



PRIME MINISTER'S OFFICE
FINLAND



Government Programme of Prime Minister Matti Vanhanen's second Cabinet

19 April 2007

Government statement to Parliament
on the programme of Prime Minister Matti Vanhanen's
second cabinet appointed on 19 April 2007

THE PROGRAMME OF PRIME MINISTER
MATTI VANHANEN'S SECOND CABINET, 19 APRIL 2007

A responsible, caring and rewarding Finland

The underlying values of the programme of the new blue-green Government are a balance between man and nature, responsibility and freedom, caring and rewarding, and education and competence.

Climate change and globalisation reinforce the inter-dependence between nations and citizens. Global development issues, promotion of international security, forced human displacement and emigration, enlargement of the European Union, and the deepening of cooperation within the European community will affect Finland as well.

Trans-boundary environmental problems and an ageing population will introduce to political decision-making a new dimension spanning several generations. Responses to changes in the division of labour within the global economy are also needed.

By reacting to these challenges in a timely fashion, Finland can both prosper and also shoulder its share of responsibility for finding solutions to global problems.

Finland belongs to everyone, regardless of place of residence, life situation, mother tongue, or ethnic background. Citizens must be guaranteed the right to have a say, participate and be involved in decision-making.

A new sense of community is required. As it continues to build Finland's welfare society, the Government will seek to clarify the division of responsibilities between individuals, communities and society as a whole.

The individual's basic social security must be strengthened. Social services and aid should target people in greatest need of assistance.

Creativity, competence and a high standard of education are necessary prerequisites for the success of Finland and the Finnish people. The school system must reinforce everyone's capacity for learning.

A higher employment rate and responsible management of public finances create the foundation for improving the standard and quality of life in Finland. Work, entrepreneurship and enterprise in general should always be economically rewarding.

The labour market should be renewed on the tripartite basis. A stable labour market will reinforce consensus in Finland.

In order to develop workplace communities, there must be effective cooperation between employers and employees. To foster the wellbeing of citizens, the Government will also seek to promote sound coordination between work and other facets of life.

Equality in society at large and in the labour market in particular calls for determined efforts. Respect for others and equality of opportunity constitute the foundation of a just society.

An approach transcending generational boundaries and national borders is the guiding principle of the programme to be pursued by the blue-green Government. In revitalizing

Finland, the Government aspires a safe and secure transformation implemented with due regard for national unity.

SISÄLLYS

A responsible, caring and rewarding Finland.....	4
1 FOREIGN, SECURITY AND DEFENCE POLICY.....	8
2 EU POLICY.....	10
3 ECONOMIC STRATEGY.....	11
3.1 Greater wellbeing through expertise, entrepreneurship and reform	11
3.2 Stable and competitive economy.....	12
3.3 Workforce into full use.....	12
3.4 Innovation to fuel competitiveness and productivity growth	13
3.5 Tax policy	13
3.6 Sustainable public finances.....	15
4 LEGAL POLICY AND INTERNAL SECURITY	17
4.1 Migration	17
4.2 Municipal policy and services	20
4.3 Regional development and administration.....	23
5 EDUCATION, SCIENCE AND CULTURAL POLICY	26
5.1 Basic education	26
5.2 Upper secondary education	27
5.3 Higher education institutions	27
5.4 Adult education.....	28
5.5 Student financial aid	28
5.6 Culture, sport and youth policies.....	29
6 AGRICULTURAL POLICY AND FOOD ECONOMY	30
6.1 Rural development	32
6.2 Forestry.....	32
6.3 Water resources and land surveying.....	33
6.4 Fisheries.....	33
7 TRANSPORT AND COMMUNICATIONS POLICY	33
7.1 Transport.....	33
7.2 Ubiquitous information society.....	36
8 CLIMATE AND ENERGY POLICY	38
9 INDUSTRIAL POLICY	42
9.1 Innovation policy.....	42
9.2 Enterprise policy.....	43
9.3 Competition, internal market, and consumer policy.....	44

10	WELFARE POLICY	45
10.1	Towards the 2020s – providing care and creating incentives	45
10.2	A rewarding and just social protection system.....	45
10.3	Comprehensive and effective social and health services	45
10.4	Social and health care services innovation project	48
10.5	Well-being of families	49
10.6	Sustainable pension policy.....	50
10.7	Substance abuse policy	50
10.8	Other social and health policy	50
10.9	Developing worklife	51
10.10	Employment policy	52
10.11	Improving gender equality.....	53
11	ENVIRONMENTAL POLICY	54
11.1	The Baltic Sea and the protection of watercourses.....	55
11.2	Biodiversity	56
11.3	Waste and water supply management.....	56
11.4	Administration.....	57
11.5	Housing, land use policy and construction.....	57
12	OWNERSHIP POLICY	59
13	DEVELOPMENT OF PUBLIC ADMINISTRATION	60
13.1	Central and regional administration	60
13.2	Local government.....	61
13.3	Crisis management.....	62
13.4	The Province of Åland	62
14	POLICY PROGRAMMES.....	62
14.1	Policy programme for employment, entrepreneurship and worklife	62
14.2	Policy programme for health promotion.....	64
14.3	Policy programme for the well-being of children, youth and families	65
	APPENDICES	67

1 FOREIGN, SECURITY AND DEFENCE POLICY

As an active member of the international community, Finland contributes to global solidarity and attends to its own opportunities to exert influence. Changes taking place in global security and the environment, and in the division of labour in the global economy, are among the key issues of interest.

Finland's foreign and security policy is based on good bilateral relations, exerting a strong influence in the Common Foreign and Security Policy of the European Union, effective multilateral cooperation and credible national defence.

Finland supports the promotion of human rights, democracy, the rule of law, and sustainable development in all parts of the world. The Government considers the United Nations the most essential instrument of multilateral cooperation. The Government will continue to support efforts to strengthen the United Nations' authority and capability and to increase the efficiency and effectiveness of the UN system.

In foreign affairs, the European Union is Finland's most important frame of reference and channel of influence. Finland supports efforts to strengthen the EU's foreign policy role, the development of its Common Security and Defence Policy and the enhancement of its crisis management capabilities. The Government supports the unity of the Union in foreign and security policy issues.

Finland promotes stability and good mutual relations in its neighbouring regions. The Government will work for closer cooperation with Sweden and the other Nordic countries. In the development of Nordic cooperation, special emphasis will be paid on finding ways of facilitating everyday practices. The Government advocates strengthening of the importance of the Baltic Sea region within the EU and will endeavour to streamline the structure of the regional networks of cooperation in the Baltic Sea region and in the northern regions.

Finland promotes active and broad-based bilateral relations with Russia at various levels and works actively to develop the EU's policy towards Russia. The Government will enhance the coordination of Finland's policy towards Russia, address the matter of adequate knowledge of Russia in Finland and promote cooperation at civil society level. Finland supports the integration of Russia into the international treaty system.

Finland's cooperation with its neighbouring regions will be reformed. The key areas of cooperation will be the environment, nuclear safety, social welfare and health care. The Government will work actively to strengthen Finland's role in economic activity and expertise in the northern regions.

The Government will deepen transatlantic cooperation with the United States and Canada both bilaterally and through the EU in politics, economics and security.

The Government will prepare a new report on Finnish security and defence policy, based on a broad-based concept of security. The Government will appoint a parliamentary monitoring group to support the preparation of the report. The long-term development plans and resources of the Finnish Defence Forces will be determined in conjunction with the report. Concurrently, the clarification of such matters as the effects of EU security guarantees and the effects of military non-alliance and military alliance, will be used as a basis for assessing Finland's military position. The Government will implement the decisions included in the Government Report to Parliament on Finnish Security and Defence Policy, issued in 2004.

Enhanced comprehensive security requires broad-based international cooperation and well-functioning national inter-agency action in the whole country, with due regard to the status of the Åland Islands. The Strategy for Securing the Functions Vital to Society will be updated.

The Government will enhance Finland's capacity to participate in international crisis management operations by means of intensifying cooperation related to the use of military and civilian capabilities and promoting civilian crisis management. Finland endeavours to make a significant contribution to international crisis management while paying particular attention to the position of women in conflicts and crisis management.

The most important objective in international development policy is attainment of the UN Millennium Development Goals. The Government will continue to improve policy coherence for development in various policy sectors. The Government will ensure the advancement of appropriations that will take Finland towards the UN target of 0.7 per cent of gross national income for international development. The Government will take an active part in the global debate on innovative funding mechanisms and debt relief programmes for developing countries. In development cooperation, emphasis must be placed on the efficiency and effectiveness of work, the division of labour between various donors and the recipient countries' ownership. In its development policy, Finland will increase emphasis on environmental and climate issues, crisis prevention and support for peace processes.

By means of effective trade policy, the Government will advance the realisation of Finland's interest in the international economy. The special needs of developing countries will be acknowledged in trade policy. The Government supports multilateral WTO negotiations and bilateral EU trade talks.

The Government actively promotes respect for human rights worldwide. A human rights policy report on Finland's international activities and the implementation of human rights in Finland will be issued during the Government's term of office.

Finland's OSCE Chairmanship-in-Office in 2008 is a notable challenge.

Finland's international representation will be reviewed taking into account the needs of citizens, business life and the state alike.

Not belonging to any military alliance, Finland will maintain and develop its national defence and credible defence capability, be fully engaged in the EU's Common Security and Defence Policy and crisis management cooperation, develop its Partnership for Peace (PfP) with NATO and retain the possibility of applying for NATO membership. Finland's defence solution is founded on the defence of the entire country, general conscription and territorial defence.

Fostering cooperation between the EU and NATO is an important part of the European Security and Defence Policy. Finland's participation in NRF (NATO Response Force) operations will be considered on the basis of the experience that will be gained from the EU Battlegroups.

The Government considers it important to deepen Nordic cooperation also in the sphere of security and defence policy.

The Government will submit to Parliament a bill on conscription.

Finland supports the prerequisites for exports of the defence materiel industry, complies with the common EU rules related to the export of defence goods and participates in the development of the rules. In defence procurement, European cooperation will be encouraged and attention will be paid to interoperability and international treaty obligations. Military security of supply will be ensured at national level and as part of Finland's international cooperation.

2 EU POLICY

Finland is a proactive Member State of the European Union, functioning at the core of the Union's reform process. A coherent, effective and open Union strengthens security, the economy, employment and wellbeing in Finland. The European Union is historically a community for the promotion of peace, stability and democracy.

Finland supports the development of the European Union as an economic, political and security community. The Union must act as a responsible leader in international politics.

Finland vigorously endorses the strengthening of the European Union's internal and external capability. The Government will actively advocate the reform of the Union's founding treaties on the basis of the negotiated Constitutional Treaty. The Union must focus on fields and measures in which EU-level cooperation brings clear added value.

Finland supports strengthening of the Union's competitiveness based on the growth and employment strategy, further development of the internal market, also considering the needs of citizens, and intensified collaboration in innovation and energy policies. The Government supports balanced regional development of the Union and strengthening of the prerequisites for growth and employment as the Union starts preparations for an interim review of its financial structures.

The Government considers it important to consolidate the Union's role in international climate policy. In the context of EU cooperation in the Baltic Sea region, the Government will focus on improving environmental safety and fostering economic cooperation.

The Government will continue active promotion of the Northern Dimension Policy on the basis of joint documents of the EU, Russia, Norway and Iceland, the Political Declaration and the Framework Document. Finland will participate in the Northern Dimension Environmental Partnership (NDEP) and the Northern Dimension Partnership in Public Health and Social Wellbeing (NDPHS). The Government will continue to work for the establishment of a partnership in the field of transport and logistics.

Finland supports continued enlargement of the European Union on the basis of jointly approved criteria. Expansion of the area of freedom, security and justice by means of carefully deliberated and orderly policy is in the common interest of all Europeans. Finland supports membership negotiations with Turkey and Croatia and closer relations between the Western Balkan countries and the EU.

Citizens' criticism of the European Union is taken seriously by the Government. The Government's concern reflects its recognition of the crucial importance of accomplishment and openness in the Union's activities and simplification of its procedures. The Government will work actively to deepen and stimulate civic debate on the European Union.

3 ECONOMIC STRATEGY

This Government intends to improve the wellbeing of the Finnish people by providing better conditions to create more jobs and to boost productivity growth. The Government aims to achieve economic growth that is much faster than that presented in the economic forecasts for Finland. This way we can meet the need to revamp the systems of public services and income transfers without jeopardising sustainable public finances. Moreover, to protect the wellbeing of the nation, ecologically sustainable economic growth will be promoted.

With the labour market experiencing challenges such as an ageing workforce and labour mismatches, the task of creating new jobs is more demanding than during the previous electoral period. However, sustained by a resolute policy and providing the world economy remains buoyant and wage trends help perk employment, it is possible to create 80,000 to 100,000 new jobs over the current parliamentary term. This would raise the employment rate to about 72 per cent by the end of this term. The long-term target is to boost the employment rate to 75 per cent.

3.1 Greater wellbeing through expertise, entrepreneurship and reform

Our ability to put the resources of the working-age population to full use and to increase labour productivity are instrumental in ensuring the wellbeing of our people. The global markets offer great opportunities for a versatile and efficient economy.

The parameters of the economy are increasingly being determined by efforts to mitigate climate change. By implementing decisive climate policy, Finland can win a share of the world market for climate technology and the jobs generated by it.

By creating new, efficient production based on a high level of expertise, Finland will be able to improve employment. To boost productivity, we must be able to exploit new ideas and create and harness new technology, maintain a skilled workforce and manage labour resources wisely. A strong spirit of entrepreneurship is called for to be able to generate new production successfully.

The ageing of the population will bring down the number of working-age people already during this parliamentary term. This means we must make best use of our existing workforce, reduce structural unemployment, encourage young people to start work at an earlier age and find ways to postpone retirement. Moreover, where the domestic workforce cannot match the shortages in skilled labour, work-motivated immigration will be promoted. To achieve these goals, the Government will actively cooperate with collective organizations and entrepreneur organizations.

Changes impinge on people in different ways. It is the government's duty to make sure that especially those subject to great pressure to adapt are equipped to deal with the change and to ensure that everyone can benefit from the growing prosperity. Key goals are to spread the benefits of wellbeing to all and to slash poverty.

3.2 Stable and competitive economy

To ensure robust economic growth we need strong price competitiveness. The Government endorses wage settlements that will help maintain price competitiveness. To this end, the Government will start negotiations with the collective bargaining organizations without delay and will do its best to help contract a collective bargaining agreement that will allow the labour market to become more efficient.

Sound public finances are crucial from the viewpoint of investment and household consumer demand. Public finances must be managed so that no unanticipated tax increases or cuts in public spending are needed. The Government will pursue this aim by providing responsible public expenditure and tax policy. The revised system of spending limits will be applied in the management of central government expenditure and a minimum threshold for balanced general government finances will be set.

Within the sustainability framework for public finances, the Government will schedule its fiscal policy measures in such a way that aggregate demand can remain stable. Planned changes in social security and taxation, listed separately in the Government Programme, are designed to support domestic purchasing power. Strong labour demand is essential especially so we can create employment prospects for those who are more difficult to employ.

3.3 Workforce into full use

Notwithstanding a relatively low rate of employment and high unemployment, labour shortages are the biggest threat to strong economic expansion in the next few years. For this reason, the Government will seek with determination to boost labour supply, to create a better balance between labour supply and demand and to bring unemployment down below 5 per cent on a permanent basis.

To increase the supply of labour, we will endeavour to make graduation periods shorter and especially to reduce the percentage of young people without vocational qualifications. Moreover, improved measures and incentives to keep older workers employed will be provided.

More effort will be made to make work pay and reduce incentive traps by lowering taxes on labour and by revamping social protection. The Government will introduce a social security reform that will be implemented in stages. The first proposals will be brought before Parliament by the autumn session of 2008 at the latest. The aim of this reform is to provide more incentives for people to work, to reduce poverty and ensure an adequate level of social protection in all life situations.

To improve the match between jobs and jobseekers, better conditions for occupational and regional labour mobility will be promoted. Special emphasis will be placed on regional policy measures particularly in areas undergoing difficult structural change.

A well-functioning system of adult education is instrumental in fostering occupational labour mobility. The Government will launch a complete overhaul of the system of occupational adult education in collaboration with the collective organizations. A special system designed to provide restructuring security in the face of change will be developed.

To encourage regional labour mobility, we will endeavour to make the house market more efficient in those parts of the country where job creation is most intensive, above all in the Helsinki area. An assessment will be made into ways of simplifying the system of tax concessions for commuter travel expenses. To promote labour mobility and to mitigate labour market mismatches, the tax relief on housing costs for a second place of residence will be increased.

To reduce structural unemployment, we will improve training schemes for the unemployed, enhance subsidized jobs and make job brokerage more efficient. The system of unemployment security will be revised in cooperation with the collective organizations with a view to promoting effective re-employment.

