

The Government Programme of Prime Minister Matti Vanhanen's Government on 24 June 2003

Employment, entrepreneurship and common solidarity: the keys to an economic rebound

The Government is beginning its work in an unusually demanding international situation, which also casts a shadow over future economic growth. The Government will strengthen security at home by continuing to pursue Finland's stable foreign and security policy and by developing the welfare society, which enjoys wide popular support.

The welfare society of the 21st century emphasizes competence, encourages work and entrepreneurship, and is socially just and regionally balanced. The Government's main goal is to develop the welfare society by increasing employment and reducing unemployment, by improving basic welfare services and income security, and by ensuring more balanced regional development. Restoration of strong economic growth will be an essential factor.

Success in achieving our employment goals will require not only an active employment policy and creation of more favourable preconditions for entrepreneurial activities, but also continuing and enhanced collaboration based on agreement, especially between the social partners and trade unions. Prevention of social exclusion and poverty will be conditional upon meeting the goals set for employment.

The Government's policy is based on the economic, social and ecological dimensions of sustainable development and calls for a balanced coordination of production, economic growth and environmental factors.

A strong economic, tax and employment strategy, together with a reform policy that promotes social equality and cohesion, are early 21st century manifestations of the tradition of political collaboration that has evolved over the decades in Finland. Through its policy of employment, entrepreneurship and common solidarity, the Government will further develop the welfare state and society built up successfully through broad cooperation in previous decades.

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1 FOREIGN AND SECURITY POLICY

The Government's goal is to promote sustainable development, stability and security in the international community and to strengthen Finland's international position. The Government will support a more effective United Nations and other structures of broad-based international cooperation with a view to enhancing democracy, respect for human rights, and the rule of law. Finland is an active Member State of the European Union and promotes strengthening of the common foreign and security policy and transatlantic cooperation.

The Government will work for closer relations between the Nordic countries. When the content of this cooperation is developed, particular attention will be paid to the changes in the operating environment caused by enlargement of the European Union. The Government seeks to promote cooperation between the Baltic States and Nordic countries within the European Union and other European organizations of cooperation. The Government will continue to develop good relations with Russia and will contribute actively to the substance of relations between the EU and Russia.

The Government will be engaged in efforts to develop the EU's Northern Dimension, to improve the wellbeing of its citizens and environmental protection, and to increase the effectiveness of labour markets in the Baltic region.

Finland pursues a foreign and security policy that strengthens stability in northern Europe and improves international security. Finland's foreign and security policy is based on military non-alliance and a credible national defence, where general conscription plays an essential part. The Defence Forces will be developed in accordance with the Government Report to Parliament on Finnish Security and Defence Policy 2001.

The Government will evaluate Finland's foreign and security policy as a whole in more detail in its report to Parliament on Finnish Security and Defence Policy 2004.

Finland takes part in peacekeeping and crisis management activities under the auspices of the United Nations, the European Union, the Organization for Security and Cooperation in Europe (OSCE), and the partnership for peace programme of NATO. The capacity of the Defence Forces to take part in international peacekeeping and crisis management tasks will be enhanced, also with due regard for the needs of Finland's national defence.

Finland contributes to international security cooperation focusing on conflict prevention and combat against terrorism. Efforts made through the World Bank and the International Monetary Fund with a view to promoting the stability of the international economy must be stepped up. It is important for a country like Finland, which is dependent on foreign trade, that the talks on further liberalization of trade in the WTO bear fruit. The solutions must address the developing countries' interests more effectively than before.

Finland will foster cooperation that helps meet the challenges posed by the growing interdependence between countries. The Government will continue the Helsinki Process, which was launched to consider means for improving current global governance structures.

Finland will seek effective and speedy solutions to implementation of developing countries' debt management programmes within international financial institutions and nationally.

The Government will also act in accordance with the goals of the UN Millennium Declaration to promote sustainable development through international trade and to halve the number of people suffering from abject poverty and hunger by 2015. The Government will raise the amount of the development cooperation appropriations with a view to attaining the goal of 0.7 per cent of GDP by 2010, while taking into account the overall economic situation. The quality of our development cooperation, which emphasizes poverty alleviation, equality and education, will be enhanced in order to bring about sustainable impacts on development.

The Government will strengthen Finland's role in international environmental policy and considers international implementation of the Kyoto Accords its primary goal.

Human rights are one of the Government's foreign policy priorities. The Government will pursue a proactive human rights policy, both in its bilateral relations and in the European Union and international organizations. It supports the United Nations as the key actor in promoting universal human rights and also the work done in both the Council of Europe and the Organization for Security and Cooperation in Europe.

Finland will pursue a responsible policy regarding immigrants and refugees; immigrants and refugees residing in Finland will be guaranteed conditions that secure their fundamental and human rights. Through international cooperation, Finland will work to alleviate crises related to refugeeism and to tackle the roots of such crises.

2 THE EUROPEAN UNION

The Government wants to strengthen the capabilities of the European Union with regard to advancement of human and fundamental rights, wellbeing and security. The European Union must be developed as both a community of Member States and a community of citizens. The Government takes a favourable view of the further enlargement of the European Union through the accession of new Member States. The decision-making capacity and effectiveness of the enlarging European Union must be improved and its contractual basis clarified on the basis of the work of the European Convention. The Government supports approval of a clear and binding document as the Union's new constitutional treaty.

To guarantee the effectiveness of the enlarging Union, the Government supports an increasing number of qualified-majority decisions and closer and more coordinated cooperation between the Union's institutions in a manner that respects the balance of power between these institutions. The institutional framework and administration of the Union must be simplified and made more transparent in keeping with the principles of good governance.

The Government supports enhanced coordination of the Union's economic policy and reform of economic and employment policy, based on the Lisbon Strategy and the Stability and Growth Pact, with a view to improving the Union's competitiveness.

To further develop the Union as an area of freedom, security and justice, the Government supports closer cooperation, based on Member States' mutual recognition of each others' legislation, development of cooperation between the authorities, and formulation of a comprehensive immigration and asylum policy.

The Government supports development of the European Union's external relations so that the Union can act in an economically and socially equitable manner to strengthen international security, improve environmental protection and guarantee steady growth in the world economy. The Government considers it important that the Union's common foreign and security policy be strengthened on the basis of the values and principles shared by all the Member States. The Government supports development of the Union's common security and defence policy, emphasizing the military and civilian crisis management goals shared by all Member States.

Finland will play an active part in development of the Northern Dimension in the external and cross-border policies of the EU in accordance with the new Action Plan for the Northern Dimension, and seeks to increase multilateral funding for the Northern Dimension. The Government will support development of a new policy on countries that share a common border with the enlarged Union, based on extensive cooperation. It will also pursue closer cooperation with the Baltic States, soon to be Member States of the EU, the Nordic countries and Russia, with a view to broader practical cooperation in the framework of the Northern Dimension, especially in labour-market issues, safety at sea and projects related to the environment, social welfare and health, transport and energy.

The Government will prepare for talks regarding the Union's new financial period beginning in 2007, and agricultural and regional and structural policy reforms on the basis of a nationally coordinated policy aiming to secure consideration for the problems caused by our special conditions and for

Finland's overall interests. Human and financial resources will be made available for preparations for Finland's EU Presidency in 2006 so that we are able to carry out the assignment successfully.

3 THE ECONOMY, EMPLOYMENT AND TAX POLICY

The Government's main economic policy goal is to find jobs for at least 100,000 persons by the end of the electoral period. This, with the creation of a strong foundation for a good rate of employment, will also be necessary in the years following the current period if a 75 per cent employment rate is to be achieved by the end of the following period.

This goal is a very demanding one for a number of reasons. Growth prospects in the world economy are weaker than usual and the situation will remain uncertain for several years to come. At the outset, economic growth in Finland will be slow and employment will decrease from the present 67.5%. Finland's attractiveness as a location for production is threatened by the increasing competition related to taxation and the availability and cost of suitable labour. The effects of population ageing on labour supply will also be felt increasingly in the near future.

