70	-70	-70	-29	-48	-60	-70	-70	0	0	0	0	0	0	0	0	0	0
Business and industry	-76	-145	-221	-315	-332	-266	-76	-145	-216	-307	-324	0	0	-5	-8	-8	0	0	0	0	0
Housing and the environment	-42	-55	-59	-59	-59	-84	-42	-55	-59	-59	-59	0	0	0	0	0	0	0	0	0	0
Transport	-15	-15	-15	-135	-135	-135	-15	-15	-15	-135	-135	0	0	0	0	0	0	0	0	0	0
Public order and security	48	48	28	3	3	3	48	48	28	3	3	0	0	0	0	0	0	0	0	0	0
Military defence	45	69	92	110	130	135	45	69	92	110	130	0	0	0	0	0	0	0	0	0	0
Foreign Service, development cooperation, etc.	-300	-300	-300	-300	-300	-300	-300	-300	-300	-300	-300	0	0	0	0	0	0	0	0	0	0
Administration and ICT expenses	-43	-81	-133	-176	-179	-179	-43	-81	-133	-176	-179	0	0	0	0	0	0	0	0	0	0
Index freezes	-70	-284	-621	-1.064	-1.094	-1.094	-124	-404	-780	-1227	-1.257	55	124	174	195	195	0	0	0	0	0
TOTAL	-1.409	-2.489	-3.173	-4.030	-4.225	-4.364	-909	-1.631	-2.216	-2.961	-3.035	-255	-525	-614	-708	-829	-245	-328	-328	-328	-328

* Iti = long-term impact

NB: Financial investment expenditure is not included in the calculation, as it included in general government expenditure in the national accounts.

NB2: Some of the savings effects are a rough estimate and their impact assessment will be revised in the course of further preparation.

These are indicated with grey colour. The effects of these measures will be included in the general government fiscal plan as preparations and estimates become more detailed. The overall central government spending limits will be reduced accordingly.

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m							
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020		
Upper secondary education																										
Structural reforms	We commit to a general government savings level of €190m beginning in 2017. The actions could consist of many different measures. If the upper secondary education reforms produce more savings later on, they will be marked as entries fulfilling the target level of structural reforms in so far as the impacts are identified in the Ministry of Finance estimate. In addition, more substantial long-term structural savings will be sought through reformist restructuring.	It is difficult to divide the €190m savings between the municipalities and the central government before more detailed information about the practical implementation of the structural reforms or immediate savings measures are available. Therefore the very approximate allocation of funding contributions in the table is subject to changes.	From 2017 onwards		-190	-190	-190	-190	-190		-80	-80	-80	-80		-110	-110	-110	-110							
Other measures concerning upper secondary education																										
Apprenticeship (29.20.21, 29.30.32)	The additional funding reserved for support granted to the expansion of apprenticeship for young people will be withdrawn as from 2018. The withdrawal of the additional funding will not influence the basic funding of apprenticeship training.	In the decision on spending limits for 2014–17, additional funding was channelled to strengthen apprenticeship for young people through an initial period for apprenticeship training and by means of trial mechanisms for a flexible changeover from institutional vocational training to apprenticeship training while maintaining the unit price in apprenticeship training at the same level as in an education institution: furthermore, the objective was to diversify on-the-job learning practices in a joint effort by training providers and workplaces. The total value of the grants and transfers to these ends is €18.7m per year.	This does not require legislative amendments. The funding is meant to run for a fixed period of time, but it is included in the spending limits base. In connection with the decision on spending limits for 2014–17, a decision was made to review the continuation of the projects and funding in 2017.			-19	-19	-19	-19		-19	-19	-19													
Vocational upper secondary education (29.20.30, 29.30.31, 29.30.32)	Section 23b of the Act on Education and Culture Funding (1705/2009) will be amended so that the impact on the unit price of the savings decided during the previous electoral term and withdrawal of the guaranteed increase of write-offs concerning vocational education will materialise fully as is stated in the rationale of Government Proposal 304/2014.	The fixed-term guaranteed increase of write-offs concerning vocational education will end in 2015. However, the withdrawal of the increase on the unit price of basic vocational education will not materialise fully because of the reformulation of Section 23 of the Act on Education and Culture Funding that comes into force on 1 January 2016 and which states that the unit price is at least at the 2015 level. The effect of the withdrawal of the guaranteed increase was already included in a government proposal in winter 2015, but was invalidated by oversight through some other government proposal.	This requires an amendment to Section 23 of the Act on Education and Culture Funding. Its entry into force is possible from 2016 onwards.	-39	-39	-39	-39	-39	-39	-16	-16	-16	-16	-16	-22	-22	-22	-22	-22							