3.4 Innovation to fuel competitiveness and productivity growth

Finland must be able to both set up first-class clusters of expertise and to ensure that plenty of competitive and lucrative jobs are created in the economy. The Government is willing to strengthen the economy's capacity for innovation by providing strategic inputs in selected areas, to foster the development of expertise and improve the conditions for creating and expanding new risk-bearing businesses.

The Government will boost resources for research and development with a view to increasing R&D funding to four per cent of GDP in the public and private sector. General university funding will be increased across the board and donations for scientific research will be made widely tax deductible.

Within the scope of the centres of excellence strategy, strategic centres of expertise will be created in collaboration with the private sector, as outlined by the Science and Technology Policy Council. The Government will help set up a leading international university in Finland.

Access to venture capital for companies will be improved. A mechanism will be created in collaboration with the employment pension companies to allow them to make significant venture capital investment in growth companies without compromising quality requirements.

The division of responsibilities among the innovation organizations will be clarified and the system of regional organizations and programmes streamlined.

3.5 Tax policy

The current tax policy lends support to the Government's economic policy objectives of fostering employment and productivity growth and of ensuring that everyone stands to gain from the benefits of economic expansion.

Tax policy measures will be gauged so that neither the long-term sustainability of public finances nor the commitments included in Finland's Stability Programme will be jeopardized. To keep economic growth as stable as possible, all changes in taxation will be scheduled with due regard to the economic cycle. Pay settlements will also be taken into account when deciding the magnitude and timing of the planned income tax cuts.

The main focus in current tax policy is on ways to reduce labour taxation. Moderate cuts in income taxes will be made in all income brackets.

Government tax policy measures:

The Government's main tax policy goals are to:

- foster job creation by reducing taxes on labour;
- improve labour mobility and better match labour supply and demand;
- make taxation more equitable;
- promote entrepreneurship, expertise, domestic ownership and saving;
- emphasize environmental aspects;
- fight the shadow economy.

To promote employment, cuts will be made in income taxes. Drawing on a forthcoming report, decisions will be made to extend low-wage employment subsidies to young people and the disabled. To encourage employers to employ staff, those who hire their first employee will be partially exempted from indirect labour costs. Moreover, the domestic help credit will be reviewed.

To make taxation more equitable, pensioners' taxes will be lowered in all income brackets down to at least the same level as that for wage-earners, and the basic deduction in municipal taxation will be made more comprehensive while VAT on foodstuff will be brought down to 12 per cent.

Corporate taxation will be kept at an internationally competitive level. Corporate taxes, barring depreciation, will be adjusted to international financial accounting standards and to the new Companies Act mainly as outlined by the working group that investigated the matter. The corporate tax base will be kept compact and any changes that might put the competitiveness of Finnish companies at risk will be eschewed.

The tonnage tax will be made competitive and the possibility of introducing a general reserve in the taxation of shipping will be examined.

Taxes levied on small dividend income will be lowered and we will look for ways to encourage investment in growth companies. The tax-exempt percentage of interest on subscribed capital will be raised. Taxes on long-term saving will be enhanced to perk competition in the supply of savings products.

Taxes levied on inheritance will be eased by raising the lower threshold on inheritance tax and by mitigating the position of widows, widowers and minors. To promote family businesses, inheritance and gift taxes will be completely abolished in the case of intergenerational transfer of farm and forest holdings. The relief will only be granted to holdings involved in genuine farm production and business activity, and the scope of application of the relief will not be altered for the transferee of the holding. Particular problems related to intergenerational transfer of family businesses will be reviewed at the latest by the middle of this parliamentary term.

To reduce emissions, save energy, and improve energy efficiency, the taxation of transport and fuels will be re-examined; farmers will be exempted from excise duty on biofuels produced and used on their own land. An assessment will be made into whether the waste tax should be higher. Taxes levied on household electricity and coal will be raised.

To promote health, excise duty on alcoholic beverages and tobacco will be increased. The Government will work towards raising the minimum tax rates on alcohol in the European Union.

Employment pension contributions have been planned to change in 2008. The impact of these changes will be taken into account when determining employers' national pension contributions and employees' income taxes, as agreed with the main collective organizations on 22 November 2006.

The Government is participating in efforts to amend Community regulations so that the value added tax rate for restaurants and canteens can be brought down to the same level as that for food.

3.6 Sustainable public finances

To ease the pressure on public finances caused by the ageing of the population, this Government will help improve the capacity of the economy and ensure sound spending and tax policies. The main instruments for achieving this are to reduce structural unemployment, to raise the employment rate and to boost productivity growth.

The Government's key means for curbing growth in public expenditure consist of a project to restructure municipalities and services and the Government productivity programme. The Government will proceed with these programmes and will decide on new measures when the next spending limits decisions are made in spring 2008.

An evaluation will be made during this parliamentary term to assess whether sufficient provision has been made to meet the impending challenges brought about by the ageing of the population, so that any requisite action can be undertaken while the present Government is still in office.

To safeguard a prudent long-term spending policy, the Government will pursue the system of spending limits and will further hone it. The Government is committed to ensuring that all central government expenditure that falls within the scope of the spending limits is by 2011 at most only EUR 1.3 billion greater than the sum for central government expenditure set in the spending limits on 8 March 2007.

A fixed annual provision of EUR 300 million of the total spending limits will be reserved for supplementary budget proposals. An additional provision of EUR 200 million will be set aside from the spending limits for the Government to allocate in connection with its first spending limits decision or at a later date.

The Government is committed to observing the spending rules it has set and the first spending limits decision based on them. Measures entered in the Government Programme will be implemented insofar as it is possible within the parameters of the spending limits decision. The Government will review annually the need for the re-allocation of expenditure on the basis of initiatives made by the leaders of the governmental party groups with a view to structural reforms or transfers across administrative branches.

The overall level of the spending limits will be adjusted annually only for changes in the price level or budget structure. The spending limits decision will enable a more flexible procedure for adapting to changes in the timing of expenditure and for re-budgeting expenditure.

Compared to the spending limits system applied during the previous government term, the following items will be excluded from the spending limits: pay security expenditure, central government contribution to social assistance expenditure, appropriations for value added tax expenses, technically transmitted payments and expenditure corresponding to external

funding contributions. The central government contribution to health insurance expenditure incurred by the Social Insurance Institution of Finland (Kela) the central government contribution to switch-leave compensation are now included within the spending limits.

Expenditure excluded from the spending limits:

- unemployment security expenditure, central government contribution to expenditure incurred by the Social Insurance Institution under the National Pensions Act, central government contribution to social assistance, pay security, housing allowances and subsidies for low-paying jobs. However, expenditure generated by changes in the basis of these items will be included in the spending limits;
- debt interest payments;
- eventual compensation to other tax recipients for changes in taxation decided by central government;
- changes in the transfers paid to the Social Insurance Institution caused by changes in social security 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.

The Government will first review the overall transport route construction situation on the basis of a comprehensive report before any decisions on new projects are made. The aim is to keep route construction and its funding stable every year. If costs for civil engineering works are anticipated to increase substantially because of a high capacity utilisation rate, project starts and other transport route construction will be postponed.

The joint basic public services programme of central and local government and the basic public services budget will be taken into account in the spending limits decision.

If the annual revenue from the sales of shares exceeds EUR 400 million, a maximum of 25 per cent but no more than EUR 150 million of the excess can be used for one-off expenditure without reference to the spending limits to boost expertise, innovation and economic growth. If total annual expenditure falls below that specified in the spending limits even after supplementary budgets, the surplus, to a maximum of EUR 100 million, may be used for one-off expenditure in the following year without reference to the spending limits, unless other reasons exist for not doing so.

To secure the sustainability of public finances, the Government is committed to the policies designed to bolster public finances as set out in Finland's Stability Programme. The aim is that by implementing structural reforms to boost employment, a structural surplus corresponding to one per cent of GDP can be achieved by the end of the parliamentary term.

Increases in expenditure and reductions in taxes will be timed so that stable economic performance is not jeopardised and the target surplus can be achieved.

The Government declares that the central government finances must never show a deficit of more than 2½ per cent of GDP even in a weak economy. If prognoses show that the deficit is at risk of exceeding this limit, the Government will immediately propose action necessary to cut costs and other measures to avoid the deficit exceeding the limit.

4 LEGAL POLICY AND INTERNAL SECURITY

A well-functioning state, based on the rule of law and a sense of security in daily life, creates the basis for a just and rewarding society. Internal security will be reinforced by promoting cooperation between government agencies in all administrative sectors in order to achieve a higher standard of legal protection and combat the adverse effects of crime and substance abuse.

The operation of the Constitution, enacted in 2000, will be evaluated. A parliamentary steering group will be appointed to review the Constitution with a view to potential amendments.

The Government will reform the parliamentary electoral system to ensure that the principle of proportional representation is effectively and equally implemented throughout the country and to secure regional representation on a broad front.

The electoral system will be reformed based on the existing division of voting districts. The aim is to introduce a system of electoral areas that covers all of Finland and to forbid electoral alliances in parliamentary elections. A parliamentary working party will be appointed to prepare the reform. The working party is expected to submit a proposal during the current electoral periods to ensure that the reform can be adopted before the 2015 parliamentary elections, if not earlier.

Parliamentary elections will be postponed to be held on the third weekend of April. Any special arrangements required for Easter will be implemented.

The timetable for presidential elections will be adjusted by organising the first round on the last Sunday of January and the second round two weeks later. The amendment will become effective in the 2012 elections.

A pilot project for electronic voting at the polling station will be launched by the Government for the 2008 municipal elections. The Government will pass a resolution on further action based on the experiences gained. The feasibility of introducing electronic voting at all polling stations throughout the country by 2015 will be investigated. At the same time, steps will be taken to explore the possibility of adjusting the voting schedule so that the time reserved for voting in advance and the actual voting day constitute a continuous, unbroken period.

The Group of States Against Corruption (CRECO), operating under the auspices of the Council of Europe, will carry out an assessment of Finland in 2007 concerning the operation of electoral and party funding. The Government will evaluate the need for legal and procedural amendments with regard to electoral and party funding in response to the recommendation issued by CRECO.

In all other respects, the Government will ensure that the electoral system operates reliably, smoothly and cost-efficiently in all situations and in a manner that supports high voter turnout.

The regulatory framework and clarity of legislation will be improved to promote the well-being of the citizens and the competitiveness of businesses. The Government will implement

the Better Regulation Programme and prepare a legislative plan that will include all the major legislative initiatives to be undertaken during the electoral period.

The Government will improve the level of legal protection enjoyed by the citizens and improve equal access to legal remedies by enhancing the efficiency of courts of first instance, allocating resources to law enforcement and by shifting the focus in legal proceedings to district courts. The juror system will be phased out except in serious criminal cases and the savings made will be used to give more resources to the lower courts with the largest backlog of work. Steps will be taken to improve the capabilities of the courts of appeal by targeting their resources to overhaul the procedures and introduce a new system to replace the existing practice of rejecting appeals in the written proceedings by means of the leave-to-appeal system.

A high standard of legal protection will be guaranteed in administration by improving the internal administrative remedies and continuing the efforts to develop the administrative laws and procedures on a broad front. Added human resources will be assigned to administration to expedite the processing of zoning appeals.

When the court system is reformed, due consideration will be given to the safeguarding of the rights of both official language groups.

The role and competition competence of the Market Court will be strengthened. At the same time, its position and duties will be evaluated in a wider context. More resources will be allocated to the Insurance Court for a fixed term and the procedures will be developed, particularly by having the members specialize in specific types of cases.

Where possible, processing undisputed claims will be concentrated and handled electronically. The property recording system will be overhauled and the related duties assumed by the National Land Survey of Finland.

A comprehensive reform of the Criminal Investigation, Coercive Measures, and Police Acts will be carried out. Steps will be taken to expedite pre-trial investigations, consideration of charges and court proceedings related to complex criminal cases by involving prosecutors more closely in the pre-trial investigation and securing the necessary resources for this purpose.

The fixed fine and summary penal judgement procedures will be streamlined to provide a cost-efficient system satisfying the constitutional requirements for processing criminal cases outside the court system.

A broad-based committee will be appointed to prepare a development programme (IP strategy) for the national intellectual property rights system (IP system) and define Finland's objectives for developing the EU's IP policy. Efficiency in court processing of IP issues will be improved by assigning the cases to specialist courts which will be provided with adequate resources to this end.

The Associations Act will be amended, particularly with regard to administration, auditing and involvement in decision-making procedures, to make it respond to the requirements imposed by the activities of present-day associations and non-governmental organisations. The Housing Companies Act will be overhauled. The Copyright Act will be amended. A project will be undertaken to determine whether the provisions of the current Marriage Act concerning financial assets are up to the present-day standards.

A comprehensive reform of the Water Act will be carried out by presenting a bill to Parliament for a new water act and related legislation. The needs to develop legal safeguards for the protection of private property and due process will be explored with regard to redemption, land use and environmental protection. The land lease legislation will be amended to reflect the needs of construction and the land lease needs of businesses.

The needs to amend and develop regulations concerning guardianship and supervision of interests will be investigated. The efforts to explore the options related to personal bankruptcy will be continued. The right of same-sex couples to inter-family adoption will be recognized with due regard to the rights of the biological parent.

The right of the Sámi people to maintain and develop their own language and culture will be secured under the cultural autonomy provisions of the Constitution.

The resources for rehabilitative activities as provided in the Prison Act will be secured. Work to renovate prison facilities will be continued. If possible, steps will be taken to expedite the process of transferring foreign inmates to their home countries to serve their prison terms.

In order to develop the European Union as an area of freedom, security and justice, the Government supports intensified cooperation in the reciprocal recognition of national legislation by the Member States. As far as the harmonisation of laws is concerned, special attention will be paid to improving the standard of quality of legislation and protecting the basis of national legal systems and human rights.

The Government will determine the primary objectives and measures to guarantee internal security in an inter-agency internal security programme. The focus in the programme will be shifted, among other things, to the prevention of major maritime accidents and environmental damage, residential security, the fight against organised crime, containment of extremist movements, anti-terrorist activities, partner and intimate violence and the prevention of illegal immigration and human trafficking. A long-term plan will be prepared to forecast the human resources required in this sector, particularly the police.

A national strategy for civilian crisis management will be prepared and Finland's involvement in civilian crisis management activities will be expanded.

The number of police districts will be reduced and administrative reforms continued in a way that will also target the supreme police command, provincial police commands, national police units and the Helsinki Police Department in an attempt to reallocate resources from administration to services. As a result of the reforms, the availability of police services throughout the country will be secured. Steps will be taken to secure the provision of services in Swedish. Additionally, a study will be carried out to determine whether the control and supervisory duties of the ministry should be separated from the command of operational police activities.

The operational reliability and response times of emergency response centres will be secured. The operations and IT systems will be modernised by networking the centres in such a way that the centres can support one another in processing any backlog of work and under exceptional circumstances.

The emergency medical and rescue helicopter services will be secured.

The smoothness and security of cross-border traffic will be improved. While taking steps to secure external borders, the Government will participate in the efforts to develop the EU's Integrated Border Management System in changing circumstances. The operational

capabilities of the Border Guard will be improved by acquiring new aircraft and coast guard vessels, and enhancing crime-fighting capacity in the context of the cooperation between the Finnish Police, Customs, and the Border Guard.

Steps will be taken to secure the operational and service capacity of regional rescue services in view of the ageing personnel by, for example, re-evaluating the criteria for allocation and composition of human resources and the performance requirements related to the services and their duties. The question of the retirement age of regional rescue services will be decided by the Government.

The Rescue Act will be revised with the specific aim of preventing accidents and improving the standard of residential security. The appropriateness of the existing civil defence provisions will be evaluated. Fire inspections and other safety-enhancing measures will target high-risk sites more effectively than in the past. The use of technology which increases the standard of safety and security will be promoted.

The Government will take action to contain the social problems associated with gambling, to prevent crime, uphold the exclusive right to organise money games and to ensure that adequate resources are available to the authorities to restrict the supply of illegal games.

4.1 Migration

The aim of the Government's migration programme is to pursue an active, comprehensive and consistent policy with due regard to the need for labour, the often diverse background of the immigrants as well as Finland's international obligations. The Finnish name of the Directorate of Immigration (Ulkomaalaisvirasto) will be changed. Steps will be taken to increase the transparency and predictability of the actions of the authorities. A report will be prepared on the procedures applied by the Directorate of Immigration and the courts of appeal.

Work-related immigration will be promoted with due regard to the demographic trends in Finland and within the EU, and the related need for labour. The points of action included in the immigration policy programme will be implemented and an action programme for work-related immigration prepared.

A pilot programme for integrating immigrants and improving their access to the labour market will be jointly prepared by the central government and local municipalities for the Helsinki Metropolitan Area, the Turku region and other major immigration areas.