However, Finland does have many strengths on which a strong economy can be built. By a number of indicators, Finland has a very competitive economy. Expertise, in particular, is good in many areas. Private sector balance sheets are strong on the whole. The level of public sector debt is low by international standards and public finances basically show a clear surplus. The current account surplus is large and Finland has net foreign receivables.

Reaching the Government's employment targets will require strong economic growth throughout the electoral period. The structure of this growth must be more conducive to employment. The first condition for achieving the goal is a quick end to the current cyclical downturn in Finland.

Finland must make efficient use of prospects emerging on the open market. This will mean keeping prices competitive. Real competitiveness must improve further and our expertise must be strengthened. Research and development must be boosted and the educational level of the workforce steadily raised. Finland must be a competitive location in terms of both infrastructure and taxation for businesses and their key functions. Society also needs strong entrepreneurship so that emerging opportunities can be seized.

A good employment rate requires successful cooperation between the Government, the labour market organizations and organizations of entrepreneurs to ensure competitive prices and reform of working life and social security. Good relations between the social partners are an important competitive factor for Finland.

As the workforce becomes more competent, a concerted effort must be made to boost job creation for the less educated who lack special expertise. The Government will seek to narrow regional differences in development and also to increase employment where few jobs are being created and unemployment is the highest. Raising the employment rate will require solutions that help to reconcile work and family life.

The labour supply must also be increased and skills made to serve the needs of business better. This will require progress on several fronts. Training must be made more effective and in particular the knowledge of those difficult to employ must be increased. Special attention must be focused on the preconditions for more jobs in the service sectors. The unemployed must be encouraged to seek work actively. People must enter the labour market earlier and leave it later. To supplement these measures, we must be

prepared to accept foreign labour in times of labour shortage. This need will increase, especially after the current electoral period.

3.1 The Government's action strategy

The Government's economic policy is based on strengthening expertise, entrepreneurship and other growth factors. Finland's competitiveness must be maintained by emphasizing the promotion of research and development, raising the educational level of the population, and safeguarding a sound economy and stable developments in earnings by pursuing a cooperative approach to incomes policy and boosting the productivity of the public sector. Faster application of new information technology is a national challenge.

Throughout its term, the Government will carry out measures aimed at supporting entrepreneurship, growth and employment, and at reducing unemployment. These will affect education policy, R&D and other growth-inducing areas, tax policy, support for incomes policy settlements, reform of labour policy, and two inter-administrative policy programmes. Of these, the entrepreneurship programme will coordinate Government measures to bolster entrepreneurship, with the main emphasis on promotion of practical projects. The focus of the employment programme will be on reducing structural unemployment and promoting labour supply. All these solutions will be realized within the fiscal policy framework

To implement these measures, the Government will initiate dialogue with different interest groups. The measures needed to lengthen working life and to increase the labour supply will be prepared by the end of 2004.

3.2 The Government's fiscal policy

In its fiscal policy, the Government will aim to keep central government finances strong. This will be essential if public finances are to cope with the growing responsibilities of an ageing population in coming decades without placing an untoward burden of taxation on the shoulders of future generations. Keeping the central government finances on a sustainable basis is also essential if the Government is to have adequate fiscal leeway to ensure economic growth under all circumstances. To achieve these goals, the central government debt-to-GDP ratio must be reduced (excluding cyclical deviations).

To ensure the sustainability of the public finances, the Government aims to secure balanced central government finances under normal conditions of economic growth at the end of the electoral period, measured in terms of national accounting. There would then be an overall surplus in the general government finances equivalent to some three per cent of GDP. Cyclical or other short-term deviations from the path of balanced central government finances are permitted, provided that they do not jeopardize overall reduction of the central government debt-to-GDP ratio.

Fiscal policy strategy aiming for balanced central government finances at the end of the electoral period will necessitate great restraint in any increases in spending. To strengthen the fundamentals for economic growth and to eliminate shortcomings in public services and social security, the Government Programme outlines increases in expenditure rising to EUR 1.12 billion expressed in 2007 prices during the electoral period.

This increase in allocations is included in the statement on the central government spending limits for 2004-2007 that was submitted to Parliament on 23 May 2003. The Government is committed to these spending limits and the measures specified in the Government Programme will be implemented within these limits.

The decision on the spending limits will consolidate the status of the spending limits in the process of aligning central government finances and developing the public administration. Supplementary budget proposals will be included in the spending limits. Expenditures affected by cyclical fluctuations, other variable costs not dependent on Government decisions, and also expenditure caused by administrative rearrangements or technical adjustments in the budget proposal, with the exception of changes in spending principles, fall within the scope of the spending rules. These include the following:

- unemployment security costs, housing allowances and transfers to the Social Insurance Institution. These expenditure items are, however, covered by the spending rules insofar as changes in their principles affect them;
- debt interest payments;
- any compensation to other tax recipients deriving from tax changes decided by the State of Finland;
- changes in transfers to the Social Insurance Institution caused by changes in social security contributions;
- expenditure corresponding to revenues from the European Union;
- expenditure corresponding to national gambling and lottery receipts and profit entered as revenue from the Slot Machine Association;
- capital expenditure.

More action strategies will be included in spending limit plans, and political control by the Government will be enhanced when these plans are drawn up. The spending limits procedure will be better integrated with the operating and financial plans of the ministries, aiming to establish a system whereby resource priorities within the ministries and between them can be steered by joint decisions of the Government. Appropriations for intersectoral policy programmes will be entered as separate items in the spending limits. The spending limits will take into account the basic public services budget, which specifies the funding of basic public services, local government finances and central government transfers to municipalities. Public administration will coordinate and monitor more effectively the funding of basic public services and local government finances.

An itemized assessment of government revenues including a memorandum on criteria and principles which covers the overall economic assumptions underlying the assessment, the factors affecting the medium-term economic outlook, and an estimate of the sustainability of central government finances will be published along with the decision on spending limits. The Stability Programme submitted by the Government to the EU once the annual budget proposal has been formulated will be based on the budget proposal, on the Government Programme and on the decision on spending limits. The targets concerning the balance of central government finances and public finances as a whole will be specified in this programme.

3.3 Tax cuts

The Government will cut taxes over the electoral period, especially taxes on labour. In making these tax cuts, the economic cycle will be taken into account, and the extent of the cuts will be adjusted so as not to jeopardize the goal of balanced central government finances as outlined above. Including the cuts in the supplementary budget for 2003, an overall cut of EUR 1.12 billion is possible in the tax basis even under conditions of relatively modest economic growth

The emphasis in the tax cuts will be front-loaded. Prospects for any further substantial cuts in taxes will be reassessed around the mid-election period, when it will be possible to see more clearly the trend in the economic environment, which at present contains numerous risk factors. Moreover, the results of the measures taken by the Government to strengthen the fundamentals for economic growth will then also begin to be apparent.

3.4 Main principles in developing the tax structure

The tax structure will be developed to better boost employment and promote entrepreneurship, taking into account the effects of taxation on Finland's ability to compete as a location for businesses and their key functions.

Taxes on labour will be eased by lowering taxes on earned income. In the case of low-wage jobs, contributions by employers will be reduced selectively, in a manner to be specified at a later time. Reforms will also be made in VAT to this end.

The emphasis in tax cuts made feasible by the room for manoeuvre in central government finances will be on earned income. These cuts will also facilitate the contracting of incomes policy agreements. Moreover, to promote employment, the tax reductions will focus on the low and middle income brackets. Those belonging to lower income brackets will be granted higher tax deductions, but full compensation will be made to municipalities for this loss of revenue.

To boost demand for low-wage jobs, selective reductions in indirect labour costs will be made. The Government will make a rapid assessment on how this can be carried out in practice and will examine whether the scheme can be put into effect without encouraging harmful part-time employment or exploitation. Once the assessment has been completed and the scheme prepared, the Government will decide how it will be implemented and which financial resources to use. Work on the scheme will take place in collaboration with the organizations of employees, employers and entrepreneurs involved in preparatory work on social insurance. The aim is to introduce the scheme in 2004.