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m						
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	
Research																									
Academy of Finland	The budget authority of the Academy of Finland will be cut by EUR 10 million beginning in 2016.				-3	-5	-10	-10	-10		-3	-5	-10	-10											
		* long-term impact	TOTAL	-178	-466	-511	-541	-556	-681	-137	-265	-291	-299	-302	-40	-200	-220	-243	-254	0	0	0	0	0	0

Social and health services

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m						
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	
Working-age adults																									
AURA rehabilitation	<p>The AURA rehabilitation programme will be abolished as of the beginning of 2016, i.e. before its initiation.</p> <p>The AURA rehabilitation is a new appropriation combining vocational rehabilitation programmes Aslak and TYK that was planned to start as of the beginning of 2016 with an annual budget of €20.6m. It was to be funded from health insurance. The central government's funding contribution was planned to be 44.9% and the share of the insured 55.1%.</p>		GP s2015	-21	-21	-21	-21	-21	-21	-9	-9	-9	-9	-9							-11	-11	-11	-11	-11

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m							
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020		
Older people																										
Adjustment of the staff-client ratio in services to older people	The quality recommendation to guarantee a good quality of life and improved services for older persons published by the Ministry of Social Affairs and Health and the Association of Finnish Local and Regional Authorities in 2013 will be reviewed so that the absolute minimum staffing level would be 0.40-0.50 care workers per client in sheltered housing with 24-hour assistance and in older people's homes (current ratio 0.50). In long-term care in health centre in-patient wards, the recommended ratio would remain at 0.60-0.70 care workers per client. Other quality recommendations relating to certain groups to be included in the staffing levels (persons in apprenticeship training, social and health care sector students and persons without vocational education in the social and health care sector) will be reviewed so that the persons in these groups could be included in the staffing level as care workers on more relaxed grounds than at present."	In sheltered housing with 24-hour assistance and in older people's homes, approximately half of the clients need a particularly high level of care and services, so the lower staffing level could be applied to a maximum of 50% of clients. If the calculated saving gained from a lowering by 0.1 percentage point would be approximately €200m per year, the potential annual saving gained through this measure would be approximately one half, €100m per year. In practice, the adjustment of the staffing level would take place gradually and would probably be slightly less than the highest potential amount.			-25	-50	-70	-70	-70		-6	-13	-19	-19		-19	-37	-51	-51							
Bureaucracy																										
Reduction of planning obligations in social and health care services	The following obligations relating to the drafting of a service plan will be changed so the plan will be drafted only if the service need of a social welfare and health care client so requires it: - plan on supporting the elderly population (Act on Care Services for the Elderly, Section 5) - plan on service, care, rehabilitation or other such social welfare plan (Act on Social Welfare Clients, Section 7) and - plan on examination, care, medical rehabilitation etc. (Act on the Status and Rights of Patients, Section 4a)	Social and health care services have many detailed obligations relating to client or patient rights and services. These take up a considerable amount of the staff's time and involve significant costs. An estimate of municipalities' savings is €5-15m annually. In addition, other corresponding local government planning obligations in different administrative branches should be assessed and obligations diminished.			-10	-10	-10	-10	-10				0	0	0	0	-10	-10	-10	-10						