Legal immigration will be increased and illegal immigration and human trafficking combated. Efforts will be made to intensify cooperation within the Schengen area to make it possible to file visa, work and residence permit applications with the consulate or embassy of any Schengen country. A person whose asylum application has been refused but who has already found employment in Finland and satisfies the general criteria for working in this country will be provided with the opportunity, under law, to apply for a residence and work permit while in Finland.

The residence permit system will be clarified by incorporating the right to work and study in the residence permit. Foreign students will be granted the same right to work as Finnish students. Steps will be taken to develop the system of recognising foreign diplomas and to expand supplementary training.

The system of determining the availability of Finnish labour for a given position will be gradually phased out.

The period of residence required for Finnish citizenship will be shortened and the naturalization of foreign students settling down in Finland facilitated.

Integration will be promoted by increasing language training, etc. An induction system for work-related immigrants will be implemented.

A permanent residence permit will be granted to victims of crimes against humanity and fundamental rights in order to make it easier for them to seek help from the authorities. Investigative and advisory organisations involved in the efforts to identify victims of human trafficking will in future be funded by the central government.

A report will be prepared on how the interests of children are recognised in the decision-making process concerning minor asylum seekers and refugees; more specifically, the position and treatment of unaccompanied minor asylum seekers will be evaluated.

Efforts will be made to influence the immigration policies of the EU Member States to better reconcile immigration policies with development and human rights policies, and the need for labour.

4.2 Municipal policy and services

The financial performance of municipalities is of great significance to the Finnish economy and will only continue to grow in importance with the ageing population. From the economic point of view, the continued imbalance between income and expenses leads to an untenable situation. The growth in outlays needs to be curtailed. This calls for a marked improvement in productivity and thus a cost-efficient and smoothly functioning municipal and service structure must be created.

The Government will promote a consistent municipal policy and improve its predictability. Steps will be taken to ensure that municipalities remain attractive employers. Citizens will be given improved opportunities to be involved in decision-making and influence the type and quality of services provided.

The Government will continue its determined efforts to implement the municipal and service structure reforms in accordance with the adopted Framework Act, established criteria and agreed timetable. The progress made in the project will be evaluated on an on-going basis and a Government Report to Parliament will be issued in 2009.

Special attention in the evaluation will be given to the contents of the plans for urban regions and their implementation, and the integration of the urban structure. Steps will be taken to ensure that no municipality is left outside the scope of arrangements outlined in the Framework Act. A decision on any further action required will be made in connection to the issuance of the report to Parliament, if not earlier.

Voluntary municipal amalgamation will be encouraged, particularly if it involves several municipalities, in order to create a viable and functional structure; the validity of the fixed-term law on support for in-depth cooperation will also be extended for 2009—2012.

Securing the provision of services calls for a sound financial basis and new ways of organising and producing services. The Government promotes partnerships between the

public, private and third sector in the provision of services. The adoption of the purchaser-provider model will be encouraged. The applicability of social service vouchers and the domestic help credit will be expanded which will contribute to the emergence of working service markets. Tools for monitoring the standard of quality will be developed.

Productivity will be improved by developing the institutional and operational cultures, services processes and productivity indicators. The municipalities' capabilities for research, product development and service innovations will be enhanced.

In order to raise cost awareness, the transparency of the pricing and financing of municipal services will be increased, the objective being that the customer is informed not only of his or her own share of the cost but also of the total cost of the service provided.

Seamless service chains in special medical care, basic health care and closely related social services, including preventive measures, will be improved. A cost-efficient and functionally rational division of duties will be put in place between units offering advanced special medical care. A proposal will be prepared for improving efficiency in decision-making concerning child protection.

Joint services, e-government and telephone services will be strongly developed in order to improve the availability of services irrespective of geographical location in Finland. The goal is to harmonise the IT system architectures of the municipalities and central government and to define the interfaces by 2010. At the same time, the adoption of mobile and card-based certificates will be encouraged.

The citizens' right to seek care across municipal borders will be expanded.

The municipalities' capacity for more effective shareholder control will be improved; this will also apply to municipality-owned limited companies.

When the service structure is overhauled, the availability of the services in Finnish, Swedish and Sámi will be ensured.

The municipal policy pursued jointly by the central government and municipalities is implemented through the statutory Programme and Budget for Basic Services. The division of duties between the central government and municipalities will be redefined in order to reach a greater balance between the services to be provided by the municipalities and the funding available. Municipal finances will be strengthened by increasing the central government transfers to local governments. A four-year audit of the basic services will be carried out, specifically to secure the adequate care of the elderly.

Additionally, a revision of the payments charged for social and health care services will be carried out to adjust for inflation. At the same time, a system will be created under which the charges will, in future, be adjusted to reflect the actual cost levels. The reform will ensure that the services are available to all.

The system of discretionary financial assistance will be upheld. As of 2007, the subsidies will be more closely linked to reforms in municipal structures and provision of services.

The system of central government transfers to local governments will be overhauled (beginning in 2010) to make it simpler, clearer, more transparent and more incentive, with due regard to the circumstances and service needs of individual municipalities. Specific solutions will be found to the problems experienced by municipalities with exceptionally low population densities or a large number of islands.

The impediments to municipal amalgamation and cooperation inherent in the central government transfers system will be removed. The government transfer regulations preventing administrative fusion of small upper secondary schools will be urgently amended before the overall reform. This will allow the existing small upper secondary schools to retain their central government transfer funding even if they are merged administratively, provided that they continue as part of a networked upper secondary school. This will apply only in the context of municipal amalgamations or when the upper secondary school caters for several municipalities.

The Municipality of Residence Act will be amended to create a new inter-municipal compensation system based on actual costs that will allow all handicapped persons and the elderly to choose their home municipality freely. Central government transfers specific to individual administrative sectors will be combined, subject to the exception defined in the Framework Act, while retaining the sponsor system with regard to upper secondary schools, vocational training, and polytechnics and universities of applied sciences.

Any changes in the municipal tax base will be compensated in full.

Central government transfers will account for at least half of the costs of new and more extended duties; the same principle will apply to duties to be reassigned from the municipalities to the central government, excluding the duties already defined in the Framework Act.

4.3 Regional development and administration

To ensure success and prosperity in the future, more efficient use must be made of all the resources available in this country. The Government seeks to promote the international competitiveness of the regions, reduce disparities between the levels of development of the various regions, and secure basic services and communications for the citizens throughout the whole of Finland. The means to achieve this goal are specialisation based on the inherent strengths and competence of each region, close cooperation between the actors, and inter-regional networking. The goal is to create a polycentric regional structure based on strong regions that enhances the vitality of urban and rural areas.

At the beginning of the electoral period, the Government will outline the policies for nationwide regional development based on the government programme and appoint a Cabinet Committee on Public Administration and Regional Development.

The Government's goal is to intensify regional development efforts especially in the weaker areas, reinforce the "big city" programme and launch a metropolitan policy.

The role of regional development efforts will be underlined in decision-making by the Government and the individual administrative sectors. The points of focus in regional policy will be industrial and entrepreneurial activities, competence and labour, services and communications.

The Government will support the independent and strategic development efforts of the municipalities and regions as well as the consolidation of regional and local resources. Programme-based regional development efforts will be continued. The national programme system will be simplified and the number of programmes reduced. At the same time, the relative importance of regional strategic programmes as an umbrella organisation will be reinforced. The implementation plan negotiations of regional councils and the performance target negotiations of the state regional administration will be combined. A general increase of the non-earmarked portion of the regional development funds will be implemented. Additionally, a special appropriation for structural change areas will be made in the state budget.

A comprehensive system for the evaluation of the impact and effectiveness of regional policy will be put in place. The follow-up system will be streamlined.

Special measures will be implemented in eastern and northern Finland, and in the economically challenged areas in southern and western Finland.

The big city policy is aimed at reinforcing the international competitiveness of major urban regions, promoting the integration of the urban structure and preventing social and regional segregation. A special big city section will be set up under the auspices of the Committee for Urban Policy for the purpose of promoting the policy and monitoring the progress made.

To address the special issues affecting the Greater Helsinki Area, a metropolitan policy will be launched to identify solutions to the problems associated with land use, housing and traffic, promote business and internationalisation and prevent social exclusion. Multiculturalism and bilingualism will be promoted. The letter-of-intent procedure between the central government and the Greater Helsinki Area and cooperation based on partnerships with the individual administrative sectors will be reinforced and extended.

The Government will seek to develop sparsely populated and remote rural areas by, for example, improving the operative conditions for rural means of livelihood, enhancing services, security, employment and entrepreneurship in the countryside, and supporting telecommuting opportunities as well as the maintenance and construction of a well-functioning infrastructure. The Follow-up Group on Regional Development will prepare a mid-term evaluation on the advancement of the said areas during the electoral period.

The Government will make preparations for further action in the context of the Administrative Experiment of the Kainuu Region based on the findings of the follow-up and evaluation. The related government proposals will be given to Parliament in 2010.

Various regional administrative experiments that boost regional development and reinforce regional structures will be made possible if so desired by the regions and municipalities.

The experimental project exempting employers from social security payments will be continued.

The Government will participate in the debate and discussions concerning the reform of the EU's Structural Fund system after 2013. The future of the sparsely populated areas in eastern and northern Finland will be secured. The implementation of the programmes by major region will be advanced.

Administration will be streamlined and democratised. The division of duties between state provincial offices, employment and economic development centres, other district administration and the regional councils will be clarified, duplicate activities eliminated and

the number of administrative personnel reduced. At the same time, the regional geographical divisions will be reviewed. The activities of the existing provincial administration will be reorganised. State regional administration will be modernised by integrating duties related to permits, supervision and legal protection. Decision-making powers related to regional development will be brought under greater democratic control. Steps will be taken to evaluate the concentration of regional development under single items in the state budget by region and ministry and the devolution of the related decision-making powers to the regions. Preparations will be initiated immediately and the reforms implemented by 2010.

The policy of decentralising central government jobs will be continued with a greater focus on more equal geographical distribution. Financial support will be provided for the arrangements required for the transition.

As a result of the already implemented and on-going reforms affecting the prosecution, execution, population registration and police districts, the existing state local district system will be phased out. The personnel will mostly be reassigned to agencies responsible for the type of duties they used to discharge.

5 EDUCATION, SCIENCE AND CULTURAL POLICY

A high level of education and the availability of high-quality, free education are the cornerstones of our welfare society. The Government will secure equal opportunities for quality education from early childhood to university education.

The Government will provide financial and structural prerequisites for high standard and diverse basic and applied research.

The education system will be developed overall so that it meets global challenges and responds to changes in the occupational and demographic structures. To meet qualitative and quantitative competence, training, research and worklife needs more successfully, the Government will improve its foresight procedures. Apprenticeship training will be strengthened as a form of provision. Measures will also be taken to reduce the dropout rate.

The Government is committed to fostering creativity and a wide range of talent and innovativeness, beginning from early childhood education onwards. The status of environmental education will be enhanced. The Government will continue its efforts to diversify and expand entrepreneurial education at all levels of education. Online instruction will be developed and information society projects at educational institutions will be supported.

The network of educational institutions will be adapted to demographic trends and access to education will be secured throughout the country. Each comprehensive school leaver will be provided a training place and access to adequate guidance counselling and support. With a view to reducing dropout, attention will especially be focused on transition phases. Adequate support will be provided for integration. Special-needs schools and classes will be maintained as alternative forms. The integration and employment of immigrants will be promoted through training.

The attractiveness of teaching as a profession will be increased by improving working conditions. Education and training providers will be given a statutory duty to see to it that their personnel get continuing professional education on a regular basis.

The need to develop the steering system, resulting from the reform of central government transfers to local government, will be assessed. The status and functions of the National Board of Education will be evaluated. Evaluation as a whole will be clarified.

The availability of basic art education will be ensured.

5.1 Basic education

The resources made available by smaller age groups will be used to improve the quality of education. Resources available for basic education will be increased with a view to preventing and alleviating exclusion among children and young people. The goal is to reduce group sizes, to strengthen remedial and special needs teaching, guidance counselling and student welfare, and to invest in extracurricular club activities. Cooperation between parents and schools will be encouraged.

The Government will secure the availability of basic education close to home. Barriers to school attendance across municipal boundaries will be lowered. The funding system for the costs of establishing schools will be preserved.

The status of skill and art subjects will be strengthened by increasing the number of electives available. Diverse language programmes will be promoted in schools. The teaching of the second national language will be developed in keeping with the decisions taken by the Government.

The effectiveness of legislation on morning and afternoon activities for school children and the quality of the activities and need for change will be evaluated. The opportunities for private organizations and third-sector service providers to arrange afternoon activities at schools will be promoted.

The point of departure for the provision of basic education is the uniform comprehensive school and basic instruction arranged by local authorities and supplemented by private schools.

5.2 Upper secondary education

The task of the upper secondary school as a general educational channel preparing students for further studies will be enhanced. Vocational education and training offers solid vocational competence and qualifies students for further study.

The network of upper secondary schools will be developed with the aim of ensuring a good level of availability. Different models for arranging and maintaining upper secondary education will be made possible. Cooperation and networking among upper secondary schools and within upper secondary education will be increased. New technology will be applied widely and the scope for distance education in upper secondary schools will be improved. Students mainly complete upper secondary school studies in three years. This aim will be advanced by especially investing in guidance counselling.

The attractiveness and appreciation of vocational education and its worklife orientation will be increased. Intakes will be increased, allocated according to regional workforce needs and channelled to growth centres. The operations of special educational institutions will be enhanced.

The proportion of performance-based funding will be raised in vocational upper secondary and adult education and training. The consolidation of training providers into stronger units will continue. The operation of highly specialized units will be secured. Classroom instruction and guidance will be increased in initial vocational education and training.

5.3 Higher education institutions

Higher education institutions will be developed with the aim of improving the quality of education and research. Structural development will be carried on. A plan informed by earlier reports will be drawn up for the development higher education institutions. The plan will also cater for the special needs of Swedish-language higher education.

Universities and polytechnics will be developed on the basis of a dual model based on discrete degrees, degree titles and functions. The division of responsibility between and missions of universities and polytechnics will be clarified. The goal is to increase world-class

expertise and create higher education entities that are regionally stronger and more effective in terms of knowledge. The university centres will be developed. Higher education in Technology and its strategy will be reformed.

A national internationalisation strategy will be devised for higher education in order to increase the international mobility of students, teachers and researchers. Contract education abroad will be made possible. A trial will be carried out in which universities and other higher education institutions can apply for authorisation for individual Master's programmes to collect tuition fees from students who come from outside the EU/ETA area. The trial will include a scholarship programme for low-income foreign students. The results of the trial will be evaluated before changes are made in the system.

University core funding will be increased. A top-level university for research and education will be composed of the Helsinki University of Technology, the Helsinki School of Economics, and the University of Art and Design Helsinki.

To enhance the financial autonomy of universities, they will be given the status of a legal person in public law or a foundation in private law. The administration and decision-making systems of universities will be revamped at the same time.

The system of performance-based management of universities and polytechnics will stress the quality and effectiveness of teaching and research. The state productivity programme will be revised so that it neither decreases the quality of university education nor the impact of science and research. Professional research careers will be developed into an attractive option. The social security of grant recipients will be arranged.

The development of professional knowledge in, worklife contacts of and regional impact of polytechnics will be strengthened. The diverse ownership structure of polytechnics will be maintained.

5.4 Adult education

The adult population will be encouraged to maintain and develop their knowledge with increased opportunities for in-service training especially in change situations. A comprehensive reform of professionally oriented adult education will be implemented in order to clarify the decentralized administration, funding, benefits and education and training provision.

The quota for further apprenticeship training will be increased. The opportunities for graduates of higher education institutes to continue their professional education will be expanded. The feasibility of apprenticeship-type training for continuing professional education of higher education graduates will be assessed.

The resources for liberal adult education will be secured. Educational opportunities for immigrants and people at risk of exclusion will be developed. The priorities of adult education centres will be determined at local level.

5.5 Student financial aid

Student financial aid will be improved on the basis of the present structure to secure income during full-time studies and to promote efficient study and completion of the degree within the normative time. The study grant will be increased by 15 per cent at all levels of education

and the maximum of students' earnings will be raised by 30 per cent. The effectiveness of the tax deduction for student loans will be monitored.

Equal access to school and student health care, in particular mental health services and other student services will be ensured.

5.6 Culture, sport and youth policies

Culture, sport and youth policies will be developed throughout Finland with the aim of ensuring regional and gender equality and easy access to services. Support will be given to activity that encourages civic participation and strengthens sense of community, particularly as regards special groups. The prerequisites for the activities of civic organizations will be improved.

The Government will take measures to preserve the national monopoly betting system in a changing international operating environment. Proceeds from Veikkaus, the Finnish pools and lottery operator, will be used for the purposes set forth in the Lotteries Act in compliance with the act on the criteria for the distribution of proceeds from betting in Finland.