Capital and corporate taxation will be revised, though with a view to safeguarding the position of tax recipients. Corporate taxes will be lowered to strengthen the international competitiveness of the Finnish tax system. Dividend taxation will be reformed by abandoning the *avoir fiscal* system and by making dividends partially subject to double taxation, though without increasing taxes on small and medium-sized enterprises or the dividends paid by them.

Decisions on revising corporate and capital income taxation will be made this year, on the basis of a separate review to be carried out in the very near future. The proposed adjustments will take into account the overall taxes levied on capital and entrepreneurship and include the following:

- reductions in corporate and capital income tax rates
- the level of dividend taxation
- the highest marginal tax rates on earned income
- wealth taxes
- tax treatment for long-term savings
- factors affecting the corporate tax base
- lower taxable values to promote family businesses and changes of generation on farms.

The proposals of working groups that have examined the structure of taxation will be taken into account in these revisions. Preparatory work will be scheduled so that the changes can take effect at the beginning of 2005.

To promote the growth of very small businesses, a sliding lower limit will be established for value added taxes. The aim is to launch this reform in 2004. The Government will act to bring about changes in EU stipulations that will allow the VAT rate on catering services provided by restaurants and workplace canteens to be lowered to that levied on food. The Government's position is that Finland will participate in any permanent relief granted by the Community on VAT to small, labour-intensive service sectors.

As the EU enlarges, Finland's prospects for maintaining the present excise duty rates for alcohol and tobacco will decline. Taxes on alcohol will be reformed systematically in the manner that best guarantees tax revenues while minimizing harmful effects on health and the economy. The Government will (make concerted efforts to raise tax rates on alcohol and tobacco in the European Union.

Energy and environmental taxes will be developed to improve the state of the environment and to make it more feasible to reduce taxes on labour. Changes in energy and electricity taxes will be made taking into account any decisions reached in the EU and with a view to safeguarding the international competitiveness of businesses. Excise duties on fuel will be instrumental in encouraging more prudent use of fossil fuels, while at the same time Finland's special transport conditions will be taken into account.

With a view to strengthening local government finances, changes required in immovable property tax rates will be examined.

3.5 Employment policy

The Government will implement a structural reform of the public employment services in 2004-2006 as the groundwork for the elimination of structural unemployment. The reform will separate labour exchange functions from the provision of support for persons with reduced employment capacity.

To ensure that the reform effectively supports reduction of unemployment, adequate employment appropriations and employment policy, measures will be directed at improving the prospects of persons with reduced employment capacity to re-enter the job market, in keeping with the EU's Employment

Guidelines. Funding from the horizontal programme of the EU's Structural Funds will also be used for this purpose in the future. According to the EU's definitions, the activation rate will be from 27 to 30%, also taking into account the quality and effectiveness of the employment measures.

The goal is to increase the employment rate and lower unemployment in the area covered by every Employment and Economic Development Centre. Regional differences in unemployment will be narrowed. Solving problems caused by an accumulation of multiple problems and exclusion will also be a focus.

In accordance with the result targets set by the Ministry of Labour and within the framework of the appropriations provided, regional authority in deciding on the use of public employment policy instruments will be increased.

The capacity of employment offices to supply businesses with suitable skilled labour will be improved. Their personnel and its competence will be increased, as will outsourcing of services. Overall coordination of the employment offices will be improved to ensure that the same standard of service is available everywhere.

The quality and effectiveness of labour market training will be improved, with emphasis on the needs of individuals and businesses. The system for procuring labour market training will be made more flexible to ensure that it allows for long-term development of training and fast response to the needs of the labour market. The quality and effectiveness of subsidized employment will be expanded to include both learning on the job and training. Procurement of labour market training will take into account not only price but also quality and the capacity of the suppliers to provide such training. Independent evening and part-time study by persons receiving unemployment allowances will be further facilitated.

Employment services and labour policy instruments will also be used to promote placement of the disabled and immigrants on the open labour market.

Active labour policy will focus more on small and medium-sized enterprises, to place more of the unemployed in the private sector. It will also ensure that this does not distort competition.

The emphasis in labour market supports will be shifted from passive support to active. The subsistence allowance incorporated in the labour market support will be developed into an 'activation supplement' and opportunities to take part in the process will be increased. A model will be based on eligibility for labour market support depending on participation in active measures after a period of unemployment. The effectiveness of these measures will be improved. Implementation of the system will require a sufficient number of active measures.

Needs assessment for labour market support with regard to the earnings of spouses will be alleviated.

A bill on social businesses will be introduced and support will be provided for them. The prospects for introducing very long-term, or even permanent, employment subsidies tailored to reductions in the working capacity of individual employees and paid to employers providing work for people with disabilities will be investigated.

3.6 Gender equality

Promotion of gender equality is the responsibility of the entire Government, and it will draw up an action programme for realizing such equality. It aims, in fact, to mainstream gender equality throughout the public administration. Methods for assessing gender effects will be developed and evaluation will be taken into account in the preparation of legislation and the central government budget. The number of women involved in political and economic decision-making will be increased. The Government will assign additional resources to equality issues. Competence in gender equality issues will be strengthened throughout the public administration. Coordination between institutions engaging in women's studies will be surveyed. Equality issues will also be assessed from the male point of view.

Together with the labour market organizations, the Government will promote equal pay and workplace equality through a long-term programme. The goal is to eliminate unjustified differences in pay between women and men. The Government will reform the Act on Equality between Women and Men and ensure its enforcement. The reform will, for example, promote job evaluation across the boundaries between collective agreements and the principle of equal pay, by including surveys of the evaluation of jobs held by men and women and wage differentials in equality plans and by making wage information easier to obtain in cases where discrimination is suspected.

Men will be encouraged to take family leave. The costs incurred by employers from family leave will be shared more equitably. The Government will enhance the conditions for employment and entrepreneurship with respect to men and women, such as quality daycare and other public services. For example, separate assessment of spouses for tax purposes, work-based social security for employees and entrepreneurs, and loans to female entrepreneurs will encourage women to enter the labour market.

Resources will be allocated throughout the Government's term to preventing domestic violence and violence against women, and to discouraging prostitution. More money will be made available for services to help prostitutes and victims of violence, and the protection of victims of trafficking in women will be strengthened. The legal penalties for procurement offences will be tightened and investigation methods improved. The Ministry of Justice is currently considering the criminalization of purchase of sexual services. Convictions for domestic violence will be encouraged by abolishing the clause allowing for non-prosecution if the victim so insists.

4 SOCIAL AND HEALTH POLICY

4.1 Social and health services

Promotion of health and prevention of disease among the population and support for life-management skills, working and functional capacity and the ability to cope independently among individuals will be the foci of Finnish social and health policy. The Government will be promoting further integration of the social welfare and health care systems in order to improve the wellbeing and health of the nation and to reduce exclusion. Health and social policy must be developed side by side and given parallel goals. The national health project and social welfare programme, which should be better harmonized in future, provide the Government with the necessary foundation for developing social welfare and health care services. A concerted effort will be made to narrow any health-related inequalities among the different population groups through resolute health and social policy action and by foregrounding health and social welfare concerns in public decision-making and practical measures.

People must be ensured equal access to public health and social services paid for mainly out of taxes. The availability of social and health services in both Finnish and Swedish must also be ensured. Ways of providing social welfare and health care services in the Sami language will be developed. Responsibility for service provision will remain with the municipalities and financing must come primarily from central government grants and the municipalities' own tax revenues. Private, third-sector, and informal and family care will all help to supplement municipal service provision.

The Government will be increasing the resources of public social welfare and health care services, raising the level of expertise, and improving service structures and operating procedures in the long term together with the municipalities and in accordance with the Government resolution on the national health project. The aim is to ensure the accessibility, quality and quantity of care services based on the population's needs in different parts of the country regardless of the client's ability to pay. The social welfare programme aims to rectify any shortcomings in social services, such as in the services for older people, children and families.