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m						
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	
Reduction of cost differences in specialised health care	To curb costs in specialised health care, an incentive system will be introduced. This means that hospital districts or other specialised health care providers will be paid incentive support if their per capita operating costs adjusted by region-specific correction parameters (e.g. prevalence of diseases, age structure, population density and role in national centralisation) do not exceed the national average by more than 15%. The more the costs remain under the target level, the bigger the incentive support will be, taking account of that no single provider can be granted more than half of the entire support appropriation. Incentive support will also be granted to specialised health care providers that can significantly improve their cost effectiveness, unless they already receive the support under the 15% rule. Incentive support will amount to €250m annually. The same amount will be cut from central government transfers to local government.				-50	-100	-150	-200	-200							-50	-100	-150	-200						
Improving efficiency in the organisation of regional specialised health care	In specialised health care, municipalities will be given a statutory obligation to transfer certain demanding surgical operations (operations to be prescribed separately, e.g. endoprosthesis, brain, heart, cataract, cancer and abdominal surgery) in their hospital districts or other entities to such health care units that meet certain competence-supporting minimum requirements. Section 4 of the Government Decree on the Organisation and Centralisation of Specialised Health Care (336/2011) on the Centralisation of Specialised Medical Care on a Regional Level, issued under Section 45 of the Health Care Act, will be amended so that it will give more detailed provisions on the content of centralised health care services mentioned above and on the units providing such care.	The aim is that centralised health care services would be offered, for example, in no more than two units in each hospital district. The impact assessment of savings in municipalities' costs would gradually grow and would amount roughly to €50-100m in the early stages. In the longer term, the savings impact could be considerably higher. This will be included in the spending limits, not in the initial stages, but later when the cost impacts are known in more detail.		-50	-75	-100	-110	-150	-150	-13	-19	-25	-28	-38	-38	-56	-75	-83	-113						
			TOTAL	-71	-181	-281	-361	-451	-451	-22	-34	-47	-56	-66	-38	-135	-222	-294	-374	-11	-11	-11	-11	-11	

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m					
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Fines and administrative penalties (12.39.01)	The Act 756/2010 will be amended to double the amount of fixed fines under the Act and raise their maximum amount from €115 to €230 and that of ancillary forfeiture of property from €1,000 to €2,000. The need for an increase will be considered again in 2017.	The euro amounts of fixed fines were last reviewed more than 15 years ago. Even if they were doubled, they would still be low by general European standards. Close to 300,000 fixed fines are imposed every year, most of them for traffic violations.		-20	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20										
Unit fines (12.39.01)	The Act 808/2007 will be amended so that the amount of a unit fine under the Act is one thirtieth of the average monthly income of the person fined (currently one sixtieth), i.e. the amount of a unit fine would double. The minimum amount of a unit fine will be raised from €6 to €12. In further preparations, the requirement to double the amount may be reduced if part of the desired additional revenue can be obtained by increasing cost-effective camera enforcement, for example.			-48	-63	-63	-63	-63	-63	-48	-63	-63	-63	-63										
Court fees and their scope of application (12.25.10)	Court fees (fees for court hearings and for handling petitionary matters) will be raised and their scope of application extended. As a result of the reform, revenues from court fees will cover at least 20% of the total expenditure of courts. It is estimated that the reform will bring additional revenues of €15 million annually. Most of the additional revenue would be obtained from fees for court hearings (c. €9m).	The legislative amendments will enter into force from the start of 2016 (the working group has already drawn up an amendment proposal for an Act on Court Fees and related provisions).		-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15										
			TOTAL	-243	-322	-322	-322	-322	-322	-83	-98	-98	-98	-98	-160	-224	-224	-224	-224	0	0	0	0	0