Finland's capacity for applying for and arranging major international events will be improved.

Cultural policy will support the diversity of art and cultural heritage, cultural institutions, the provision of services catering for various population groups and regions, the fostering of creativity, civic activity, and economic growth.

The creative economy will be strengthened and the economic significance of culture will be increased by promoting cultural exports and entrepreneurial activity. Questions relating to value added tax on cultural products will be reviewed and a tax-free system of cultural vouchers will be introduced. Tax treatment of royalties will be reformed to level out fluctuations in income. Copyright legislation and the copyright system will be improved.

The status of cultural and art-institutions and opportunities for freelance artists will be secured.

The role of libraries as providers of services close to home and as a multi-service system for learning, for information management and for culture will be strengthened. Separate funding for the establishment costs of libraries will be preserved.

The prerequisites for children's and young people's cultural pursuits, art education and safe media environment will be improved. The application of art will be promoted across administrative boundaries.

Public funding for Finnish film production will be increased.

Sport policy will promote the wellbeing, health and functional capacity of the population at different stages of life. Priority will be on child and youth sports. The prerequisites of local activity and comprehensive equality will be strengthened along the lines determined in the national sport programme. The position of sports as a local basic service will be strengthened and opportunities for everyday physical activity will be increased. The conditions conducive to ethical, socially responsible top-level sports aiming at international success will be supported.

A development programme for children and young people will be carried out. Basic youth work services will be improved. Opportunities for young people's to participate and be heard will be supported. The youth workshop system will be expanded to cover the entire country.

6 AGRICULTURAL POLICY AND FOOD ECONOMY

The Government seeks to develop Finnish agriculture and the food production chain as a comprehensive system that thrives on competence and innovation and offers true export potential through high-quality products. The agricultural policy to be pursued by the Government will secure the economic viability of active farms, increase the income of farmers and make it possible to maintain the current volume of food production using domestic raw materials. Energy production based on agriculture will be increased.

Agriculture will be developed on a family farm basis with the aim of improving productivity and the competitiveness of this means of livelihood. With the EU single market, this is indispensable. At the same time, steps will be taken to ensure a high standard of environmental and animal protection. Finland's position as one of the top countries in food safety will be maintained.

In 2009, a health check will be carried out in the context of the EU's Common Agricultural Policy (CAP) to lay the foundation for the CAP reform as of 2014. Finland will be actively involved in the preparation of the regulations. The objective is to revise the CAP in such a way that the agricultural support paid by the EU will be distributed more fairly between the Member States. Natural handicap payments (for less-favoured areas, LFAs) will be developed to compensate for the increased production cost due to climate and geographical factors in the northernmost corners of the Union. All of Finland must be regarded as less-favoured area in the future as well. Steps will be taken to ensure that no loss of income is incurred by farmers as a result of the amendments to the EU's support and market policy; if necessary, national aid can be reallocated from one form of aid to another within the budget in order to maintain the amount of national aid at the present level.

Under article 141 of the Finnish Accession Treaty, negotiations on agricultural support for southern Finland will be started immediately when the new Government takes office. The Government finds it necessary that the outcome of the talks secures the long-term economic viability of agricultural production in southern Finland. The Government's objective is to develop the agricultural support system as a whole so as to ensure that the incentives for sound entrepreneurship are preserved and profitability in the various production sectors and areas develop favourably and equally. The authorization for the northern aid under article 142 will remain permanent and provide the basis for profitable production in the future as well. In order to reduce unnecessary bureaucracy, the support and control system will be reviewed by paying special attention to the operation of the system at farm level and the legal protection of farmers.

In order to improve the productivity and competitiveness of agriculture, the Government will secure adequate resources for the Development Fund of Agriculture and Forestry (MAKERA). To process the backlog of investment aid applications, a total of EUR 100 million will be allocated by a resolution to be taken in connection with the 2007 supplementary budget. Additionally, MAKERA's operational capabilities will be secured in the long-term through annual transfers to the fund.

When the decisions related to MAKERA are made, special consideration will be given to the statutory obligation to relocate a number of fur farms away from groundwater areas, the biogas power plants that will be eligible for public aid as of 2008, and the incentives for investments in renewable energy production on the farms.

The Government will reform the early retirement pension system by extending it beyond 2010 and review the possibility of restoring the lease option.

The Government will monitor the changes in the economic viability of farming and the earnings of farmers, and ensure positive income trends, for example through taxation. The Government is prepared to reduce the production costs in agriculture by reassigning farms to the same electricity tax bracket as industry and by increasing the excise tax refunds on fuel oil. Biodiesel produced and used on the owner's farm will be exempted from excise tax at the beginning of the electoral period. Legislation concerning the leasing of farm land will be amended and re-allotments will be continued throughout the country.

Research and development efforts, related to natural resources and food production, are an important area in the competence and innovation-based development strategy for Finnish society that the Government's policy, to a great extent, draws upon. Another major objective in the Government policy is to promote research and innovation in the field of natural resources and enhance the farmer-entrepreneurs' business skills.

The production of organic and local food will be encouraged in accordance with the adopted strategy in order to increase production and expand the markets. The processing and marketing of organic products will be developed through cooperation between the various actors. Reindeer husbandry will be supported by improving the operation of the market and reviewing the support system. The necessary prerequisites for fur production as the type of industry it is at present will be secured.

The Government encourages the agricultural advisory organisations to develop their cooperation and will provide the necessary resources for this activity. In particular, more resources will be allocated to the provision of advice on bioenergy in each area. The Government will provide adequate resources for the decentralisation of the Agency for Rural Affairs by increasing the appropriations where necessary and take steps to guarantee the operative capabilities of the local rural administration.

Efforts to concentrate local and regional food administration in district units will be continued in accordance with the proposals made in conjunction with the project to restructure local government and services. At the central government level, decision-making in the food sector will be further consolidated by combining the food-related legislative duties of the Ministry of Trade and Industry and the Ministry of Social Affairs and Health with the food safety and quality related obligations of the Ministry of Agriculture and Forestry. Responsibility for the supervision of the safety of drinking water will be assumed by the Finnish Food Safety Authority, EVIRA.

Co-existence of conventional, organic and genetically modified agricultural production will be regulated in such a way that consumer confidence in the operation of the food chain is maintained, while producers retain the option of choosing the production method best suited to their individual circumstances.

The Government will launch a programme for promoting Finnish food with the aim of increasing its appreciation, improving the standard of quality, influencing dietary habits and promoting organic and local food. The export of healthy and safe Finnish food will be

promoted and the related unnecessary costs minimized to the extent that they can be influenced by government action.

The Act on Veterinary Service and the Animal Disease Act will be reformed in order to secure the availability of veterinary services and functioning and consistent public authority control throughout the country. The central government undertakes to purchase public authority control related to animal health and wellbeing and food safety from municipalities. This will segregate the veterinary services intended for owners and related animal health services from public authority control more clearly than has been the case so far. The training of veterinarians will be increased and renewed in such a way that adequate veterinary resources are secured in respect of production animals as well.

In animal testing, efforts will be made to minimise the number of tests in accordance with the objectives set forth in the new act and to substitute other methods for animal testing.

6.1 Rural development

The Government's goal is to maintain a populated and living countryside. In ensuring the economic viability of rural areas and the provision of services, young people play an important role. The Government will seek to promote entrepreneurship and enhance the labour market skills among the rural youth.

Under the new Rural Development Programme, efforts will be made to promote rural microenterprises, develop decentralised bioenergy production and create the necessary prerequisites for innovative local activities, including village development, advisory services and training. The Government will establish an extensive nationwide advisory network with regional information offices to promote decentralised bioenergy production. The Government will launch an energy programme for agriculture and forestry in order to satisfy the energy saving obligations set forth in the EU's Energy Directive.

The Government will look into the need for centralised manure and biomass-fuelled biogas plants larger than farm-sized units and the potential for investments, and seek to promote their establishment by means of feed-in tariffs and investment subsidies.

The Government will seek to introduce a measure of flexibility to the policy concerning large carnivores to prevent carnivores and seals from posing disproportionate problems or insecurity to living and economic activities in the rural areas. The Government will implement the approved management plans for large carnivores and seals.

The Government will give to Parliament a bill for a new Game Damage Act that will include amended provisions concerning the amount to be deducted and rules concerning the compensation of damages to reindeer herds.

6.2 Forestry

The National Forest Programme will be updated in the autumn of 2007 and the Government will allocate the necessary resources for its implementation. At the same time, a decision will be made on the continuation, extension and financing of the Forest Biodiversity Programme for Southern Finland (METSO).

The Government undertakes to take joint action with the forest sector to secure the supply of timber to the industry when domestic demand increases. In its policy, the Government will follow the guidelines outlined by the National Forest Council in the Future Review of the

Forest Sector. Increasing domestic timber production is important for several reasons. New uses of timber, such as processed bio-products and second-generation biofuels, will increase its consumption. Finland's commitment to article 3.4 of the Kyoto Protocol calls for measures to increase the timber resources. Most likely, imports of timber from Russia will decline over the next few years.

The goal is to increase the use of domestic timber by 10–15 million cubic metres per year. To accomplish this, it will be necessary to provide additional funds under the Act on the Financing of Sustainable Forestry as proposed in the Future Review of the Forest Sector, strengthen the resources of forestry centres, offer sufficient forestry training, and invest in the lower-class road network. To develop the forest sector, additional research inputs are required as well.

The Government will improve the operative conditions for timber production through taxation as well.

The Government will reserve an allocation for the measures defined in the Government policy decision of 17 March 2005 to increase the use of wood and promote wood construction.

6.3 Water resources and land surveying

The Government will channel additional funds to finance water projects in rural areas in an attempt to connect sparsely populated areas to water supply and sewer systems and involve them in integrated waste management projects before the statutory obligation to do so becomes effective in 2014.

6.4 Fisheries

The Government seeks to preserve sustainable fish populations in the seas and inland waters, harnessed watercourses included. Steps will be taken within the Fishery Programme to develop professional and recreational fisheries including the prevention of damage caused by seals and the related compensation system.

The Salmon Decree will be amended as of 2008 with the aim of securing the return of wild salmon to their natal streams and a maximum level of growth in stocks and the economic viability of professional fishing in coastal waters. Regarding salmon fishing at sea, the focus will shift from high seas to coastal waters and rivers; fishing with drift nets will be discontinued. Wild and stocked salmon populations will be actively studied and efforts made to solve the problems caused by high juvenile salmon mortality rates. In particular, the impact of growing seal populations on the fish stocks will be examined.

A comprehensive reform of the Fishing Act will be initiated where special consideration will be given to the migrating fish and the operative conditions required for professional fishing. Negotiations with Sweden on further specification of the fishing rules included the Agreement Concerning Frontier Waters will be completed.

7 TRANSPORT AND COMMUNICATIONS POLICY

7.1 Transport

An efficient transport and logistics system enhances Finland's competitiveness and contributes to general welfare. Finland's location away from the main traffic and logistic arteries of central Europe poses major challenges. A creative long-term transport policy will help maintain the transport system and ensure adequate funding. The transport policy and intelligent transport services will contribute to the climate policy, sustainable development and safe mobility. An efficient and smooth public transport system supports the attainment of these objectives while making daily life easier. The Government will encourage the introduction of transport services which make use of information technology. The sector will be advanced by developing transport administration, branches of industry and the business activities carried on by the state.

Long-term transport policy

At the beginning of the electoral period, the Government will present a report to Parliament to outline its long-term transport policies. The report will include a transport facility investment programme for the 2007–2011 electoral period and a long-term transport and infrastructure development and investment programme based on a comprehensive approach to the transport system. At the same time, the adoption of optional financing schemes for transport facility investments complementing budget funding will be evaluated.

The Government's goal is to allocate, during the electoral period, sufficient funding for maintaining and managing the transport facilities to ensure an adequate standard of service and safety. The Government will take account of the hitherto inadequate funding provided for basic transport facility management, the general condition and maintenance of the lower-class road network, pedestrian and cycling paths and the importance of private roads as part of a well-functioning transport infrastructure.

Logistics and economic and industrial policies

The Government underlines the importance of a smoothly working logistics system as a central element of Finland's competitiveness and accessibility. The Government will be closely involved in developing the logistics policy of the European Union to make it cater for the needs of Finland and its outlying regions more efficiently than today. Finland's logistic competitiveness will be improved with the aim of reducing the logistics costs all over Finland. The excessive margin on fairway dues will be removed, the transparency of the payments increased and the ice-breaking services secured at the present level by allocating adequate Budget resources for this purpose.

A logistics strategy and a long-term economic and industrial policy programme covering all modes of transport will be prepared to promote the competitiveness of the Finnish transport cluster. The Government will be active in the efforts to solve the traffic problems on the Finno-Russian border. Finland is committed to completing the Helsinki-Vaalimaa motorway E18 by 2015; to ensure this, a decision on upgrading the road sections not up to such standard will be made to cover the whole leg of the journey. Part of the project can be implemented under a PPP financing scheme. The Government will evaluate the adequacy of the airport capacity in the Greater Helsinki Area.

Safety and security of supply

The Government will prepare a programme for improving maritime safety on the Baltic Sea. Vessel traffic safety on the Baltic Sea will be improved by enhancing the monitoring systems, the reliability of the ice classification system and safe navigation in cooperation with international partners. Self-sufficiency in transport services essential to Finnish society will be secured under all circumstances.

Public transport and the environment

Transport and traffic are responsible for climate change to a significant degree. The energy saving and climate objectives set for the transport sector will be achieved by reducing the environmental damage caused by traffic and by promoting public transport, environment-friendly modes of transport and by switching to biofuels. The environmental impact of traffic and transport will be contained by urging the transport industry to take voluntary measures to save energy, improving efficiency in logistics, promoting public transport and by reducing carbon dioxide emissions from private vehicles.

The efficiency of public transport systems will be enhanced by improving the flow of traffic, developing the employer-subsidised commuter ticket system, reviewing the regional planning procedures and purchasing policies, securing the basic public transport services in sparsely populated areas, and taking steps to support the availability of airline services where possible. The ferry and shuttle services in the archipelago will be maintained at least at the present level. The central government will contribute to the financing of public transport in large cities, provided that such funding increases the use of public transport services, improves the competitiveness of this mode of transport and that the cities themselves invest in public transport more than in the past. The Act on Licensed Passenger Transport Services on the Road will be amended to harmonise it with the EU regulations with due regard to Finland's special conditions. The Government will increase accessible public transport and create more favourable conditions for bicycle and pedestrian traffic.

Rail traffic

Rail traffic will be promoted by improving the standard of quality and coverage of the rail network, continuing the electrification scheme and creating a regulatory framework for competition on the railways. Preparations for competition in passenger traffic will be made in compliance with the community legislation and the timetable defined therein. The potential for introducing competition to the provision of passenger rail traffic services, particularly in the metropolitan commute-to-work area, will be assessed. Purchased rail traffic services will be developed to respond to regional passenger needs more efficiently.

Shipping

The competitiveness of Finnish shipping services will be upgraded to the level of the most important competitors with the subsidies permitted under the EU regulations and by amending the taxation of shipping companies. The tonnage tax laws will be overhauled to ensure competitiveness. The possibility of using the system of general reserves will be evaluated. The objective of the maritime policy is to ensure the favourable development of the Finnish merchant fleet, the employment of Finnish seamen and the security of supply. The Government will guarantee access to ports and evaluate the need for constructing navigable channels as part of the nationwide logistics system. The Government will seek to secure the continuity of passenger and goods transports across the Quark in the Gulf of Bothnia.

Developing the transport sector and administration

The Government will increase outlays for research and development in the transport sector. Aside from logistics research, special importance will be attached to control and information services which make use of telematics. The potential for intensifying cooperation between the Finnish Meteorological Institute and the Institute of Marine Research will be assessed. Government regulation of the transport market will ensure that fleet operators offer safe and smooth traffic services. The introduction of use-based transport pricing systems will be evaluated, including experiments with intelligent road toll systems. The Government will evaluate whether a merger of the government transport agencies would offer any productivity benefits with due regard to the special needs of shipping.

Ownership policy

Ownership policies with regard to unincorporated state enterprises in the transport sector will be developed and their special duties, Finland's strategic interests and the requirements concerning the return on investments specified. Efforts to reorganise the administration will be continued in an attempt to improve productivity. The Finnish Road Enterprise (Destia) will be reorganised as a wholly government-owned limited company as of the beginning of 2008. The production activities of the Finnish Maritime Administration will be segregated, and the options for developing the operations of the Shipping Enterprise (Finstaship) and the Finnish State Pilotage Enterprise (Finnpilot) will be evaluated. Responsibility for ownership issues concerning the VR Group will be assumed by the new Ownership Steering Department on 1 May 2007.