The stability, targeting and incentive elements in Government funding will be boosted. Government grants to municipalities for social welfare and health care will be raised on a relative basis. In addition, project funding will be allocated to the development of health care services according to the Government resolution. The extra funding will require reform of the functions and service structures of municipalities and joint municipal boards. Resources from government grants for social welfare and health care will be earmarked for advancement of the social welfare programme.

The status of primary health care will be strengthened. The availability of sufficient high-quality social and health services will be better ensured using information technology, regional cooperation, effective division of labour and care chains, for example. An effort will be made to promote new service production methods and technology and product development in social welfare and health care. State financing will be targeted specifically at ensuring care and support services for mental health and drug abuse patients. The Government will draft a resolution and a programme on combating the harmful effects of alcohol and draw up an action plan on drug abuse for the period 2004-2007.

Ways will be sought to improve the availability of public dental care. The overall situation and development needs of occupational health care, emergency care and ambulance services will also be examined. Measures that would improve the predictability of the costs of specialised medical care will also be surveyed. Ways in which municipalities could transfer financial liability for extra expensive treatments to central government will be surveyed. Measures will be taken to make reimbursements to hospital districts for research and teaching costs commensurate with their real costs.

The attractiveness of the public social and health care sector as an employer must be ensured by providing staff with good working conditions and opportunities for further training, as well as pay and career advancement. The division of labour between different staff groups will be better clarified. All qualified staff will be ensured opportunities to use the skills they have acquired through training and experience. Part-time and full-time jobs in social welfare and health care will be increased.

Adequate resources will be provided for training to alleviate the current shortage of doctors and emphasis will be given to geriatric and psychiatric expertise in primary health care. Resources must also be provided for training immigrant physicians in linguistic and professional skills. The Government together with labour market organizations and other interested parties will seek ways to keep doctors in the public health sector after they have qualified. Legislation will be prepared by the three aforesaid parties to reduce the need for doctors to issue medical certificates for short periods of sick leave.

The policy on social welfare and health care charges will be revised. The aim is that charges will no longer prevent people, particularly low-income groups and those with multiple health problems, from seeking medical attention. Ways of introducing a system which will allow for a uniform ceiling on charges are therefore being sought. Surveys clarifying the impact of in- and out-patient care charges and the use of services and types of care places will continue. Provisions on user charges will be revised in a way that ensures frequent users of out-patient services reasonable disposable funds after paying their service charges and housing costs. Municipalities will be allowed to introduce home care service vouchers with the municipality being the purchaser and quality controller of services. Use of the vouchers will also be tried for other types of non-residential social welfare service care. Another issue which will be examined is whether the 'institutional care restriction' can be abolished on national pension, meaning that being in institutional or out-patient care no longer affects the amount of a person's pension. Also the drug reimbursement system will be reformed.

Funding of the national health insurance system will be reformed on the basis of the proposals made by the civil service working group (Ministry of Social Affairs and Health 2003:14). The details will be worked out in tripartite negotiations.

4.2 Pensions policy

The foundations and aims of a sustainable pensions policy will rest on economic growth, general trust in the sustainability of the system, and people staying at work longer. The national pension and earnings-related pension schemes will remain the basis of statutory pension cover.

During its term of office, the Government will be completing implementation of the reform of private-sector employee pension benefits approved by Parliament on 19 February 2003. This reform will be extended to other earnings-related pensions as appropriate for each sector. Attainment of the objectives of the reform is being monitored.

The Government will extend the pension reform agreed on by the labour market organizations during the previous electoral term by presenting a bill on private-sector earnings-related pensions to Parliament which will replace the present Employees' Pensions Act, Temporary Employees' Pensions Act and Freelance Employees' Pensions Act.

Any matters related to employee pensions will continue to be worked on in cooperation with the main labour market organizations.

The differences between municipal and private pension systems have been narrowed down. As a result, the Government will be examining and assessing the effectiveness of the present system, taking the views of member communities and organizations representing municipal employees into account and making the changes required by this assessment.

4.3 Care for older people

The Government will draw up an action plan that will allow the various administrative sectors to join forces in preparing for growing numbers of older people. The primary goal is to help older people to live at home longer. Services should therefore be improved by enhancing the functional capacity and ability to cope independently of older people, and by offering them appropriate new forms of rehabilitation and health-promoting physical exercise. Regular rehabilitation models and better conditions for frontline war veterans and invalids are also being developed.

As part of the care system for older people, rehabilitation and out-patient services will be increased and care quality improved for those in long-term institutional care. Staff employed in care services for older people will be increased, with the aim of meeting the quality requirements for this type of care. New quality standards will be created emphasizing the needs of special groups. Practical implementation in municipalities will be monitored and if necessary the Government will take action to ensure a minimum standard of quality.

Government grants to the municipalities for social welfare and health care will be increased to safeguard services for older people and to improve their quality, and to raise the number of qualified care staff in institutional and home care.

The position of informal carers will be improved. The Government will examine ways of developing informal care through legislation and as part of the entire service system. The report will focus on the underlying principles of support for informal care and its volume, improvements in leave arrangements for carers that will prevent the high price of respite services from discouraging them from taking days off, and the availability of sufficient support services.

4.4 People with disabilities

Equal treatment and access to services for people with disabilities will be ensured. A system of personal assistants and interpreter services will be developed for people with severe disabilities. The Act on Special Care for the Mentally Handicapped and the Act on the Services and Assistance for the Disabled will be harmonized. The Government will issue a report on its policy for people with disabilities during the term of the present Parliament.

4.5 Preventing poverty and social exclusion

Alleviation of poverty and exclusion requires the development of primary social protection as well as less unemployment. Social assistance must be the final resort as a form of income security and efforts should be made to reduce its use as a long-term means of support. Earnings-related unemployment allowance will be the way to prevent poverty and exclusion. The present system of unemployment funds will be maintained.

Clarification of the present legislation on social protection will continue. The system has to be clear and predictable from the point of view of individuals and must provide sufficient security. Means of support and life management must be seen as an entity which comprises work, taxation, social protection and services. Transparency between the charges and benefits of the system must be improved.

To prevent social exclusion and to improve people's life management skills, it is necessary to increase the number of joint service agencies and to expand multiprofessional cooperation between the social, health, education and employment authorities within a municipality, on the one hand, and between municipalities, the Social Insurance Institution (KELA) and other actors involved, on the other.

4.6 A safe growing environment for children

In order to safeguard the well-being of children the Government commits itself to a stable and predictable childhood and family policy. Better conditions for families with children, support for parenthood and promotion of the well-being of children and young people will be the foci during the present Government's term of office. In its decision-making the Government will pay attention to the interests of the child and strengthen opportunities for children and young people to exert influence and be heard. Stable family policy and a better reconciliation of work and family life have a favourable effect on population trends and mean that there is no need to delay starting a family for financial or work-related reasons.

The Government will create the post of ombudsman for children. A special Cabinet Committee will be set up to handle family and child policy issues .

The Government will be compiling an overview of the financial situation of families with children which takes into account the combined effect of social benefits and incomes, services, charges, taxes and family leaves.

A safe growing environment and services for children and young people promote well-being and social security. What is also needed is extensive cooperation among various social actors to help parents to bring up children and to strengthen support networks.

The quality of basic services for children and families will be ensured and services improved by ensuring a sufficient number of permanent staff and safe conditions, and by increasing staff in other services for children and young people.

Central and local government will work together to ensure good preconditions for growing up by further developing the present system of child care clinics, children's daycare and schools, school health care services and other support services, and by promoting working methods based on multi-professionalism and early intervention. The means to reconcile work and family life will be improved. First and second-formers will be ensured safe morning and afternoon activities by legislation. Right to partial care leave will be expanded to cover parents who are shortening their working hours to care for a child in the first two years of school. Children and young people will also be supported during the various stages of change in their lives. Children and young people will be encouraged to participate in cultural activities, sports and other hobbies.

Less ambiguous definitions than the present quality recommendations will be created for social services. Their regional implementation will be monitored and the Government will take any action required to ensure a minimum level of services. The Act on daycare will be revised, for example by providing for a maximum group size for children in daycare. Access to family daycare will be increased and the position of family daycare staff improved, for example by developing the present cost reimbursement system.