Social benefits

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m						
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	
Financial aid for students (29.70.55)	- Savings target is €70m by 2019 and in the long term €150m. - Level of study grant, housing supplement and loan must be at least €1,100. - Loan refund maintained within framework of financial constraints. - Number of months of financial aid for students will be limited. Financial aid for students may be single- or multi-stage.		Reform will come into force in autumn 2016		-20	-50	-70	-90	-150		-20	-50	-70	-90											
Housing																									
Pensioners' housing allowance	The pensioners' housing allowance will be adjusted to correspond with the general housing allowance, i.e. the systems will be combined.	According to a KELA estimate, changing the pension recipient's housing allowance to the general housing allowance would save €123m (-480m pension recipient's housing allowance, +349m general housing allowance, +8m social assistance).	Entry into force from 2016 as and when allowance decisions are adopted.	-40	-123	-123	-123	-123	-123	-40	-123	-123	-123	-123											
Guaranteed pension	General increase of guaranteed pension €30m		from 2016	30	30	30	30	30	30	30	30	30	30	30											
Adjustment of housing allowance criteria	Savings with budgetary impact in general housing allowance expenditure €25m. (Net effect, incl. growth of social assistance expenditure.)	Changes to allowance will always be done in conjunction with annual adjustment, so less impact in year of implementation. Calculated to be 60%.	Entry into force from 2016	-15	-25	-25	-25	-25	-25	-15	-25	-25	-25	-25											
Unemployment security and restriction of job alternation leave	Saving of €200m from earnings-related unemployment security and €50m from job alternation leave.			-250	-250	-250	-250	-250	-250	-104	-104	-104	-104	-104	0	0	0	0	0	-146	146	146	146	146	
Reimbursements																									
Reimbursements payable for costs of consultation with private dentist (33.30.60)	Health insurance reimbursements payable for private dentist fees will be reduced by one fifth. In terms of dental care, the average reimbursement per consultation is currently c. 26% of fees charged.		Entry into force from 2016	-20	-20	-20	-20	-20	-20	-9	-9	-9	-9	-9											
Medicine reimbursements (33.30.60)	A €150m saving in public finances from 2017 will be directed at medicine reimbursements. In the same context, revision of pharmacies' pricing system (prescription and non-prescription medicines) will be studied.	The saving may be implemented e.g. by increasing significantly the starting co-payment share or by lowering reimbursement percentages or by changing reimbursement status.			-150	-150	-150	-150	-150		-67	-67	-67	-67											
Reimbursements payable for costs of consultation with private doctor (33.30.60)	Health insurance reimbursement from doctor's fees will be cut. Average reimbursement of doctor's fees is currently c. 21% of fees charged.	Impact of additional burden on municipal health care has not been assessed (e.g. eye diseases and gynaecological examinations).	Entry into force from 2016	-20	-20	-20	-20	-20	-20	-17	-17	-17	-17	-17							-3	-3	-3	-3	-3

				Impact on general government costs, total €m						Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m				
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Parental allowance	Accrual of holiday leave arising from maternity, paternity and parental leave periods will be restricted to a maximum of 6 months.	Proposal corresponds to the Swedish model. Compensation of leave costs is currently c. €70m per year.	GP 2015, entry into force 1.1.2016.	-28	-28	-28	-28	-28	-28											-28	-28	-28	-28	-28
	Abolition of 30-day higher component payable for the parental leave period, where the reimbursement rate of parental allowance is currently 75%. Normal 70% reimbursement of imputed earned income will be paid for this period.	The reform will simplify the parental allowance system. When earned income is used as the criterion for the parental allowance, the parental allowance payable increases e.g. at the beginning of the parental leave period (30 working days). The fact that the level of allowance varies during the parental leave period has no significant incentive effect.	GP 2015, entry into force 1.1.2016.	-10	-10	-10	-10	-10	-10											-10	-10	-10	-10	-10
Sickness allowance (33.30.60)	The earned income limits and reimbursement rate for the determination of sickness allowance will be changed. The annual earned income limit used in determining the daily allowance and granting entitlement to a 70% reimbursement level will be lowered from the present €36,419 to €30,000 and the reimbursement rate for income exceeding this income limit will be changed to 35%.	The change would have no impact on minimum sickness allowances.	GP 2015, entry into force 1.1.2016.	-24	-24	-24	-24	-24	-24											-24	-24	-24	-24	-24
Diet allowance (33.40.60)	The diet allowance, the amount of which is currently €23.60/month, will be abolished.		GP 2015, entry into force 1.1.2016.	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10										
Travel allowances (33.30.60)	The co-payment share per journey, the annual cost ceiling and the co-payment share of a tax journey ordered from elsewhere than a coordination centre will be increased.	The patient/rehabilitatee pays a co-payment share for a journey. KELA reimburses necessary travel costs exceeding this. If the customer has used a taxi and the journey has been ordered from a coordination centre, the co-payment for a one-way journey is now €16.00. If the customer orders a taxi journey from elsewhere than a coordination centre, the co-payment for a one-way journey is €32.00. This higher co-payment is not added to the annual co-payment share. After the annual travel ceiling (€272.00) is reached, journeys are reimbursed in full with respect to necessary costs.	GP 2015, entry into force 1.1.2016.	-20	-20	-20	-20	-20	-20	-8	-8	-8	-8	-8						-12	-12	-12	-12	-12