European Union

The Government will promote the single transport market within the European Union. The evolution of open, non-discriminatory transport markets will be supported, and measures designed to reduce the environmental impact of traffic and transport, to improve environmental safety, and to contain terrorism, will be promoted. Full use will be made of the potential offered by advanced information and communications technology in logistics, prevention of environmental damage and road safety education.

7.2 Ubiquitous information society

The objective of the active information society policy is to transform Finland into an internationally recognized, competitive competence-based service society with a human touch. Measures will be taken to facilitate access to daily services, improve competitiveness and productivity, promote regional and social equality and secure the availability and quality of public services. Special consideration will be given to a customer-responsive reform of the public service structures by making extensive use of information and communications technology and overhauling the procedures. At the beginning of the electoral period, the Government will prepare an action programme that will focus on the practical implementation of the information society strategy drawn up in consultation with a wide range of interested parties. The supply and compatibility of online services and products will be increased, the use of open interfaces in the government information and communications systems promoted in a competition-neutral fashion, and the skills and capabilities of the citizens and companies as users of e-government services developed. A minister-led advisory board will be appointed to oversee implementation.

Developing information networks and services

The Government will prepare a communications policy aimed at encouraging investments and innovation in the communications sector. The communications infrastructure will primarily be developed on commercial terms using competitive technologies. The Government will improve the availability of high-speed connections by promoting the construction of optical fibres and wireless networks and develop the service infrastructure of the information society. The availability of versatile and high-standard communications services will be ensured throughout the country by promoting network construction, also with public funding, in areas where such services are not commercially available. The goal is to make available to the citizens and businesses comprehensive and easy-to-use electronic public services geared to make daily life easier.

The Government will boost the confidence of the citizens and companies in the daily services offered by the information society. Favourable conditions for entrepreneurial activities will be secured under all circumstances by improving the reliability of the critical infrastructures and by enhancing the legal protection of trade secrets. Legislation on easy-to-use electronic authentication will be amended. Special attention will be paid to the position of children and young people as members of the information society with the aim of providing a secure digital environment for all.

The Government will launch an extensive experimental project aimed at providing every comprehensive school pupil with a personal computer for use as a central learning tool. The project will be implemented and funded in collaboration with business and industry.

The Finnish Broadcasting Company and digital television

A Parliamentary working party will be appointed to look into the funding of the Finnish Broadcasting Company Ltd as of 2010. The transition to digital television in the terrestrial network will take place on 1 September 2007. The reception of the Finnish and Swedish TV programmes in the context of the public broadcasting services will be secured on an equal basis in compliance with the Act on the Finnish Broadcasting Company YLE in all the stages of the digitalisation process. When the analogue radio frequencies to be released are reallocated, due consideration will be given to the requirements imposed by the next-generation digital television and wireless communications.

Finland Post Corporation

Legislation on postal services and, in particular, the related public service obligation will be reviewed during the term of office of the Government with due regard to the developments in the European Union and the operative environment of postal services. The Government will see that the public service provider will have the necessary prerequisites for ensuring the availability of public services in accordance with its statutory obligations.

Radio frequencies

The allocation of radio frequencies will be adjusted for greater flexibility and efficiency. The policy regarding the frequencies will ensure that enough frequencies are regionally available to the communications markets for various purposes. The current frequency allocation procedures will be reviewed while retaining national control of the frequencies.

Value pluralism in communications

The Government supports value pluralism in communications and promotes new distribution channels in the provision of content. The guidelines for developing television and radio broadcasting will be evaluated, and the effects of new technologies, such as Internet television, mobile and high-definition television on the funding of TV broadcasts, licensing and copyright systems will be assessed.

EU policy with regard to communications

The Government promotes the single communications market and simultaneous enactment of the Communications Directive across the Union. Active measures will be taken to support the competitiveness and productivity of the communications industry and to look after the interests of European consumers. When the communications laws are harmonised, steps will be taken to ensure that due consideration is given to technological advancement, the future needs and assuring the rights of the citizens in the information society. The communications market will be regulated by general laws when no valid grounds for any special regulation exist.

8 CLIMATE AND ENERGY POLICY

Climate change is one of the greatest challenges facing us today. An effective response to this challenge will require a global coordination of policies. The Government is of the opinion that Finland, together with the rest of the European Union, must bear a heavy responsibility in combating climate change. At the same time, action must be taken to adapt to it.

The energy sector accounts for nearly 80 per cent of greenhouse gas emissions. Hence, the greatest potential for reductions in these emissions will be found in this sector. Greenhouse gas emissions will also have to be reduced in other sectors.

Apart from fulfilment of climate and environmental commitments, the goal of the Government's energy policy is to secure a supply of energy at a reasonable price and, at the same time, increase energy self-sufficiency.

The Government will draw up a long-term climate and energy strategy at the beginning of the current term. The strategy will define the principal objectives and means of Finland's climate and energy policy for the next ten years in the context of the European Union. It will also suggest measures to facilitate the adaptation to change. To steer the preparation of the strategy, a ministerial working party on climate and energy policy will be set up under the leadership of the Ministry of Trade and Industry.

The European Union is committed unilaterally to reducing greenhouse gas emissions by 20 per cent from the 1980 level by 2020. It is also committed to increasing the proportion of renewable energy to 20 per cent throughout the Union's area by 2020. Finland will bear its own fair share of the responsibility for these commitments, taking into account previous contributions and national circumstances.

If an agreement on worldwide limitations is reached, the European Union will be prepared to reduce greenhouse gas emissions by 30 per cent from the 1990 level. The primary goal of the Government is, as part of the European Union, to reach a worldwide agreement on reducing greenhouse gas emissions. The Government will also work actively within the European Union and other international organizations to achieve this goal.

In the opinion of the Government, Finland must bear its fair share of the European burden in the efforts to reduce emissions. It is the goal of the Government to correct the shortcomings of the EU Emissions Trading Directive. National implementation of the trading scheme will take into account the operative and competitive conditions of Finnish export companies engaged in worldwide competition.

The Government will work together with other Nordic countries to develop the joint electricity market. The efficiency of the Nordic electricity market will be improved by increasing the transparency of the electricity trade and by providing incentives for new suppliers to enter the market. Cooperation regarding the Nordic transmission system will be improved.

It is the goal of the Government to find effective means for simultaneously securing energy savings, improving energy efficiency and availability, increasing energy self-sufficiency, and reducing emissions.

At present, the largest source of greenhouse gases in Finland is the generation of coal- and oil-based electricity and heat. Coal-fired power plants and oil-fired district heating plants must be replaced when they reach the end of their economic service life or, on otherwise sound environmental grounds, must be supplemented with low-emission alternatives such as bio-power plants and chip-fired or bio-oil-fired boilers.

The Government will continue its intensified measures to promote energy savings. As a part of the European Union, Finland is also committed to a 20 per cent improvement in energy efficiency by 2020.

To increase energy savings and improve efficiency, it is important to prepare a more stringent energy savings programme by the end of 2008. This will include increases in the energy efficiency of buildings, agreement procedures for energy savings, and greater energy efficiency for machinery and equipment through international agreements and EU cooperation.

Public awareness of energy efficiency is also important. Introduction of the remote metering of energy and heat consumption must be promoted.

In addition, reduced emissions will be achieved by promoting improvements in motor vehicle technology and changes in taxation to favour low-emission vehicles.

Determined action will be taken to curb the growth of energy consumption.

As the demand for energy is predicted to continue rising and as emission-generating energy sources are to be eliminated, significant investments in renewable, emission-free energy will be needed. The use of renewable sources of energy will be supported in a variety of ways.

It is the goal of the Government to achieve a highly significant increase in the use of renewable energy sources from the present level of about 25 per cent. This will call for both significant support of various links in the bio-energy production chain and measures to secure access to the market for renewable energy. Furthermore, the Government will also seek to achieve a substantial increase in energy self-sufficiency. It will specify its percentage targets on the basis of background reports drawn up in conjunction with the energy and climate strategy.

The Government of Finland will work actively to have peat classified as a slowly renewable energy source, taking into account the scientific reports of the IPCC.

The principal means for promoting the use of renewable energy sources are the following:

- The Government is prepared to substantially increase the use of hydroelectric power.
- The greatest potential for increased use of renewable energy is offered by forest-based bio-energy. This will require intensified measures to increase forest growth on a sustainable basis. The Government will also see to it that the increased use of wood for energy generation does not jeopardize the supply needed for wood re-processing processes. The increased use of wood to generate energy will also make it necessary to expand the uses of peat as an auxiliary fuel.
- To secure the use of forest energy in a cost-effective manner, there must be a substantial increase in public support for technological development and investment and tax-free status for all bio-based energy. It is particularly important to favour the more widespread use of cogeneration electricity and heat. A small-scale, decentralized generation of electricity must be provided with improved access to the grid.
- The use of wind and solar energy and heat pumps will be promoted. A new wind atlas will be completed by the end of 2009.
- To ensure the increased use of renewable and bio-based energy, separate measures will be needed. The Government will introduce a feed-in tariff for biogas plants (field biomass, slaughter waste, various kinds of livestock manure, community waste). The system will include plants with an output of less than 20 MW and will provide compensation for the difference between the market price and the bio-energy price.
- The use of waste for energy generation is, at present, hindered by both Union-level and national norms. To encourage the use of bio-based and biodegradable waste in energy production, the legislation must be reformed to promote its environmentally friendly use based on the waste hierarchy. Permitting and appeal procedures for waste incineration plants must be accelerated and simplified.
- Both farms and major waste production units have great potential for achieving a manifold increase in biogas production. Investment in the sector must be supported, the use of such energy by the farms and units that generate it must be tax-free, and the potential for use in local grids must be investigated and secured.
- In Finland, the use of renewable and bio-based energy by households is limited. There must be a manifold increase in the use of pellets, ground heat, and other renewable and bio-based alternatives.

The Government will encourage the use of bio-based fuels that reduce emissions from transport, first by statutory means and later by market-based measures as soon as permitted by technological advancement, domestic production, and reasonable prices for bio-fuels.

This will require increased resources for research in the sector and efforts to ensure that second-generation technology can be exploited at the very beginning of the 2010s. It will also be important to see that as a rule, domestic demand for bio-based transport fuel can be met with domestic production.

Meeting the increasing demand for energy and replacing fossil-fuel-fired power plants with entirely renewable energy sources may prove difficult. The Government will see to it that energy production in Finland remains diverse and as self-sufficient as possible. No emission-free, low-emission or other form of generation that is neutral with respect to emissions and is also sustainable and cost-efficient can be ruled out, including nuclear power; on the contrary, all forms of energy must be assessed on the basis of the overall interests of society.

A significant increase in the use of renewable energy will also require a significant increase in research and development. Pilot projects, product demonstrations and the commercialisation of new technology are equally eligible for support. Support for energy investment and product demonstrations will be increased. The dissemination of information on climate conditions will be continued.

The adequacy of the energy and climate measures decided upon will be reassessed after the European Union's decisions on burden sharing. The Government will draw up a foresight report on energy and climate policy.

9 INDUSTRIAL POLICY

The goal of the Government's industrial policy is to promote growth by improving productivity and employment. This will require increasing the availability of labour, competence and innovativeness and reforming economic structures.

To meet these goals, the Government will overhaul the innovation system and make significant increases in resources. The goal of the Government is to offer entrepreneurs and innovators the world's best operating environment.

9.1 Innovation policy

Improvements in economic productivity and competitiveness will require a more effective broad-based innovation policy. Attention will be focused on education, research and technology policy. Apart from technological innovations, the Government will underscore the importance of innovations in business practices, design, and organization. The point of departure for development is businesses' needs.

The Government will prepare a national innovation strategy at the very outset of its term.

The goal is to increase funding for research and development during the current parliamentary term to four per cent of GNP. Achieving this goal will require a strong, unified commitment on the part of the Government and the business community.

The Government will increase funding for research and development particularly in the service sector, the primary goal being to improve productivity in this sector. By effectively channelling public funding for research and development, the Government will encourage small and medium-sized enterprises to increase their own R&D inputs. The Government considers increases in research and development funding for different parts of the country a key element of balanced regional development. It also considers it important to concentrate on nationally recognized strengths in top research.

To this end, the Government will implement and fund strategic centres for science, technology and innovation on the basis of the proposal. With the centres of expertise program based on cluster networks, the Government will especially strengthen the innovation base in the regions and promote cooperation between business and the education and research communities.

Finland has the potential to become a strong international player in the environmental technology business. This will be secured by investing in research and development for renewable energy and other environmental technology, and in product commercialisation and by promoting domestic markets and developing the public procurement standards.

Cooperation among public sources of venture capital will be intensified and the functions of the Finnish Innovation Fund, Sitra, regarding start-up companies will be transferred to Finnvera. Finnvera's resources for funding start-up companies will be increased.

The Government will determine the prospects for stimulating capital investment through taxation and the transfer of business competence to start-up companies.

In cooperation with employment pension companies, efforts will be made to achieve a significant increase in venture capital funding. The goal is to secure financing especially for

rapidly expanding and internationalising companies. The Government will see to it that Finnish Industry Investment will have adequate capital reserves for its activities. Based on the findings in the report on the subject, the remaining barriers to investments by foreign VC funds in Finland will be removed. Tax-exemption of investments by non-profit making organizations in risk capital funds and unlisted companies will be considered.

Finland's image as a country will be enhanced. The network of international innovation centres will be expanded. Funding for exports and internationalisation will be increased. Investment by foreign firms in Finland will be promoted. Funding for the Millennium Technology Prize will be secured.

As part of the effort to strengthen national innovation policy, a national strategy for industrial and intellectual property rights will be drawn up. Attention will be focused on the potential of SMEs and private inventors to use various forms of protection and thereby improve the commercial potential of their products.

The transfer of intellectual rights and copyrights to the new Ministry of Labour and Industry will be considered in conjunction with preparation of the organization for the new ministry. Shortcomings related to taxation of copyrights will be corrected. The Government will improve the conditions conducive to private invention.

9.2 Enterprise policy

The Government will step up its efforts to improve the conditions necessary for entrepreneurship and to create a more favourable entrepreneurial environment. In particular, the technology foundation, business competence and productivity of small and medium-sized enterprises will be strengthened. The business environment required for the growth and internationalisation of companies will be improved.

The Government will continue efforts to diversify and expand entrepreneur education in comprehensive schools and upper secondary schools. It will increase the opportunities for studying entrepreneurship and for obtaining entrepreneurial qualifications in vocational education and in various disciplines in higher education.

The bureaucracy related to entrepreneurship will be reduced and the reasonableness of tax sanctions monitored. The project evaluating the impact of regulation on enterprises (SÄVY) will be continued.

The system of start-up funding for new small enterprises will be developed. Expansion of the system to people who give up paid employment or household work to start a business and to those who have completed their studies will be put on a permanent basis as of the beginning of 2008. The threshold for moving from being employed by someone else to establishing one's own business will be lowered.

Efforts to revamp and streamline business services launched by the Ministry of Trade and Industry will be continued in accordance with the Enterprise-Finland reform.

The Government will continue to improve the business environment of family businesses. Family businesses are an important factor in strengthening Finnish ownership and employing Finns. To encourage female entrepreneurs, the adequacy of special funding will be secured. Entrepreneurship in creative fields will be boosted by setting up a special project for this purpose.

The effectiveness of company support will be improved by directing funding to the promotion of business competence, growth, networking and internationalisation. Investment and development funding for business will be increased. The transport support system will be sustained

The introduction of operative aid (for example telecommunications costs and electricity taxes) permitted under EU regulations in areas with extremely sparse populations will be considered.

The Government will continue measures to alleviate the problems caused by sudden structural changes. Special funding quotas for such measures will be included in the budget.

The tourist industry offers great potential in Finland. The function of the Finnish Tourist Board will be reviewed with the aim of improving its effectiveness on the basis of the preparations made.

The international competitiveness of wood products and wood construction will be improved by continuing and revising industrial policy. A special management group will be set up for coordinating the programme.

The Mining Act will be amended to give due consideration to environmental viewpoints, basic civil rights and the safeguarding of living conditions, the opportunities of local authorities to exert an influence and the rights of land owners on the one hand, and to the conditions required for prospecting and the development of mining operations on the other.

Investment support for village stores will be continued. The present regulations governing opening hours will be reviewed.

The legislation and administration regarding security of supply will be amended on the basis of work by the committee that has investigated the matter.

The Government will promote broad-based cooperation with Russia and take measures to enhance the knowledge and skills of businesses related to Russia by developing the qualifications of entrepreneurs and personnel.

9.3 Competition, internal market, and consumer policy

The Government will assess the need for amending the Act on Competition Restrictions and implement the necessary changes. It will ensure equal conditions for private and public service production through competition policy. The operations of the Public Procurement Advisory Unit maintained in cooperation with the Association of Finnish Local and Regional Authorities will be put on permanent basis and its independence will be secured.