Special attention will be drawn to children's mental health problems and their prevention, and sufficiently fast access to care. Support services for chronically ill and disabled children and their families will be further developed.

The Child Welfare Act will be revised during this Government's term of office and child welfare work strengthened. Poverty and chains of inter-generational exclusion of families with children will be prevented. Qualitative and quantitative development of foster care will be ensured nationwide.

Resolute efforts and pre-emptive measures will be required to cut down the consumption of alcohol and other intoxicants by children and young people.

An action plan will be drawn up to combat violent entertainment targeted at children.

4.7 Improving the financial situation of pensioners and families with children

To improve the reconciliation of work and family life the Government will raise the partial home care allowance and extend its cover to the parents of first and second-formers. The reform will be implemented as soon as possible.

In 2004, the structure of the child allowance system will be revised to benefit all families with children covered by the system. Allowances for the first child will be raised. The single-parent supplement will be adjusted.

The level of the child home care allowance and the minimum daily sickness, maternity, paternity and parental allowance will all be increased in 2005.

In the same context, requirements for receiving earnings-related daily parental and sickness allowances will be improved to correct certain situations in which certain people e.g. short-term employees, are not covered by the system. Features of the social protection system to encourage working will be increased.

In 2006, the national pension will increase, as will related social benefits, and this will be taken into account when the cost effects are calculated.

5 WORKING LIFE

A high standard of labour force skills, well-being at work and functioning labour market relations are important national success factors. The Government will respect basic rights relating to working life, developing it in line with the established tripartite principle and basing its action on sound cooperation between the labour market organizations in Finland and in the European Union. The Finnish working life and labour market model is characterized by the establishment of basic minimum conditions in collective agreements which are universally binding.

Government decisions on income security and social insurance legislation related to working life will be worked out in cooperation with the social partners. The Government will implement the measures that central government is already committed to in collective agreements with the labour market organizations and solutions regarding unemployment security and pensions.

It is the Government's aim to ensure that all citizens can participate fully in working life, contribute to longer working careers, facilitate the coordination of family life and work, promote equality and make work more attractive. The Government supports actions to help immigrants, people with disabilities and those who are difficult to employ. Workplace development programmes will be continued and expanded, with special attention to small workplaces.

The Government will focus development resources particularly on promoting equality, the coordination of work and family life, psychological occupational safety and health, well-being at work and more effective monitoring of working hours, the development of good management practices and general expertise, workplace health promotion work and the special needs of the ageing workforce.

Preparations must be made during the Government's term for the eventual retirement of the baby-boom generation. The competitiveness of workplaces in the public sector must be ensured. The Government will take special measures to make recurrent fixed-term jobs permanent, particularly in the public sector. Interaction between different generations in working life should be encouraged so as to ensure that the knowledge and skills that older people have gathered during their long work experience is passed on to their younger colleagues. The Government supports opportunities for lifelong learning in the workplace.

The Government will monitor enforcement of the employment legislation, and ensure that adequate resources are available, especially for occupational safety and health. Monitoring of compliance with the Working Hours Act will be intensified. In occupational safety and health, the specific targets for development are well-being at work, and psychological well-being and prevention of violence in the workplace.

The Government will work with the labour market organizations to prepare the way for working time arrangements which take the needs of families and the best interests of children into better account. Opportunities for working shorter hours will be gradually introduced for the parents of children under the age of 10. Partial care leave and partial home care allowance will be developed to provide working parents with a real alternative. The expansion of partial care leave will be agreed on a tripartite basis and rapidly put into practice. Family policy leaves will be further developed and a more equal division of such leaves between both parents will be encouraged.

The Act on Cooperation within Undertakings will be completely reformed. In order to create opportunities for real negotiation and actual participation, the aim of the reform will be to bring more issues involving workplace development and operations and work organization within the sphere of cooperation than is the case at present. Issues involving the organization of work will not, however, affect the right to supervise work. Whether the municipal sector could be brought within the sphere of the Act will be explored. The Annual Holidays Act and the Act on the supervision of occupational health and safety will be reformed following tripartite negotiations. The legislation on data protection in working life will be supplemented based on the work of the working group on alcohol and drug testing and technical surveillance, on the principle that employees' personal data and privacy must be protected. The functioning of personnel funds will be developed.

A tripartite study will be made of the feasibility of making the switch-leave system permanent, of improving its potential for use and of ensuring that remuneration is adequate.

The Government will launch an extensive tripartite project aimed at preventing the grey economy, eliminating illegal employment contract terms and ensuring equal competitive positions for companies, taking international experience into account. A tripartite project will also study the principles relating to the situation of employees in situations where companies and public bodies arrange competitive tenders.

The Government will also launch a tripartite study of the situation of employees when a company is about to move a production unit or its entire production abroad.

Supervision of employees' contract terms will be stepped up, including foreign labour and employees in foreign postings, and adequate resources will be allocated. The possibility of setting up a separate unit for this purpose as proposed in the collective bargaining will be explored. The unanimous proposals of the tripartite working group on supervision of foreign workers' contract terms will be implemented. The powers of officials and labour market organizations to intervene in the case of problems will be more clearly defined and reinforced, and the right to information and supervisory right of shop stewards concerning different personnel groups will be increased.

Immigration policy

The Government is prepared to develop immigration policy and integration measures. The demographic trend in Finland will result in an entirely new situation within this decade due to the ageing of the population and the declining workforce. If the economic dependency ratio so requires, Government policy will promote immigration in support of labour supply. This will require extensive cooperation and commitment between central and local government, the business sector, the social partners and NGOs.

As the EU enlarges, Finland will apply a flexible transition period to workforce mobility. The impact of free movement of labour and services on the labour market will be subjected to tripartite assessment before the end of the second year of the transition period.

The Government underlines the significance of measures aimed at promoting good ethnic relations and interaction, and at preventing marginalization, and

will draw up an immigration policy programme. Together with the labour market organizations it will investigate how employers looking to recruit foreign labour could participate in the costs of integration training. The Government will present a bill to Parliament on the lapsed act on equality during 2003.

6 EDUCATION, SCIENCE AND CULTURAL POLICY

As a civilized society Finland builds on skills, knowledge and creativity. The underlying values include equality before the law, tolerance, an international outlook, responsibility for the environment and equality between women and men. Education promotes educational and cultural rights and skills for active citizenship.

Finland's position as one of the world's leading information societies will be strengthened. Alongside internationalization, local and regional aspects will be highlighted. Multiculturalism and the needs of different language groups will be taken into account.

Within international and EU cooperation, Finland will retain national competence in education and cultural policy.

Everyone has equal right to education and training according to their abilities, in compliance with the principle of lifelong learning. The right of children and young people to a psychologically and physically safe environment to grow up in will be emphasized with a view to preventing marginalization.

Equality between people and between regions will be enhanced. Education and research will be developed by focusing on regions' own strengths and special features with the aim of boosting employment. Entrepreneurship will be promoted in different fields of education. The network of educational, cultural and leisure-time services will be supported as a factor improving the attractiveness of the regions.

6.1 Education and science policy

The fundamental principle in the provision of basic education is a uniform comprehensive school. The principle of giving preference to the nearest school will be reinforced. The age of compulsory schooling will not be changed. The right of children and young people to curriculum-based education free of charge will be safeguarded on every school day. In order to ensure a healthy and safe learning environment, it is important to increase the funding available for school construction, especially renovation.

The quality of pre-school teaching will be evaluated. Provisions will be issued on travel benefits for pre-school children in line with those for basic education. This reform will enter into force in autumn 2004.

The Government will prepare legislation providing for the arrangement of morning and afternoon activities for schoolchildren. Children in grades 1 and 2 of comprehensive school and pupils with special needs will be offered necessary morning and afternoon care as of autumn 2004 on the basis of existing best practices. Morning and afternoon activities will be evaluated.