				Impact on general government costs, total €m						Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m					
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	
Child welfare and home assistance for families with children	Increase			10	10	10	25	25	25	10	10	10	25	25											
Home care for the elderly, veterans, and reducing the degree of disability of disabled war veterans	Increase				10	10	10	10	10		10	10	10	10											
			Total	-437	-710	-770	-800	-860	-920	-132	-303	-337	-348	-378	-71	-90	-116	-135	-165	-234	-317	-317	-317	-317	-317

Agriculture and forestry

				Impact on general government costs, total €m						Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m					
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	
Structural changes	Merger of Natural Resources Institute Finland and Finnish Environment Institute, transfer to 3-tier management system for agricultural support, risk-based supervision of payments, abolition of early retirement aid (change in the scheme, significant savings in the 2020s)				-8	-18	-19	-19	-19		-8	-18	-19	-19											
National funding of the Rural Development Programme	Nature management fields, LFA, buffer zones, catch crops, project funds			-5	-16	-16	-23	-23	-23	-5	-16	-16	-23	-23											
Forestry	Forest Biodiversity Programme for Southern Finland Metso €3m, aid for energy use of small-diameter wood €12m (the rest of these funds in the budget item transferred to the financing of sustainable forestry)			-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15											
Administration	Ministry, food chain, Finnish Food Safety Authority, Finnish Forestry Centre, cadastral surveys			-9	-9	-11	-13	-13	-13	-9	-9	-11	-13	-13											
			TOTAL	-29	-48	-60	-70	-70	-70	-29	-48	-60	-70	-70	0	0	0	0	0	0	0	0	0	0	0

Housing and the environment

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m					
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Cutting acquisition and compensation expenditure for nature conservation areas (35.10.63)	If possible, more decisions on mire conservation and other decisions on nature conservation areas will be made on land managed by Metsähallitus, and protection measures (land surveys, management plans) concerning the sites already allocated for nature conservation will be completed with a single appropriation of €8m. With respect to further measures carried out on state lands, acquisition and compensation appropriations for nature conservation areas will be reduced. A reward system that could be applied to valuable sites in terms of nature conservation will be created for land owners who are ready to commit voluntarily to nature protection on a permanent basis.	The measure will reduce funding needs for private nature conservation areas. More conservation decisions under the Forest Biodiversity Programme will be made on sites outside the forestry activities managed by Metsähallitus. Net effect in the table.	GP 2015, entry into force 1.1.2016.	-12	-20	-20	-20	-20	-20	-12	-20	-20	-20	-20										
Investment grants	Activities, i.e. normal housing for students, young people and the elderly, targeted at population groups who are in good health will be excluded from the scope of high investment grants for special groups. Accessibility requirements in construction will be eased in housing for young people and students. The remaining grants will be used to safeguard housing for those in poor health and the homeless.		GP 2015, entry into force 1.1.2016.	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15										
Authorisations for right-of-occupancy housing	Authorisations for right-of-occupancy housing will be reduced by one third.	The value of the authorisations is currently €320m. The growth in the outstanding amount of state-guaranteed loans and interest expenditure will be curbed. Particularly in the long term, this measure is expected to reduce central government costs relating to rising interest expenditure and possible risks materialising from renovations. There is no resident selection in this form of grant. This is the potential saving, which has been calculated on the assumption that the interest rate is 4%.	GP 2015, entry into force 1.1.2016.						-25															