The Government will focus attention on the forward-looking development of legislation concerning the EU internal market and on efforts to make the legislation operate more effectively.

Effective implementation of the services directive will be secured.

A new consumer policy programme for 2008-2011 will be drawn up. Preparations for the programme will take into account changes in the operating environment of consumers, the

experience obtained from implementing the present programme, and the provisions of the consumer strategy approved in the EU for 2007-2013.

10 WELFARE POLICY

10.1 Towards the 2020s – providing care and creating incentives

The ageing population, the transformation of the labour market and globalisation will present new challenges to the Finnish welfare society and labour market. The Government seeks to improve the people's basic and day-to-day security by creating incentives and providing care, to enhance the effectiveness and diversity of services, and increase human well-being. To be able to prosper in the 2010s, Finland needs to have a strong economy and high employment rate. The purpose of the reforms to worklife and social protection is to provide an adequate level of social protection where nobody falls through any cracks in the system.

The Government's goal is to provide client-responsive services and promote good practices through intense cooperation between the social welfare, primary health care and specialised medical care systems.

The standard of quality, effectiveness and cost-efficiency will be improved in social services and health care. Steps will be taken to encourage the adoption of new technology and to increase transparency and guidance within the service system. Another objective is to improve the citizens' capacity for action and encourage initiative and civic engagement. A satisfied and competent staff provides the basis for the measures.

10.2 A rewarding and just social protection system

The Government will initiate a reform to the social protection system that will be implemented in stages and presented to Parliament during the 2008 autumn session, if not earlier. The reform will be prepared by a Government-appointed committee in which the labour market organisations will also be represented.

The goal of the social protection reform is to offer more incentives for work, alleviate poverty and provide an adequate level of social protection in all life situations.

In order to improve the functioning of the labour market, taxation, basic security (including housing allowance), and unemployment benefits will be reviewed in conjunction with the social protection reform. The position of the recipients will be improved by simplifying and streamlining the system. The reform will be implemented in such a way that social protection can be funded on a sustainable basis in the long term as well. The taxes on benefits and client charges will also be reviewed in connection with the social protection reform.

Government resolutions on labour-related social insurance legislation and income security will be prepared in consultation with the labour market organisations.

10.3 Comprehensive and effective social and health services

Contented people enjoying good health provide the basis for Finland's economic success and competitiveness. The goal of social and health policy is to promote health, functional capacity

and initiative, and diminish the differences in the state of health between the individual segments of population.

Additionally, steps must be taken to ensure an adequate level of income security and maintain the work ability of the people and to guarantee the availability of well-functioning primary services to all citizens irrespective of place of residence and wealth. Access to social and health services will be guaranteed in Finnish and Swedish and, where possible, they will be provided in Sámi as well.

The Government's goal is to ensure the funding and availability of the social and health services. Steps will be taken to guarantee the attainment of the objectives defined in the project to restructure local government and services and to prepare the necessary legislative amendments. To lower the barriers between primary and specialist health care and improve cooperation, the Primary Health Care Act and the Act on Specialized Medical Care will be combined into a comprehensive Health Care Act.

The role of primary health care will be reinforced. In order to restructure the services, special measures will be taken to develop primary health care, social work, emergency care, and mental health and substance abuse services. Particular consideration will be given to the identification of mental health problems in children, the youth, working-age population and older people, and the access to services and staff skills and competence in mental health care.

The system of guaranteed access to health care will be reviewed, and the necessary changes to the time limits and procedures will be made.

A policy programme will be launched to promote health. The occupational health care services will be developed.

Case management and service coordination will be enhanced. The development of electronic information systems will be continued.

Responsibility for the provision of the services will continue to rest with municipalities, and funding must primarily be based on central government transfers and the taxes raised by the municipalities. In order to guarantee the availability and quality of the services, the funding base needs to be reassessed also with regard to client charges. A just payment ceiling system will be introduced in social and health care services in order to alleviate the position of those using the services frequently or taking a lot of medicines. At the same time, the system will be reformed in such a way that the patient or client charges do not induce people to select inappropriate forms of treatment.

The equality of the citizens will be secured by upholding the rights of the service users. The recommended quality criteria for the services will be revised to increase the level of commitment. Steps will be taken to improve the evaluation of the quality and effectiveness of the activities and services and related supervision and guidance. The resources of the agencies under the auspices of the Ministry of Social Affairs and Health will be reallocated to achieve these objectives.

Gradually, the distinction between non-institutional and institutional care made in the field of social insurance will be removed.

The ageing and retirement of personnel is a major challenge. The effectiveness and quality of social and health care services are considerably influenced by the skills and number of qualified staff. Special attention will be paid to the prediction of nationwide and regional

demand for labour. In the social and health care sector, the availability of sufficiently qualified personnel will be ensured by means of on-the-job training, competitive compensation plans, developing the content of work and management systems, and by offering opportunities to learn and improve oneself and have a say in the assignment of duties.

Municipal services are complemented by the private and third sector. The uses of the municipal service vouchers will be extended as appropriate to include social and health care services. The service vouchers will be accepted in home nursing from the beginning of 2008.

The compensation payable by the Social Insurance Institution of Finland (Kela) for dentists' fees will be adjusted to increase the amount of actual compensation to 40 per cent of the applicable compensation criterion.

The distortion of competition caused by the hidden value added tax contained in private social and health care services will be evaluated.

More efficient use of public premises for health care purposes will be promoted without affecting the compensation that the patient is entitled to under the medical expenses insurance.

The social guarantee scheme will be gradually implemented by introducing specific time limits for the evaluation of the need for services in regard to the most important social services.

The right of older people to good care will be secured. Senior citizen services will be reformed with the aim of developing home care and services supporting such care. In developing the care and services for older people, measures to support the functional capacity, initiative and independent living are of central importance. The rehabilitative approach in care and treatment will be reinforced.

In order to guarantee comprehensive old-age care, the integration of care allowance, social and health services, informal care benefits and domestic help credit will be improved to ensure that they complement each other seamlessly.

The age limit for evaluating the need for services by old people will be reduced and the evaluation procedures systemised in order to guarantee uniform practices throughout the country. A comprehensive advice and service network covering the whole of Finland will be created and preventive house calls increased in number.

The Government's goal is to look after the well-being of all members of the war-veteran generation. The social security and services of veterans and invalids will be improved. In particular, steps must be taken to ensure more comprehensive home services and more individual rehabilitation.

Informal care will be developed on the basis of the reports completed to date. Conditions will be created for increasing the number of people in informal care. The informal care-takers will be supported by offering better opportunities for taking the statutory days off. Access to substitutes will be improved. The possibility of having the informal care benefits processed by the Social Insurance Institution will be assessed. The potential for developing an informal care relief system will be evaluated in an attempt to achieve better coordination between work and informal care.

The drug reimbursement system will be overhauled to check the raising costs. A special working group will be appointed by the Ministry of Social Affairs and Health to look into the issue.

Particularly with regard to new medicines, their cost-effectiveness will be taken into account in the care of the infirm. Safe pharmacotherapy will be promoted and an extensive pharmaceutical service secured.

To guarantee equality for people with disabilities, a special disability policy programme will be prepared outlining the central measures to be taken in this field over the next few years. Measures to combine the Services and Assistance for the Disabled Act and the Act on Special Care for Mentally Handicapped Persons will be continued.

The system of personal assistants for people with disabilities will be developed in stages. Funding for disability services will be increased in connection with the project to restructure local government and services, and the methods of organising and providing the services will be developed in order to guarantee the equality of people with disabilities. Active civic engagement and access to the labour market will be supported.

The Government seeks to achieve an accessible society that offers equal opportunities for all. Special consideration must be given to a highly accessible information society, for example by making use of new ways of providing the services for people with disabilities.

10.4 Social and health care services innovation project

A social and health care services innovation project will be carried out aimed at improving the citizens' initiative, civic engagement and capacity for action, developing the division of duties, the effectiveness of activities and services, improving cost-efficiency and expanding the diversity of services.

The project will also seek to increase transparency in decision-making and systems, evaluate the performance of a multi-channel funding system and improve efficiency in guidance. Additionally, the adoption of new technology and commercialisation and exports of technological innovations in the social and health care sector will be encouraged. At the same time, a project to develop good practices will be launched in order to secure the services for older people in remote areas. The project will bring together and make use of the competences and resources of the various public sector actors.

10.5 Well-being of families

The Government is committed to alleviating the social and psychological problems of children, young people and families and averting social exclusion. The position of poor families with children will be alleviated and social differences mitigated by improving the financial position of such families. A policy programme aimed at the well-being of children, young people and families will be initiated.

The child allowance for single parents will be increased by EUR 10 as of 1 January 2008 and the minimum level of maternity, paternity and parental allowance and daily sickness allowance will be raised to the level of the labour market support (means-tested unemployment benefit) as of 1 January 2009.

Families will be given genuine options to select the best type of care for their children. Early childhood education and care services will be diversified by increasing opportunities for part-time care and expanding open day-care centres and club activities. More favourable operating conditions will be created for family day care.

The day-care legislation will be reformed.

The private care allowance will be increased to EUR 160 per month and allowance for children looked after at home will be increased by EUR 20 per month as of 1 January 2009. The child allowance will be increased by EUR 10 as of 1 January 2009 starting with the third child.

To enhance the well-being of families, the possibilities of the parents of small children for spending more time with them will be improved. The partial child-care allowance will be increased to EUR 90 as of 1 January 2010 to compensate for the loss of income due to shorter working hours. At the same time, the partial child-care allowance will also be paid to entrepreneurs.

Paternity leave will be extended by 2 weeks. The reform will be implemented in connection with the 2010 budget. Steps will be taken during the electoral period to explore the potential for a more extensive reform of the parental leave system. In order to ensure that women are in a genuinely equal position in worklife, compensation for the cost incurred by the employer for employees with children will be increased. The cost of family leaves will be divided more equally between the employers operating in male- and female-dominated sectors, while at the same time the share of government funding will be increased.

Equality between families with adoptive and natural children will be promoted. Services intended for children and young people will be highlighted in the primary health care. The access of families with children to home services will be facilitated.

A range of services intended for families with children will be concentrated in family centres. Families will be supported and options to select suitable services improved by intensifying cooperation between the public, private and third sectors. More resources will be allocated to preventive action in counselling for couples and families.

School health care will be developed as part of the general pupil and student welfare services. The availability, quality and effectiveness of student health care will be secured. In particular, the health care system of polytechnic students will be improved. Access to mental health and psychiatric services will be guaranteed for children and young people.

Steps will be taken to implement the new Child Welfare Act and continue national development efforts. The family care legislation will be amended with the aim of shifting the focus in foster care to family care. More resources will be allocated to family work as part of supportive action for non-residential care within the child welfare system.

10.6 Sustainable pension policy

The basis and goals of a sustainable pension policy consists of economic growth, general confidence in the stability of the system, just division of resources between generations, and longer working careers. The statutory pension system will be based on the national and earnings-related pension schemes.

Issues related to earnings-related pensions will be prepared in consultation with the major labour market organisations. At the same time, it will be determined whether the consumption basket used in the index adjustments designed to secure the purchasing power of social benefits really serves the interests of people with different consumption patterns equally, such as those drawing a national or earnings-related pension.

National pensions will be increased by EUR 20 as of 1 January 2008. A model securing the livelihood of those living on the lowest pensions will be prepared by 31 December 2009.

Competition in the field of earnings-related insurance will be promoted based on the report prepared on the earnings-related pension scheme. The possibilities of transferring insurance portfolios and related solvency margins between all employee pension institutions will be investigated.

Insurance and financial supervision duties will be assumed by a single agency that will start its work at the beginning of 2009. Responsibility for the preparation of insurance legislation will continue to rest with the Ministry of Social Affairs and Health.

The Government will look into the introduction of a voluntary long-term care insurance and establishment of a long-term care fund.

10.7 Substance abuse policy

The National Alcohol Programme will continue to be pursued. The efficiency of preventive measures will be improved by adopting early intervention as a permanent policy in primary and occupational health care. Taxes on alcoholic beverages and tobacco products will be raised in an attempt to promote public health.

A determined substance abuse policy will be pursued to reduce alcohol consumption by parents and its detrimental effects on children. In order to secure the rights of children, steps will be taken ensure adequate care of pregnant women with substance abuse problems. At the same time, adequate support services will be provided for the children of parents with substance abuse problems.

Tobacco legislation will be amended by restricting the availability of tobacco products, intensifying supervision and taking preventive measures targeting children and young people in particular.

10.8 Other social and health policy

Social security of those living on grants will be improved as of the beginning of 2009 in such a way that the grant recipients will be entitled to pension, sickness, occupational accident and unemployment benefits according to the amount of grants received. Unemployment benefits for those working in the field of art and science will be improved by amending the applicable legislation accordingly.

Efforts to develop the social security of entrepreneurs and rectify related flaws will be continued.

The farmers' holiday and stand-in scheme will be developed to reinforce the well-being, work ability and health of farmers. The duration of the annual leave of farmers will be increased by one day as of the beginning of 2008 and another additional day as of 2010. The Government will take action to gradually implement the other proposals made by the working group on farmers' holiday and stand-in scheme. A holiday and stand-in scheme will be created for fur farmers, and an experiment with the provision of temporary help in reindeer husbandry will be carried out.

Farmers' well-being at work will be promoted by improving the efficiency in the provision and availability of occupational health care services. The compensation system will be developed to make it possible for farmers to acquire occupational health care services from a private service provider as well.

The capabilities of non-governmental organisations to offer activities designed to support well-being and prevent social exclusion will be enhanced. Support for organisations will be directed so as to ensure that it is not at variance with the competition laws and made available exclusively for non-profit activities. Steps will be taken to ensure that the organisations will continue to be able to operate as non-profit charitable actors. The possibilities for improving the operating environment of non-governmental organisations by making donations given to such organisations exempt from tax up to a certain limit will be evaluated.

10.9 Developing worklife

The Government seeks to ensure that everybody can be involved in building up society by doing work according to his or her individual skills and capabilities. The goal is to promote productivity and improve the availability of labour. Work is the best way of preventing social exclusion and alleviating poverty.

A high level of employee skills, an atmosphere conducive to creativity, well-being at work and an efficiently operating labour market are important elements of national success. Worklife will be developed in collaboration with the labour market organisations with the aim of striking a balance between flexibility and security.

The Government will take prompt action to implement the proposals of the working party on fixed-term employment relationships and initiate the further studies suggested by the working party. In the human resources policy of the public sector, the Government will promote the creation of permanent employment relationships. In order to secure the availability of labour in the public sector, a programme will be launched to keep employees in the sector and attract new ones by offering adequate pay, permanent jobs and favourable terms of employment.

The worklife development programmes will be carried on and the special programmes combined to provide an efficient package. The goal is to make full use of the good practices

worked out in the course of the programmes in close cooperation among the various parties. To improve productivity in public administration, special consideration will be given to management and supervisory skills and the utilisation of modern communications technology.

A permanent job alteration act will be passed when final agreement on the funding of the scheme is reached. Steps will be taken to determine whether the alteration system can be extended to entrepreneurs.

The Government will, in collaboration with the labour market organisations, enhance the operation of the collective bargaining system. Another objective is to promote local bargaining, which will make it necessary to guarantee equal bargaining positions for all the parties and personnel categories at the workplace.

The Government will promote a system of diverse working hours to advance employment, facilitate work, make it easier to reconcile work with family life, and give due consideration to the needs of the employers and employees. The Government will promote the establishment of "working time bank systems" by removing related legal obstacles.

The supervision of compliance with the Working Hours Act will have to be intensified. The potential offered by the occupational health care system will be used to develop workplaces on a broad front and improve well-being at work. Special attention will be paid to age management and psychological health at work.

The Government will reward its personnel by paying a bonus for language skills in order to ensure that the purpose of the Language Act is accomplished.

10.10 Employment policy

Smoothly functioning labour markets call for efficient labour exchanges and training responsive to the needs of the employers to ensure that vacancies and job-seekers meet. The best way of promoting employment among people who are out of work is to take prompt measures at an early stage to prevent prolongation of unemployment and exclusion from the labour market. At the same time, the importance of foreseeing labour and training needs is underlined. This calls for the creation of effective forms of cooperation between the labour market organisations, labour administration and educational system both nationally and regionally.

The Government's labour policy will be overhauled in an attempt to alleviate the discrepancy between jobs and job-seekers, promote the creation of new jobs and companies, reduce unemployment and prevent social exclusion to the extent it is possible through such measures.

In order to achieve this objective, the employment appropriations will be redirected in such a way that they will support the unemployed person more effectively in finding work in the private labour market. In real terms, this means increasing the domestic help credit, extending the low-pay support experiment to young people, and expanding apprenticeship training and workshop activities targeting young people.