Quality recommendations for good comprehensive education and successful schools will be drawn up. Local evaluation will be enhanced. Remedial teaching will be increased in support of early intervention and preventive action, and special needs teaching and care for school pupils will be reinforced. The emphasis will be on cooperation between home and school. Access to basic arts education will be safeguarded.

The integration of children with special needs into ordinary schools will be promoted in all levels of early education and education and training. Government-run special needs schools will be used as centres of expertise and resources for special needs education. The Government supports the right of children from different ethnic groups to their own language and culture. Immigrant children will be supported in keeping up their first language skills, aiming at functional bilingualism.

The upper secondary school will be developed as an institution of general education. Cooperation between upper secondary schools and vocational institutions will be stepped up. The operation of small upper secondary schools will be supported through cooperation between such schools across municipal boundaries and through increased provision of virtual teaching. The provision of distance education at the secondary school level will be safeguarded. The need for special needs teaching in upper secondary school will be surveyed.

Every comprehensive school leaver will be guaranteed a place in further education. The Government will step up measures to guide those who drop out of education after comprehensive school into meaningful tailor-made education and training. Special attention will be focused on transitional stages during education and on reducing the drop-out rate. Action to prevent marginalization among young people will continue. Youth workshops will be made permanent and alternative vocational education options will be developed on the 'working school' model.

Linkages between comprehensive school and post-comprehensive education will be reinforced. Vocational education will be made more attractive and its status raised by means of reformed content and more student guidance. On-the-job learning will be made permanent and competence-based qualifications incorporated into basic vocational education in cooperation between educational institutions and workplaces. Apprenticeship training will be reinforced as a form of basic vocational education and additional training.

Teacher training will be increased, ensuring that teachers in all language groups are available throughout the country. Teachers' opportunities for continuous in-service training will be promoted. Vocational teacher training will be expanded and its financing restructured. Contacts between vocational teachers and working life will be increased.

Adult education will be developed on the basis of the proposals put forward by the Adult Education Committee. The five-year action programme for raising the educational level of the adult population, which started in 2003, will be expanded to enable at least 10,000 people to start training annually. The provision of apprenticeship training for adults will be increased. Favourable conditions will be secured for liberal adult education. The educational and training opportunities of adults at risk of marginalization owing to learning difficulties and low socio-economic standing will be improved. Cooperation between free education and other forms of adult education will be improved.

Study times in adult education will be shortened and the threshold to education and training lowered. The procedures for authorising initial vocational training will be revised to approve separately curriculum-based training and training for competence-based qualifications. In cases where the student places in approved training for competence-based qualifications cannot be filled, the training provider may fill them with students in curriculum-based training.

A stable level of resources for further vocational training will be ensured.

The development of training content will take account of the increased importance of international cooperation and the growing multiculturalism of Finnish society. Language teaching for adult immigrants will be intensified.

Degree programmes will continue to be provided free of charge, and universities and polytechnics will continue to form part of the public education system.

Study times will be shortened at universities and the transition from secondary education to university studies will be stepped up through development of the student selection system. The possibility of adopting a joint selection system will be studied, and a separate quota will be reserved in admissions for students matriculating the same year. The two-cycle degree structure will be gradually introduced. University degree requirements will be adjusted to correspond to the work required, with a view to making it possible for students to graduate more efficiently in the recommended time. Individual study plans will be introduced.

Cooperation and division of labour between universities and polytechnics will be developed on the basis of a dual model. The regional impact of universities and polytechnics will be reinforced. The operations of university centres will be secured. University funding will be secured by legislative means. The need to develop university operations, among other aspects, will be assessed in connection with amendment of the Universities Act.

The prerequisites for university research and polytechnic research and development will be reinforced. The status of polytechnic degrees and the qualifications they provide will be clarified in the system of higher education degrees. Postgraduate polytechnic degrees will be evaluated and the possibility of introducing them in different sectors will be considered on this basis. The funding for polytechnics will be restructured so as to provide more incentive.

Anticipation of education and training needs will be improved and regional coordination of anticipation developed. The resources freed as year-classes grow smaller will be used to reinforce education. Training in the cultural sector will be scaled to suit the needs of working life.

Students' socio-economic status will be raised to enable them to pursue planned full-time studies and to shorten study times. The Ministry of Education will draw up an action programme at the start of the new Government's term with a view to promoting graduation within the recommended time. In this connection the student financial aid system will be developed to provide more incentive for graduation.

The utilization of research results and technology will be promoted for the good of the economy, employment and other social development. Research and innovation funding will be increased in accordance with the plan drawn up by the Science and Technology Policy Council of Finland.

6.2 Culture

Cultural policy will aim to promote cultural and artistic diversity, a rich cultural heritage, cultural institutions and services, and the preconditions for creative work.

The availability of versatile information and high-quality library services throughout the country will be safeguarded with reference to the proposals made in *Library Strategy 2010: Policy for access to knowledge and culture*. Basic library services will remain free of charge. The role of public libraries in disseminating basic information society skills will be reinforced. Broadband connections for schools and libraries will be promoted.

The Government resolution on an arts and artist policy programme provides a good foundation for promoting culture and arts. A nationwide creativity strategy will be drawn up to support favourable conditions for creative work.

The position of cultural and arts institutions will be strengthened and the conditions for their operation and development safeguarded throughout the country. The cultural rights of children, people with disabilities and minority groups will be supported. The construction of a national network of children's culture centres will continue. National centres of expertise for culture will be developed. Conditions for Finnish film production will be supported.

The opportunities inherent in information technology for increasing communication, cooperation and interaction will be used in cultural work. Input in electronic content creation will be promoted. Copyright legislation will be revised during the Government's term of office.

Voluntary work carried out within non-governmental organizations is an important resource for society. The conditions in which voluntary work can thrive will be strengthened by removing some of the obstacles to it.

The focus of sports policy will be on sport for children and young people, and on positive physical education. Financial allocations for sport will be aimed at recreational sport promoting the health of children and young people and emphasizing educational and ethical aspects. The use of sport to promote the health and general fitness of adults, the aged and special groups will be supported. The ethical background for top competitive sport particularly of the highest level will be reinforced.

Resources for basic youth work will be secured and work on the prevention of substance abuse will be strengthened. A complete reform of the Youth Work Act will be initiated and the basis for granting State aid for youth organizations will be overhauled.

The Act on using the profits from money lotteries, pools and betting will come into force at the beginning of 2004. This will also secure funding needs in the arts and sciences. The costs of servicing the loan for the renovation of the Finnish National Theatre will be met from the budget.

7 REGIONAL POLICY

The Government will pursue a policy of social and regional balance. Disparities in development potential between regions will be reduced. The aim is to balance migration and the population structure and to ensure adequate services nationwide.

Regional success supports growth of the national economy and is reflected throughout the country. Regional expertise, entrepreneurship and employment will be strengthened, thus boosting growth and creating potential for maintaining the basic infrastructure of the welfare society. Better regional competitiveness will be invested in by enhancing regional expertise, strengths and development initiative. Regional government and sub-regional cooperation will be developed with a view to supporting these aims.

The role of the Regional Councils as regional development authorities under the Regional Development Act will be developed by reinforcing their position in the allocation of resources intended for regional development.

Regional and central government will be reformed by increasing cooperation between sectoral authorities, through regional coordination and by harmonizing the division into regions. The Kainuu administrative model experiment will be continued in accordance with decisions already taken.

The role of new information and communications technology and Citizen's Offices will be upgraded in order to ensure the supply and availability of local government services.

Regionalization of central government functions will continue. The placement of central government functions outside the Helsinki metropolitan area will be implemented so as to promote balanced development and to use and support existing regional strengths. In developing the administration, changing regional boundaries and transferring functions to the regions, provision of services in both official languages will be safeguarded.

The formation of centres of expertise in all parts of the country will be supported. Potential for growth-promoting technology and expertise funding will be ensured throughout the country. The regional impact of universities and polytechnics will be increased.

In order to enhance regional centres, the Regional Centre Programme will be developed and its implementation enhanced on the basis of evaluations carried out. The Programme will also support the development of areas around regional centres.