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m					
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
	To reduce incentive traps, those difficult to employ will be given priority in rental dwellings funded by the state. If in a municipality there is a vacant state-funded dwelling which is lower-priced than a privately financed one, housing expenses will be reimbursed only in accordance with the rent of the state-funded dwelling.	This should be implemented together with the proposal for the selection of residents in ARA dwellings (priority given to people receiving social assistance and housing allowance). The potential saving may be marginal and difficult to calculate (there is no information about the reimbursement of current housing expenses of the target group and impact of the change is difficult to estimate); the greatest potential lies in the reduction of incentive traps. It is also estimated that this would mean extra work for Kela.																						
			TOTAL	-42	-55	-59	-59	-59	-84	-42	-55	-59	-59	-59	0	0	0	0	0	0	0	0	0	0

Transport

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m					
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Basic transport infrastructure management (31.10.20)	An increase in the repair debt will be prevented by reallocating the financing of new projects to basic transport infrastructure management and basic improvement of private roads.		as of 2017	0	114	150	100	100	100	0	114	150	100	100										
Transport projects (31.10.77, 78, 79)	The provision for unnamed projects under transport infrastructure items will be reduced	The technical spending limits are scaled to €544m annually, which corresponds to the average level of appropriations allocated in 2012–2015. The spending limits will now allow unnamed projects as follows: 2016: €0m, 2017: €113.8m, 2018: €257m, 2019: €358.7m. A total of €729.5m for 2017–2019 is reserved for transport infrastructure projects under item 31.10.77 for new, unattached projects.		0	-114	-150	-220	-220	-220	0	-114	-150	-220	-220										
Public transport subsidies	Public transport subsidies will be reduced by €15m.		as of 2016	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15										
			TOTAL	-15	-15	-15	-135	-135	-135	-15	-15	-15	-135	-135	0	0	0	0	0	0	0	0	0	0

Military defence

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m						
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	
Finnish Defence Forces catering services	Catering services for the Defence Forces will be opened up for competition in 2017.	In line with Section 6 of the Act on the Incorporation of Catering Services in the Defence Forces (16.12.2011/1287), there is a four-year protection period for staff (terminates at the end of 2015). The 2014 turnover was €66.2m and profit €3.5m. In order to create genuine competition, the call for tenders should be in parts, e.g. tenders are invited for one-third of the catering services in the DF on a yearly basis. Cost effect 0, -1, -3, -5, -5	2017	0	-1	-3	-5	-5		0	-1	-3	-5	-5											
Procurement of defence materiel (27.10.18)	The procurement process of defence materiel will be improved by making use of competitive opportunities and increasing joint procurement with other countries to achieve cost savings. The Defence Forces will benefit from the gain made through the said improvement.	As large procurement projects are spread over many years, it may take a long time before the impact of international cooperation can be seen on cash flows. Good opportunities for efficiency will be generated by the FDF Logistics Command, which became operational as of 1 January 2015. It is composed of the materiel commands of the Army, the Navy and the Air Force, the Centre for Military Medicine, the Häme Regiment's Logistics School and the Joint Systems Centre.			0	0	0	0	0		0	0	0	0											
Military crisis management (24.10.20 and 27.30.20)	Participation in military crisis-management operations will be cut down and more focus will be placed on crisis-management operations that are more meaningful and impactful from Finland's perspective. Sufficient funding will be secured (e.g. 5 to 10% of the budget item) under the so-called funds in reserve. The military crisis management expenditure allocated for the Ministry for Foreign Affairs will be merged with the deferrable appropriation of the Ministry of Defence.	According to current plans, as of 2017 Finland will take part in 9 operations with a total of 90 soldiers. The current spending limit would allow for an increase of 1 to 2 operations and 20 to 30 staff. In the future, Finland will take part at the most in 5-7+1 military operations.	The savings sum is smaller in 2016 and will grow from 2017. The number of planned operations will decline from 2017. In spring 2016, for example, Finland will have a leadership role in operations in Lebanon.	-5	-10	-15	-15	-15	-15	-5	-10	-15	-15	-15											
Supplementary appropriation of the Defence Forces	The final report of the parliamentary working group refers to a financing method introduced in the security and defence policy report. According to it, the defence administration has estimated that a further €50m will be needed in 2016 particularly to maintain military capability and, by year 2020, progressively €150m in addition to index increments.			50	80	110	130	150	150	50	80	110	130	150											
TOTAL				45	69	92	110	130	135	45	69	92	110	130	0	0	0	0	0	0	0	0	0	0	0