When the scope of the employment measures to be financed out of the appropriations of the Ministry of Labour is determined, due consideration will be given to current trends in employment. Additionally, steps will be taken to determine whether the low-pay subsidies can be extended to new areas to support competitiveness and employment in various low-productivity fields of activity.

The effectiveness of labour policy measures, such as workforce training and subsidised employment, must be substantially improved with the specific aim of finding real work. The objective is that the employment rate of people targeted by active measures increases, during the electoral period, to an average of 40% of those completing the programme.

In order to encourage unemployed job-seekers to be more active, the maintenance allowance paid on top of the labour market support will be increased.

Employment appropriations will be channelled to vocational workforce training to be implemented in collaboration with companies, and to subsidised employment in private companies. At the same time, training will be customised more precisely to meet the employers' needs. Training to be purchased jointly with companies will be increased. In particular, services intended for small companies will be improved.

The number of job assignments will be increased to secure the availability of labour. The age limit for the obligation to participate in rehabilitative work activity will be lifted and the content of work activity will be developed to respond to the individual needs of each participant. The operation of the intermediate labour market will be improved, and the employment thresholds will be lowered for all job-seekers. The potential offered by business start-up schemes will be reinforced by extending the start-up funding period to a maximum of 18 months and putting the system on a permanent footing.

The scope, content and operation of the change security scheme will be developed in collaboration with the labour market organisations. The measures will be tailored more accurately to individual needs. Preparations will be made to respond to unexpected developments arising as a result of structural changes in the economy. Information about the opportunities offered by the change security scheme will be actively disseminated. Adequate resources will be allocated to ensure proper operation of the change security system.

Legislation on social firms will be reviewed to make it easier for mental health rehabilitees, people on cash rehabilitation benefit and those who have temporarily relinquished their disability pensions to find work with social companies. Steps will be taken to determine whether long-term or even permanent pay subsidies could be paid for people with reduced functional capacity irrespective of the type of employer.

Labour exchange services will be improved to make them more customer-responsive. An evaluation of the job-seeker's situation will be carried out within two weeks of the date when he or she registers as an unemployed job-seeker. Additionally, the opening hours of the employment offices will be changed to provide better service for customers. The system of assigning designated officers to job-seekers will be extended to all labour exchanges.

Electronic services will be developed to give employers prompt and easy access to information on potential employees.

The non-military national service system will be renewed.

10.11 Improving gender equality

Gender equality is a central value in Finnish society. The Government as a whole undertakes to make determined efforts to promote equality in all its decision-making. Men and women must have equal opportunities in all spheres of life.

The Government's goal is to clearly reduce the differences in pay between men and women during its term of office. The Government is committed to the tripartite equal pay programme; a related package of measures will be implemented during the electoral period. Adequate resources will be allocated to the implementation of the programme.

The Government will systematically advance women's careers and promotion to managerial positions both in the public and private sectors. Additionally, the Government will support measures designed to diminish the gender-based segregation of the labour market. The reconciliation of work and family life will be promoted in all decision-making, and men will be encouraged to take paternity leaves.

The Government will, in the early days of its term of office, take steps to ensure that the gender perspective is mainstreamed across all law drafting, budget procedures and other major projects. Training will be provided in the various ministries to promote this development. Awareness of gender equality will be increased in comprehensive schools, and gender-conscious courses will be included in the education of teachers and kindergarten teachers. The gender perspective will also play a part in social and health care services and in the efforts to reduce health inequalities. More resources will be allocated to government agencies and women's organisations engaged in promoting gender issues.

During the electoral period, the Government will issue a report to Parliament on gender equality.

For its own part, the Government will support measures undertaken by the labour market organisations to advance gender equality and equal pay.

The Government is prepared to increase central government transfers in support of a pay settlement in the municipal sector which improves the competitiveness of pay in female-dominated fields. The amount of the increased central government transfer depends on how clearly such a pay settlement targets female-dominated fields with highly trained professionals whose pay is not in line with the qualifications required by such work.

11 ENVIRONMENTAL POLICY

The objective of the environmental policy is to consolidate Finland's position as a knowledge-based information society known for the high standard of its environmental protection. The well-being of the citizens and Finland's economic competitiveness are based on consumption and production patterns that satisfy the requirements of sustainable development ecologically, economically, socially and culturally.

Finland will be actively involved in international cooperation to find solutions to environmental problems and to promote the shared objectives established for environmental policies. With regard to international politics and, particularly, the terms of global trade, the Government will champion environmental values and the principles of sustainable development.

In accordance with the objective of the Sixth Environment Action Programme of the European Union and the Johannesburg Programme of Action, the Government seeks to halt the decline in biodiversity. The National Strategy for Sustainable Development, adopted in 2006, will be implemented in cooperation between the administrative sectors. At the same time, the Programme for Sustainable Production and Consumption will be put into practice.

The coordination and balancing of economic, social and ecological considerations in all decision-making within the public sector will be improved. Environmental education will be increased at all levels of the educational system.

Environmental technology will be promoted in collaboration with the environmental administration and other actors in the sector. Environmental and water technologies will also be developed with a view to exports.

Central government agencies will be obliged and municipalities encouraged to prepare sustainable development programmes for their activities.

11.1 The Baltic Sea and the protection of watercourses

The key to saving the Baltic Sea is cross-border cooperation and improved collaboration with the neighbouring areas. Efforts will be made to intensify cooperation with Russia. A rigorous scientific and statistical approach aimed at creating new technology will be applied in the cooperation between all the Baltic Sea coastal countries.

Environmentally safe shipping and navigation on the Baltic Sea will be ensured by agreements on common rules between the Baltic Sea coastal countries and other actors. The Government will participate in the preparation of HELCOM's Baltic Sea Action Plan. An important objective included in the programme is a complete ban on waste water discharges from vessels throughout the Baltic Sea. Oil-spill response capabilities will be further improved. A centre of expertise focusing on oil-spill prevention will be established in Porvoo, Finland.

Efforts to reduce the nutrient emissions from urban centres, industry, agriculture and sparsely populated rural areas will be continued in the context of the National Baltic Sea Programme and the established water protection guidelines. The Baltic Sea coastal countries will prepare a protection scenario (Stern model) for the Baltic Sea and analyse the social and economic implications of the various options.

Water protection planning will contribute to a reduction in nutrient discharges from the catchment basins and, in particular, improve the state of coastal waters and rivers. Additionally, restoration measures will be adopted to reduce the internal nutrient loads in watercourses.

Research on environmental impacts will be intensified and cost-efficient water protection measures developed in collaboration with other actors.

11.2 Biodiversity

The strategy for the preservation of biodiversity and sustainable development extending up to the year 2016 will be implemented with the aim of halting and reversing the decline in biodiversity.

Voluntary measures in forest conservation will be encouraged and the continuation of the Forest Biodiversity Programme for Southern Finland (METSU) secured. Steps will be taken to improve the operation of the compensation system under the nature conservation legislation to ensure that landowners are duly compensated for significant loss and damage.

Sustainable tourism and recreation activities in conservation areas will be promoted. As a rule, hunting and fishing will be permitted in the Natura 2000 network-based "other conservation areas" to be established under the Nature Conservation Act, which is to be amended. Decisions on permitting hunting and fishing in the said areas will be made on a case-by-case basis with due regard to the right to roam, opportunities for recreation, and the preservation of natural values. The necessary restrictions will be imposed in consultation with the various interested parties.

The nature conservation programmes and the implementation of the Natura 2000 Network will be completed and adequate resources will be allocated to the acquisition of land for this purpose. The network of city parks will be expanded. Steps will be taken to explore the possibility of establishing the Sipoonkorpi and Quark national parks.

The Government undertakes to fulfil the state's obligations agreed in connection with conservation decisions.

The control of populations of great cormorants will be permitted in areas beset by specific problems.

11.3 Waste and water supply management

The Waste Act will be amended in its entirety. The waste management chain will be upgraded to underline the importance of preventing the generation of waste and to ensure that sorted wastes are delivered for appropriate re-use and recycling purposes or energy production in accordance with the waste hierarchy. Steps will be taken to determine, among other things, whether waste oils generated as by-products can be harnessed as thermal energy.

In order to minimize transportation, pre-sorted waste will be used for co-incineration at several facilities throughout the country. The permitting procedures for waste handling will be expedited and simplified.

Aid will be provided to construct waste water and sewage collection and treatment systems in areas where an integrated system is preferable on conservation and economic grounds. Adequate resources will be allocated to environmental projects.

Subsidies will be granted for the restoration of contaminated soils at fur farms that need to be relocated due to the new, more stringent groundwater protection criteria. Adequate resources will be allocated for this purpose. Any restrictions on the production of berries and fruit in the groundwater areas will be evaluated.

11.4 Administration

Due consideration will be given to the project to restructure local government and services in developing the environmental administration. The processing of environmental issues will be expedited and the services upgraded to ensure greater responsiveness to customer needs.

Steps will be taken to clarify how land use planning and, in particular, regional zoning plans stand in relation to the legislation regulating the sustainable use of natural resources. The instructions related to this set of issues will be overhauled.

Steering groups representing the various interested parties will be appointed at the regional environment centres. The idea is to hear various stakeholder and interest groups and get them involved in the activities of the centre.

11.5 Housing, land use policy and construction

The objective of the Government's housing policy is to reconcile the needs and wishes of the people, the needs of society, and the requirements imposed by sustainable development. The Government seeks to promote the efforts of all citizens to arrange housing suitable for their needs.

To stabilize the housing market, the supply of land and dwellings will be promoted through joint action by the Government, municipalities and other actors in the field in order to respond to the demand. The goal is to increase production of moderately priced housing in order to secure the availability of labour and the competitiveness of business and industry, particularly in growth centres. The central government will continue to sell part of its land areas suitable for housing production to municipalities at reasonable prices using land development agreements if necessary.

A versatile use of zoning and land use policy measures will be promoted in municipalities in order to achieve a high standard of community planning to increase the acquisition of land and supply of plots by the municipalities. An action programme will be prepared jointly by the central government and the municipalities in the Greater Helsinki Area to increase the supply of moderately priced land for construction. Steps will be taken to promote the production of low-rise rented housing. Models for implementing compact low-rise residential areas will be developed, the zoning processes expedited and the appeals systems reviewed. The Government will monitor the effects of the amended Land Use and Building Act of 1 March 2007 in order to expedite zoning and make it more flexible. Further steps will be taken to clarify the appeals criteria and applicable timetables in zoning. New procedures will be introduced under which the Supreme Administrative Court must grant leave in cases of administrative court decisions, concerning zoning plans, in which the decision of the local government agency being appealed is not reversed by the court of lower instance.

Subsidies for constructing municipal utility systems will be granted, provided that the inter-municipal cooperation in housing and land use is intensified in accordance with the objectives outlined in the PARAS project to restructure local government and services. At the same time, the need for moderately priced ARA Housing Fund production will be considered in the subsidized areas. The creation of integrated community structures and supplementary construction will be promoted. Exemption from the capital transfer tax will be extended until the end of 2012 for municipalities disposing of their rented and right-of-occupancy housing units by conveying them to regional and national municipality-owned entities.

The production of government-subsidised rental, part-ownership and right-of-occupancy units will be promoted by, among other things, raising the income limits in the selection of residents. Means-testing methods for resident selection will be developed with due regard to the intended use of the dwellings for social purposes. The granting of state-subsidised housing loans (ARAVA) will be terminated. As part of the efforts to combat the off-the-books economy, steps will be taken to create a public information service that can be contacted to verify that the service provider has duly fulfilled its tax, employer and other such obligations. Special attention will be paid to promoting competition in the construction sector.

Specifically in areas with declining demand for housing, a number of debt relief and aid schemes will be put in place. This will diversify the use of the dwellings and upgrade the building stock in terms of condition and location to make these areas more attractive to prospective buyers or residents.

An inter-sectoral programme will be launched to improve resident satisfaction in housing projects in an attempt to prevent segregation and increase the competitiveness of the areas while diversifying and upgrading the properties. In particular, efforts will be made to encourage local action.

The applicability of the provisions of the Housing Transactions Act to the sale of right-of-occupancy and part-ownership dwellings will be assessed. Steps will be taken to review the real estate or property fund legislation and revise the taxation of property funds organised as limited companies to secure the international competitiveness of Finnish property funds in order, among other things, to encourage investments in the Finnish rental housing market.

Preparations will also be made in the context of the housing policy for challenges posed by the ageing population and the call for greater energy efficiency. Repair subsidies will be provided to support, in particular, the installation and repair of lifts in residential buildings, and the repair of the dwellings of the elderly and people with disabilities in order to facilitate living at home. In addition, energy subsidies will be provided to support the efforts to improve the energy efficiency of residential buildings. Adequate appropriations will be allocated to repair and energy subsidies to be used for conversion to more environment-friendly heating methods in low-rise buildings, condition assessments designed to improve the energy efficiency of residential properties, and to investments in systems enhancing energy efficiency. The income levels required for eligibility for subsidies to repair and upgrade household water systems in residential properties will be raised. A policy decision will be made by the Government on the rebuilding strategy to define related objectives and the amount of government funding required to manage the rapidly growing need for rebuilding.

Wood construction and the competitiveness of the wood component industry will be promoted in accordance with the Government's policy decision, accompanied by measures such as amendments to the Building Code to achieve this end. Waterfront construction and the conversion of holiday homes for year-round use will be facilitated with due regard to water protection and nature conservation considerations, for example, by revising the applicable regulations. The role of the municipalities as the permitting agency in waterfront construction will be clarified.

Special attention will be paid to securing and improving the standard of quality in construction. Training needs in the property and construction sector will be evaluated and training increased where necessary. Low-energy construction will be promoted, for example, by revising building regulations, and information on the total energy consumption of buildings will be disseminated. The need to develop building supervision and the Building Code will be

evaluated to promote uniform enforcement, quality in construction and sustainable development.

The renovation of the dwelling stock will be promoted in order to reduce the growing "repair debt", i.e., the amount of money required to restore a building to a serviceable condition, and preserve the value of the national wealth tied up in properties. The share of subsidised loans in renovating residential buildings owned by housing companies will be increased as will competitive bidding. An experimental repair construction programme will be implemented by the Housing Fund and provision of advisory services, related to building repairs and energy use, will be developed in the regions.

Investment subsidies to special groups will continue to be granted with special emphasis on the housing conditions of the elderly. The extension of the scope of Housing Fund subsidies in the context of sheltered housing will be evaluated. Aid to assist the long-term homeless will be increased to 50 per cent, and the rate of subsidies for housing for students and people with disabilities will be increased. The standard of fire safety in special group housing will be improved and the adequacy of subsidies evaluated. The general housing allowance system will be renewed as part of the more extensive social security reform with due regard to the financial position and family size of the recipients. In conjunction with the reform, responsibility for the administration of the housing allowance system will be reassigned to the Ministry of Social Affairs and Health.

The operative capabilities of the new Housing Funding and Development Centre, due to start its work in 2008, will be secured by reallocating resources from the Housing Fund for housing development projects. The position of the Housing Fund will be reviewed and disbursements from the Housing Fund to the state budget will be adjusted so as to ensure that the financing of the housing policy measures is not jeopardised.

Resolutions on the more--detailed housing policy measures and related funding will be made in conjunction with the Housing Policy Programme to be prepared by the end of 2007 for approval by the Government. Special consideration in the programme will be given to the major problem areas in the housing policy, such as the availability of rental housing and the shortage of land for development. A programme for alleviating long-term homelessness will be prepared for the period 2008–2011 for inclusion in the housing policy programme.

12 OWNERSHIP POLICY

The Government will pursue an active and pragmatic ownership policy. Government shareholdings in companies operating on market terms may be reduced in a controlled fashion by taking into account the strategic interests of the state.

Ownership strategies will be clarified with regard to each company and, in companies with the special duties, their implications will be defined. Reporting on ownership steering will be developed and a report on State shareholdings will be submitted to Parliament annually. The act concerning the state's role as a shareholder will be amended and the necessary authorisations from Parliament will be re-assessed.

When shares in government-owned companies are sold, due consideration will be given to private investors where possible. The fundamentals of the state ownership policy will be reflected in the duties of the minister responsible for ownership related issues.

13 DEVELOPMENT OF PUBLIC ADMINISTRATION

Public administration will be revamped so that the changes in the administrative branches listed below will become effective on 1 January 2008 and those affecting regional government by 2010.

Central administration will be reformed by reassigning all transferable executive duties from the ministries to regional and local administration. All development responsibilities other than those of nationwide significance will also be allocated to regional and local administration and the division of duties between the ministries will be updated. To accomplish this, a clear distinction must be made between the duties of the ministries and the central agencies, for instance, and the tasks of the central agencies will have to be reassessed.

The position of the personnel will be secured in connection with the reorganisation.