The Rural Policy Programme will be updated. It will focus on improving the potential for business in rural areas and safeguarding the availability of basic public services through new operational models and using new communications and other technology.

The special circumstances of the archipelago will be taken into account in regional policy.

The Centre of Expertise Programme will be used specifically to support the development of internationally competitive top expertise in welfare services, business and industry. Centres of expertise and technology centres will also be used to boost the level of expertise and technology in areas outside these centres.

The competitiveness of urban regions and their potential for socially equitable development will be furthered through urban policy means. The urban network will be developed in a comprehensive way, taking into account the needs of different-sized urban areas. Mutual support between urban and rural policy will be increased.

Cooperation procedures between municipalities in the Helsinki metropolitan area and central government will be further developed in matters related to housing, transport and community planning issues. The investigator appointed by the previous Government will submit proposals on regional cooperation between Helsinki and its neighbouring municipalities and on the participation of central government in nationally important development projects in the area.

The regional policy impact of the Budget will be assessed separately each year when the budget is being drawn up.

Sufficient financial resources will be allocated to regional development programmes. Resources important for regional development will be collated and regionalized; the proportion of uncommitted regional development funds will be increased. Use of EU Structural Fund programmes will be improved based on the needs of the regions. National administration and monitoring of these programmes will be clarified and simplified.

In the overhaul of EU Structural Fund policy, Finland's aim is to have the permanent special characteristics recorded in Finland's accession treaty internationally acknowledged and to maintain Finland in EU regional development programmes. Northern and eastern Finland must continue to receive high-level aid from the EU, and implementation of an aid system corresponding to the present Objective 2 programme must continue. Allocating assistance to the weakest regions will make the impact of EU Structural Fund policy more efficient.

In order to safeguard regional development, the maintenance of transport routes and links and the availability of reasonably priced broadband connections nationwide will be ensured.

Telecommuting will be promoted and obstacles to it removed. Opportunities for ensuring the availability of skilled labour in regions with high negative migration will be explored.

8 HOUSING

The aim of housing policy is to ensure a socially and regionally balanced and stable housing market, to eliminate homelessness and to improve the quality of housing. In order for housing to be available at reasonable cost, the Government will ensure sufficient social housing production.

Housing policy should make it easier for people and families to find housing that corresponds to their current housing needs.

To safeguard long-term housing policy, the Government will draw up a housing policy programme to cover its entire term by the end of 2003, taking the recent international evaluation into account. The Government recommends a similar application of housing policy in municipalities.

Central government funding for social housing production will be scaled so as to enable steady production of about 10,000 new dwellings annually. Loans will be channelled to the Helsinki metropolitan area, major growth centres and other regions with high demand for housing. In order to help young people leaving home and single-person households, there will be a focus on socially subsidized construction of small dwellings and action to make it easier for young families to find housing corresponding to their needs.

The ARAVA system of State-subsidized housing loans will be retained for new construction. The terms of new and existing ARAVA loans must be kept competitive in relation to market rates. The increase in the annual payment will be controlled so as not to exceed the inflation rate. A new loan structure with fixed instalments will be created alongside the annual payment model. A study will be made of how well the system of publicly subsidized loans works.

An action plan to reduce homelessness in cooperation between central government and the cities of Helsinki, Espoo and Vantaa will be implemented between 2002 and 2005.

In order to diversify the resident profile in government-subsidized housing, the criteria for the selection of residents will be revised.

Sufficient funds will be made available to the Housing Fund of Finland, and its activities will be made more efficient.

The capacity of non-profit housing organizations for long-term financially sound business will be safeguarded.

The present practice of alleviating capital costs on empty ARAVA rental buildings and of granting exceptions to limitations on their use and transfer will be continued. New ways of solving the problems of ARAVA rental buildings in financial difficulties will be sought.

The quality of building will be raised in cooperation between central government, business and industry, and other actors in the field, and the networking of small and medium-sized enterprises in the construction industry will be encouraged. Building in wood will be promoted, particularly in low-rise construction.

The Government will study how well public financing and subsidy systems for housing, including the Bonus for Home Savers (ASP) system, function. Public support for housing through tax relief will be targeted in new housing loans to

ensure that further support can be allocated to first-time homebuyers and families with children.

The housing allowance system will be developed so as to better follow changes in the level of housing costs and rents and to enable feasible use of the existing housing stock. Local authorities will be encouraged to use planning and land use policy instruments to ensure sufficient high-quality housing production at reasonable cost. New ways and means of obtaining unbuilt land for building purposes, whether subject to a land use plan or not, will be studied.

The Government will ensure that government land ownership policy supports the overall goals of housing policy, making government-owned land available for reasonable-cost housing production.

In order to encourage more effective housing and community construction, central government is willing to participate in new types of development projects. When regional government in the Helsinki metropolitan area is improved, ways of enhancing land use planning, and land use and housing policy will be explored. A similar cooperation model can be introduced in other growth centres, too. A study will also be made on how to prevent building costs in the Helsinki metropolitan area from rising at a faster rate than elsewhere in Finland.

Grants from the Housing Fund of Finland for the initial financing of municipal infrastructure will be used to promote housing production and create new housing developments in the Helsinki metropolitan area and other growth areas. These grants will be linked to municipal land acquisition and areas for government-subsidized housing construction.

Transfer of plots for the construction of urban low-rise densely built districts, for both rental and owner-occupancy, will be promoted in cooperation with local authorities, for instance through planning reforms. Infill development will be promoted.

In matters pertaining to land use and building, protection of the legal rights of all parties concerned will be assessed. At the same time, the need to revise legislation and other instruments to eliminate causes of appeals and complaints, and to speed up legal and administrative procedures, will be studied.

Good rental practices will be promoted on the rental market. The Government will encourage tenants' and landlords' associations to continue to cooperate on the rental market in preventing the use of threats of eviction unless tenants accept unreasonable rent raises. The Government will be monitoring the situation and the effects of recommendations from these organizations, and will take any necessary action to correct deficiencies.

The Government will investigate measures for keeping existing privately funded rental housing in rental use and to increase the supply of new privately funded rental housing.

Efforts will be made to enable the aged and the disabled to live in their own homes through more efficient cooperation between the housing sector and the health and social welfare sector. Repair grants and renovation loans will be granted by the Housing Fund of Finland to convert dwellings for easy accessibility in both owner-occupied and rental housing. The total level of repair and energy grants will be increased if necessary. The terms of grants

for lift construction in owner-occupied and ARAVA rental housing will be harmonized.

Attention will be given to forestalling damage caused by mould and dampness and to helping those suffering from mould damage.

The asset transfer tax will be adjusted so that it does not prevent municipalities or non-profit organizations from reorganizing ARAVA and interest-subsidized housing into larger, more financially stable companies.

9 MUNICIPAL POLICY

The Government will pursue a stable long-term municipal policy. The availability and quality of basic municipal services will be ensured nationwide through reasonable taxes and charges. Potential for the provision of basic municipal services will be safeguarded by ensuring a functional and viable municipal structure and sustainable funding of services.

More jobs, economic growth and promotion of entrepreneurship are required to ensure sustainable financing for basic services. Local authority potential for raising the employment rate will be supported.

Cooperation between central and local government will be developed so as to improve the potential for agreeing on major issues regarding municipalities. The balance in financing municipal functions and obligations will be improved through a basic services programme covering the Government's entire term agreed on jointly by central and local government, and a related annual basic services budget. The purpose of the basic services programme is to assess income and expenditure on municipal functions and other obligations in municipality groupings, and the measures needed to balance them.

The negotiation procedure between central and local government, and coordination under the local government economy and basic services programme between the Ministry of Social Affairs and Health, the Ministry of Education, the Ministry of the Interior and the Ministry of Finance on the one hand and the Association of Finnish Local and Regional Authorities on the other will be developed.

The financial basis of municipalities will be safeguarded, and sufficient resources allocated for new municipal functions and expansion of existing ones.