Freezing of index increases

				Impact on general government costs, total €m					Impact on central government costs, €m					Estimated impact on municipalities' funding contribution, €m					Estimated impact on social welfare and health care funds, €m					
Item	Measures that will be carried out (in brief)	Other (e.g. other key effects)	Timing (submission, entry into force etc. of Government proposal (GP))	2016	2017	2018	2019	2020	Iti*	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Index increases		Calculations made using April 2015 forecast. Effects dependent on actual price development.																						
	Index linking of child allowance and financial aid for students will be discontinued.		As of 2016	-3	-26	-55	-85	-115	-115	-3	-26	-55	-85	-115										
	Freezing of index increases of central government transfers to local government (28.90.30, several items in administrative branch of Ministry of Education and Culture)	It is assumed that municipalities' duties, obligations and financial contributions will be reduced by other measures comparable to the effect of freezing index increases.	2016-2019	-4	-11	-20	-30	-30	-30	-65	-180	-325	-490	-490	61	169	305	460	460					
	NPI/CPI-based index increases will not be made in 2016. Thereafter, increases will be made in accordance with an assumed very moderate pay settlement 2017-2019. Based on an earlier settlement, a level of 0.4% has been used as the calculation estimate. Inter alia 33.10.53, 33.10.54, 33.10.55, 33.20.50, 33.20.51, 33.20.52, 33.20.55, 33.20.56, 33.30.60, 33.40.60, 33.50.50, 33.50.51	Impact on municipalities via home-care allowance and labour market support. Here a rough estimate of municipal impact. Freezing does not apply to social assistance.	2016-2019	-20	-109,8	-230	-355	-355	-355	-18	-100	-210	-324	-324	-2	-10	-20	-31	-31					
		The impact on tax revenues of the complete freezing of the NPI index in 2016 and the increase of 0.4% in 2017-2019 is to increase tax revenues, due to a lowering of the level of pension income deductions linked to the amount of the full national pension compared with existing legislation (rough estimate of magnitude).		-8	-62	-196	-419	-419	-419	-3	-23	-70	-153	-153	-5	-35	-111	-234	-234					
	Freezing of index increases of universities and universities of applied sciences (29.40.50, 29.40.55)		2016-2019	-35	-75	-120	-175	-175	-175	-35	-75	-120	-175	-175										
	Index increases will be made in future such that tobacco and alcohol are not taken into account when calculating the index increase of social benefits. Benefit increases will be linked to a new index deviating from the harmonised CPI index.	The EU's common harmonised CPI also includes tobacco and alcohol.																						
			TOTAL	-69,5	-284	-621	-1.064	-1.094	-1.094	-124	-404	-780	-1.227	-1.257	54,5	124,2	173,6	195,1	195,1	0	0	0	0	0