A system will be put in place to evaluate all major central and local government reform projects in terms of their implications for the status of the official languages of Finland.

13.1 Central and regional administration

Ministry of Finance

All core administrative development duties will be placed in the Ministry of Finance. Thus the Department for Municipal Affairs, currently situated in the Ministry of the Interior, and the Regional and Local Administration Unit located in the Department for Development of Regions and Public Administration will be relocated with all their existing tasks in the Ministry of Finance. The Public Management Department and Department for Government Personnel Management, located in the Ministry of Finance, will be merged into this new function.

Ministry of Labour and Industry

A new Ministry of Labour and Industry will be established which will assume responsibility for the duties of the existing Ministry of Trade Industry, the tasks of the Ministry of Labour, excluding migration and integration matters, and the functions of the Department for Development of Regions and Public Administration of the Ministry of the Interior, excluding the Regional and Local Administration Unit. Issues related to the nationwide VETO Programme designed to make work more appealing and to foster the work capabilities and potential of the working-age population, currently located in the Ministry of Social Affairs and Health, will also be transferred to the new ministry. A decision on where the responsibilities related to agricultural entrepreneurship should be situated will be taken at a later date.

Regional administration, Ministry of Finance, and the Ministry of Labour and Industry

As part of the administrative reorganisation described above, regional administration will be reorganised and democratised. The division of duties between state provincial offices, employment and economic development centres, other district authorities and regional councils will be clarified, overlapping functions eliminated, and the number of administrative staff reduced. The regional divisions of the various authorities will be reviewed in the same context. The duties of the existing provincial administration will be reorganised. State regional administration will be streamlined by combining duties related to licensing, supervision and legal remedies. Regional development powers will be brought under democratic control. Steps will be taken to determine whether regional development resources

can be classed under a single item by region and ministry in the Budget, and whether the decision-making powers on the use of the resources can be devolved to regions. Preparations will start immediately and the reforms will be completed by 2010.

Ministry of the Interior, migration and integration

A unit responsible for migration and integration will be established within the Ministry of the Interior. It will include the Immigration Department and the Directorate of Immigration operating under its auspices. Other units to be relocated from the Ministry of Labour will include at least the Immigration Policy Team of the Policy Department, the Immigration and Work Permit Team of the Labour Market Policy Implementation Department, the Advisory Board for Ethnic Relations, Reception Centres, the Office of the Ombudsman for Minorities, and the National Discrimination Board. For the new entity to be formed within the Ministry of the Interior, a special unit for integration will be created which, in the discharge of its duties, will work in close collaboration with the Ministry of Education, the Ministry of Social Affairs and Health, the future Ministry of Labour and Industry, and the Ministry of the Environment. The unit will support the ministry in shouldering general responsibility for integration issues and related coordination. The importance of smooth cooperation between the individual ministries is underlined in the implementation of the reform for the purpose of developing work-related immigration, etc.

Other ministries

The Ministry of Social Affairs and Health will assume responsibility for income security issues from the Ministry of Labour and housing allowance issues from the Ministry of the Environment.

Responsibility for early childhood education within the administrative system will be evaluated.

The secretariat of regional art councils will be moved from the Ministry of the Interior to the Ministry of Education.

Coordination of civilian crisis management activities between the ministries (Interior, Foreign Affairs, Defence) will be improved.

The steering system for sectoral research will be promptly overhauled based on the themes defined by the Government. The necessary resolutions to restructure the research institute system will be passed by the end of 2008.

The Financial Supervision Authority and the Insurance Supervision Authority will be merged to create a single agency; its final location will be determined at a later date.

The management system designed to improve efficiency in implementing the Government programme across administrative boundaries will be developed and the foresight reporting procedure continued with due regard to the experiences gained in the process.

The procedure for appointing members to the Board of the Bank of Finland will be reformed.

13.2 Local government

As a result of the completed or on-going reforms to the prosecution, execution, registry and police district systems, the existing state local district system will be phased out and the

personnel transferred to the employ of the agency closest to their previous field of responsibility.

13.3 Crisis management

Steps will be taken, in conjunction with the reforms, to ensure the implementation of the government crisis management model at all levels of government.

13.4 The Province of Åland

Self-rule will be developed in cooperation with the Province of Åland.

The work will be continued with due regard to the reports prepared on the subject. Special consideration will be given to the evaluation of the economic system.

The role of Åland's self-rule, relative to the autonomy issues being addressed in the European Union, will be assessed in Finland and in the context of EU law to ensure that the powers of the provincial government are secured taking into account the report PeVM 13/2006/vp of the Constitutional Law Committee.

Cooperation within the Government concerning the issues related to Åland will be reorganised; the Ministry of Justice will serve as the competent ministry and secretariat (sections 10 and 14 of the Government Rules of Procedure).

14 POLICY PROGRAMMES

14.1 Policy programme for employment, entrepreneurship and worklife

In order to secure a sound basis for economic growth, employment and the welfare society, it will be necessary to improve productivity and the standard of quality of the working environment over the next few decades, with productivity playing an increasingly important part as people are ageing.

A new Finnish *modus operandi* will be worked out to create greater harmony between job security and flexibility. Promoting these objectives side by side will help respond to the needs of both the employer and employees.

The programme will be prepared and implemented in consultation with the labour market and entrepreneur organisations. The policy programme is designed to ensure true commitment to jointly established strategic goals on the part of the various parties. Due consideration in the course of preparation will be given to the proposal by the working group, appointed by the Ministry of Labour, as to the enhancement of productivity and the standard of quality of worklife.

Proper consideration will be given in the policy programme to the views presented in the appointed working group's report to an incentive-oriented social security system. In particular, the implementation of the political programme calls for an analysis of how to extend the working careers of ageing personnel in the context of the envisaged incentive social security system.

The policy programme will also take due account of the new guidelines presented in the government programme designed to renew employment policies calling for early intervention in order to prevent social exclusion. Resources will be allocated to measures that offer the greatest potential in terms of improving the employment of those out of work.

The policy programme foresees reforms across administrative divisions and institutional changes. Central positions are as follows:

- In order to improve productivity and support a higher employment rate, an extensive survey will be carried out to explore the reasons why new jobs are not created and, in particular, why the threshold for employing the first new employee is so high. At the same time, an attempt will be made to identify the factors which affect the employability of individuals. Steps will be taken to remove such obstacles without compromising the security of employees.
- To promote the availability of labour, steps will be promoted to shorten the time required for completing degrees, extend work careers, increase the incentive aspect of social security, and promote work-based immigration. Projects to reconcile work and family life will be promoted. At the same time, the programme will need to find ways of improving job satisfaction and well-being at work.
- Admission rates to education will be adjusted to respond to the demand of labour. A project will be launched to identify fields of activity suffering from a shortage of labour, and steps taken in the context of a project involving a range of actors to improve the situation. Foresighting resources, to predict the need of labour and its implications for training and education, will be evaluated.
- In the face of on-going change, steps will be taken to address the discrepancy between jobs and job-seekers; this is partly due to regional discrepancies or the incompatibility of the required qualifications and employee skills. Professional and geographical mobility will be increased. Apprenticeship, supplementary and post-qualification training (also involving universities) will be expanded and made more responsive to demand.
- As in the past, a permanent employment relationship will remain a guarantee for job security and productivity. However, the new *modi operandi* call for greater flexibility in the labour market. The goal is to strike a balance between sound business environments, various forms of employment, and job security. At the same time, steps will have to be taken to improve the position of people holding atypical jobs and positions.
- Additionally, the political programme will support the measures undertaken in the individual administrative sectors to encourage entrepreneurship and to remove the impediments to the growth of firms and companies. Entrepreneur training will be promoted, tax incentives increased and the social security of entrepreneurs improved. Additionally, inputs will be made to promote management and business skills in support of innovations.

14.2 Policy programme for health promotion

Health is of the greatest value to man. At the same time, it is an important element of competitiveness because a high standard of public health is central to economic, social and human advancement.

Over the past three decades, life expectancy has increased by well over seven years for women and close to nine years for men. Despite these positive developments, there are still health problems, some of which are even being aggravated. At the same time, differences in the state of health between various population groups have increased.

Recently, there have been special concerns about the increased problems associated with the excessive consumption of alcohol and obesity. Particularly, as far as obesity is concerned, a similar trend can be discerned with children, accompanied by poor physical fitness. The single most important cause of incapacity for work is mental health problems. Symptoms and illnesses due to various species of moulds are causing growing problems as well.

Aside from the declining quality of life, society incurs substantial costs as a result of health problems. A considerable part of the problems and illnesses could be avoided through health-promotion and preventive measures.

Finland's demographic structure will change substantially when the baby-boomers retire. Therefore, in the interest of a functional society, it will be important for children and young people to grow up to be healthy and active adults and that working-age people feel that they have the capacity for work and want to extend their professional careers. It is of equal importance that people, who have gone into or are about to retire, retain their functional capacity as long as possible. By promoting health and preventing related problems, it is possible to gain a range of benefits in this respect in terms of the individual and society as a whole.

The objectives of the health-promotion programme are to improve the general state of health of the population and to narrow the health gaps between individuals. In accordance with the thinking suggested in the Health in All Policies programme that has gained a great deal of positive publicity within the Union, the plan is to reinforce the on-going development efforts beyond conventional administrative boundaries. The policy programme will give the possibility of continuing the efforts to promote health and prevent related hazards that, while duly noted in the National Health Care Project, were perhaps neglected to some extent.

Issues to be addressed in the context of the programme will include measures to develop the structures geared to promote health and related legislation, promote the well-being of children and the youth, improve the health, functional capacity and workplace welfare of people of working age, promote the health and functional capacity of older people, assign responsibility for preventive efforts and allocate related resources, stress the importance of physical activity and culture for well-being and increase the healthiness of the environment.

14.3 Policy programme for the well-being of children, youth and families

The best security for the ageing population in Finland is provided by healthy and happy children and young people. It is advisable to invest in the well-being of children, young people and families. The Government's goal is to achieve a more child-friendly Finland.

The objective of the policy programme to promote the well-being of children, youth and families is to prevent and alleviate ill-health and social exclusion. Most of the risks associated with growth and development are identifiable in early childhood. Resources to secure the sound and secure development of children and the youth, and the well-being of families will be made available in the various sectors. The foundations for health and sound social relationships are laid in childhood and youth.

A range of measures will be taken to reinforce a sense of community, parenthood and mutual responsibility for the well-being of children and the youth. Steps will be taken to improve the well-being of families with children by improving their financial position and services. Due consideration will be given to the challenges presented by multiculturalism in the services provided to children, young people and families.

In cases of problems related to children and families, intervention at an earlier date than today is to be encouraged; the goal is to reduce the need for corrective special services. Accordingly, early intervention and preventive actions will be the priority. At the same time, these measures are expected to reduce the cost of social exclusion.

To promote the well-being of children and the youth, concerted efforts are called for in the various fields of activity. To accomplish this, it will be necessary to improve cooperation and coordination between the individual sectors of administration and to develop multiprofessional cooperation regionally.

Efforts will be made to develop the statistics for monitoring the well-being of children and young people, to foresee the implications of the decisions related to children, and to disseminate information on children's rights.

The basis for the policy programme transcending the boundaries between administrative sectors will be provided by the Development Programme for Child and Youth Policy to be adopted by the Government by the end of 2007 in accordance with the Youth Act. The policy programme will both monitor and support the implementation of this first Development Programme for Child and Youth Policy during the electoral period. All the ministries will be involved in the preparation of the development programme.

Specifically, consideration in the programme will be given to the following points:

- early identification of the risk of social exclusion and ill-health of children and youth
- reduction in the need of foster care for children and the youth
- reduction in the differences in the state of the health of children and the youth across social classes and the promotion of healthy lifestyles and mental health
- improvements in the well-being, financial position and services of families with children
- support for parenthood and reinforcing the sense of community
- education and employment of the youth
- promotion of the civic skills, involvement, free-time pursuits and participation of children and the youth

- improvements in the living conditions of children and the youth, with special focus on gaining more information on child poverty
- evaluation of decisions and resolutions in terms of their implications for children
- dissemination of information on the rights of children.

APPENDICES

CHANGES IN EXPENDITURE

Increase in expenditure relative to spending limits of 8 March 2007	EUR 1,300 million
Internal transfer for fostering employment and skills and competence	EUR 250 million
Total	EUR 1,550 million
Welfare services and current transfers	EUR 500 million
- current transfers EUR 250.7 million	
- services EUR 250 million	
Promotion of competence	EUR 350 million
- student aid EUR 79 million	
- universities EUR 80 million	
- R&D EUR 90 million	
- basic education EUR 80 million	
- lifelong learning (e.g. apprenticeship) EUR 21 million	
Other required expenditure	EUR 200 million
- Development cooperation EUR 25 million	
- Agricultural development EUR 60 million	
- Promotion of the use of renewable energy sources EUR 40 million	
- Defence EUR 40 million	
- Maintenance of transport routes and public transport EUR 35 million	
To be allocated in the government budget session on 23 May	EUR 200 million
Supplementary budget provision	EUR 300 million

CHANGES IN TAXES

Tax cuts

Cuts in income taxes **EUR 1,110 million**

Promotion of employment, labour mobility and reducing of labour force mismatches **EUR 100 million**

- tax deductibility of second home EUR 30 million
- extension of low-wage employment subsidies to young people and the disabled EUR 50 million
- subsidy for first-hiring EUR 10 million
- reviewed domestic help credit EUR 10 million

Promotion of entrepreneurship, competence, Finnish ownership and saving **EUR 280 million**

- reduced tax on small dividends EUR 80 million
- incentives to invest in growth companies
- increase in the tax-exempt percentage of interest on subscribed capital EUR 1 million
- raise in the lower limit for taxable inheritance and gifts, and easing the position of widows, widowers and minors EUR 150 million
- complete abolition of inheritance and gift tax in the case of intergenerational transfer of companies and farms and forest holdings, provided that the tax relief is only granted to assets required for genuine entrepreneurial and agricultural production EUR 15 million
- tax deduction for donations will be increased in order to secure adequate resources for research and higher education
- tonnage tax will be revised to make it competitive, and an assessment will be made into the adoption of a general reserve EUR 30 million.

Reservation: Particular problems related to intergenerational transfer of family-owned firms will be reviewed at the latest halfway through the Government's term in office.

Making taxation more equitable **EUR 700 million**

- taxes on pensions will be brought down to the same level as or lower than those for wage-earners, EUR 160 million
- VAT on foodstuff will be reduced by 5 percentage points to 12 per cent, EUR 450 million
- basic deduction in municipal taxation will be increased to EUR 2,000, EUR 90 million

TOTAL TAX REDUCTIONS EUR 2,190 million

Tax increases

Prevention of ill-effects of alcohol and tobacco **+ EUR 30 million**
- Government will advocate an increase in the minimum tax rates for alcohol within the European Union.

Energy and environmental taxes **+ EUR 300 million**

Matters to be evaluated:

- increase in waste tax and broadening it to apply to private landfills, and applying it to waste incineration in stages
- light fuel oil
- petrol
- diesel
- electricity I (households)
- tax on coal

INCREASES IN CHARGES + EUR 60 million

TOTAL INCREASES IN TAXES AND CHARGES EUR 390 million

NET TAX REDUCTIONS EUR 1,800 million

Steering Group for the negotiations on the formation of the Government on 15 April 2007

Entries in the records

Reform of election laws

The bill to amend the parliamentary election system prepared in accordance with the principles outlined in the Government programme may only be given to Parliament if all the cabinet parties consent to it.

Water Act reform

The Government proposal to overhaul the Water Act may only be given to Parliament if all the cabinet parties consent to it.

Government subsidies to political parties

An increase in the funds to support the activities of political parties is proposed as of 1 July 2007 to a level of EUR 90,000 per Member of Parliament. At the same time, the special election subsidies will be abolished.

Twelve (12) per cent of the party subsidies will be allocated to the activities of women and party district organisations instead of the present eight (8) per cent. Additionally, EUR 90,000 of the appropriation may be used for the purpose of supporting the political activities of the Provincial Government of Åland.

The cost impact of these changes is EUR 2,778,000 in 2007. In 2008, the increase relative to the 2007 level will be approximately EUR 3,100,000. The figure for 2007 includes the election subsidies paid to the parties for the Parliamentary elections.

Press subsidies

The criteria for the distribution of press subsidies will remain unchanged in 2007.

The press subsidies will be revised at the beginning of 2008 so that subsidies will be granted mainly based on parliamentary criteria. The amount of subsidies will be EUR 90,000 per Member of Parliament.

The nation's minority language will be a new criterion for the distribution of selective press subsidies. The selective press subsidies include support for the provision of news services in Swedish. A total of EUR 500,000 will be allocated for selective press subsidies.

The cost effect of these reforms means an increase by EUR 4,236,000 in 2008 relative to the current level (EUR 14,264,000).



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