The municipal financing and central government transfers to local government will be re-evaluated as a whole by 2005. Until then, the municipalities' share of corporate tax will be kept at its present level. As part of this evaluation, the potential for transferring corporate tax revenue wholly to central government to stabilize the local government economy and reduce the impact of cyclic fluctuations will be investigated. The possible detachment of property tax from the system for municipal tax revenue distribution will also be investigated when the system is revised.

Any changes in municipal tax revenue will be compensated to municipalities in full. Raising the property tax will be made possible.

The possible transfer of liability for financing unusually expensive specialized medical care from the municipalities to central government will be investigated.

Measures to improve the finances of municipalities in crisis will continue. Commitment of municipalities receiving discretionary government grants to economic recovery measures will be increased.

The system of central government transfers to local government will be developed so as to promote reform of service structures and production methods, and to encourage intermunicipal cooperation. Allowances in the system of central government transfers to local government for differences between cost structures due to service needs and circumstances, the special characteristics of the largest cities, and changes in migration and population

structure will be raised. Sector-specific central government transfers to local government will be harmonized and clarified.

Voluntary mergers of municipalities and other changes in the municipal and sub-regional structure that promote more economic provision of equitable, high-quality basic municipal services will be encouraged. Sub-regional provision of municipal services will be supported, and the sub-regional project will possibly be expanded, subject to evaluation, and its potential enhanced.

The special characteristics of public services will be taken into account in the evaluation of and regulations concerning the provision of public services; these include the high demands placed on the quality, safety, availability and continuity of public services. In revising the legislation on public procurements, the relevant authorities will be given the authority to lay down preconditions for procurement in terms of the use of labour, conditions of employment and the environmental impact of services.

Local self-government will be encouraged by ensuring civic participation in situations created through sub-regional development, commercialization and other new ways of providing services. Local democracy will be developed as part of the policy programme on civil participation.

Availability of labour in the municipal sector and the competitiveness of municipalities as employers will be promoted. Public and private employers will be treated equitably, for instance in decisions concerning social security contributions.

10 ENVIRONMENTAL POLICY

The aim of Finland's environmental policy is to consolidate Finland's status as an information and skills-based society known for its high level of environmental protection, whose competitiveness derives from fulfilment of sustainable development criteria in consumption and production.

Finland is an active participant in international cooperation to solve global environmental problems and to promote international environmental policy. Environmental values must be taken into account in developing the rules of international trade. Finland is in favour of a strong UN environmental organization. The principles of sustainable development are fundamental in Finland's action related to the management of globalization.

In order to slow down climate change, the commitments of the Kyoto Protocol will be implemented in accordance with the National Climate Strategy, and rapid ratification of the Protocol will be promoted. Finland will play an active role in launching a new round of negotiations aimed at halting climate change and involving all countries.

The Baltic Sea Protection Programme will be continued. Efforts will be made to have the Baltic Sea designated a Particularly Sensitive Sea Area (PSSA). The Government aims to enhance the significance of the Baltic Sea within the European Union, particularly in the Northern Dimension Action Plan and the Environmental Partnership Fund. Eutrophication will be curbed, for instance by reducing pollution loads from agriculture and communities and by investing in the reduction of harmful emissions and discharges from neighbouring areas. Risks caused by oil and chemical shipping and other hazardous transportation must be reduced. Efforts will be made to speed up the preparation and enforcement of international technical regulations, particularly regarding shipping in winter. Inputs will be made to improve preparedness to combat oil pollution in neighbouring areas. A new multi-purpose icebreaker equipped for oil and chemical pollution control will be acquired to improve oil pollution combating capacity. Ways and means of setting up a centre of expertise in oil pollution control will be investigated.

Practical implementation of the action plan formulated at the UN World Summit on Sustainable Development in Johannesburg will be promoted. A national intersectoral programme of ecologically, socially and economically sustainable production and consumption patterns will be drawn up. Environmental education will be promoted in this programme. Finland will play an active role in preparations for an international framework programme for sustainable production and consumption. The aim is to increase efficiency in the use of materials and energy throughout the life cycle of a product. Production and expertise based on environmental technology will be promoted.

The structure of taxation will be revised so as to promote sustainable development. Ecological tax reforms will reduce the use of non-renewable natural resources and prevent environmental damage. At the same time, the recycling and ecological efficiency of products, their consumption and energy use will be promoted. Ways of cutting subsidies detrimental to the environment and to sustainable development will be explored.

The total volume of municipal waste will be reduced, and waste should increasingly be used as raw material and as a source of energy. Both economic and technical incentives will be used to reduce the volume of waste.

An environmental guidance system based on excise tax will be developed for beverage packagings.

The adverse effects on the environment of the final disposal of non-recyclable waste will be minimized. The polluter-pays principle will be extended to more product groups, and the responsibility of the trade sector for packaging waste will be increased. The recovery and use of landfill gas for energy will be improved and expanded. A comprehensive system for the separate collection and treatment of biowaste will be introduced.

A national programme on hazardous chemicals will be drawn up. The precautionary principle will be emphasized in order to minimize any unforeseen adverse effects of new products. A Government resolution on a national noise abatement action plan will be issued.

The quality of groundwater will be maintained and the restoration of contaminated soil will be promoted.

The environmental quality of cities and other urban areas will be improved, with particular attention to the health of children and other special groups. To this end, fine-particle emissions from traffic and incineration will be curbed more effectively. Nearby natural environments and recreational areas will be made more easily accessible, for instance by setting up city parks. In land use planning, measures promoting the preservation of valuable natural and cultural environments will be highlighted.

Nature protection programmes will be implemented in accordance with the funding programme approved in 1996. Nature protection funding will be re-evaluated in 2005. The action plan for forest biodiversity conservation in southern Finland will be implemented. Nature reserves will be properly managed. Nature tourism and outdoor recreation will be diversified to create jobs.

The designation of areas to be included in the Natura 2000 network will be completed in cooperation with the European Commission. The management and use of Natura 2000 sites will be promoted in cooperation with landowners and local actors. The maintenance of valuable natural and cultural environments created by traditional agriculture will be safeguarded as part of agricultural policy.

Regional environment centres will have a more prominent role as regional development experts. Permit and other administrative procedures will be speeded up, and services will be made more customer-oriented.

The National Action Plan for Biodiversity will be revised in 2005.

Finland will contribute actively to the tightening of legislation to prevent cruelty to animals and its enforcement in the European Union. Animal protection monitoring and enforcement of legislation will be intensified in Finland.

Testing on animals will be reduced. Animal protection organizations that respect the rule of law will be supported.

11 ECONOMIC, INDUSTRIAL AND ENERGY POLICY

The aims of the Government's economic and industrial policy are to promote economic growth and employment, encourage greater diversity in the country's production structure, support stable regional development and safeguard the competitiveness of the national economy. To help achieve these aims, the Government plans to introduce an entrepreneurship policy programme and provide a major increase in public financing for research and development. The programme will be designed to establish the right operating environment for business growth, expansion into international markets, business start-ups and succession of family-owned businesses.

11.1 Technology policy

Finland's economic growth and competitiveness will continue to be based primarily on knowledge and the utilization of new technology. Continued growth in research and development is therefore essential. Development of technology policy and the financing arrangements over the longer term are also vital for ensuring an operating environment that is regionally balanced and emphasizes entrepreneurship. The Government will provide a considerable increase in the amount of public financing available for research and development work.

An indicative and operational programme will be drawn up for the allocation of research and development funding and development of the innovation environment. Funding will be allocated to areas such as branding, commercialization, and research and development in the service and new technology sectors, and to know-how and innovation that support sustainable consumption and production.

The focus in the commitment authority of the National Technology Agency will be increasingly shifted from loans to research and grants.

Quality assessment and performance monitoring of projects seeking public research and development financing will be more rigorous to ensure that the finance available is used as effectively as possible.

The Government will continue to enhance the capacity of the regions to benefit from public research and development financing. Closer cooperation will be sought between the various organizations that support innovation and have a regional presence, such as the Employment and Economic Development Centres, Finpro, the Finnish National Technology Agency (Tekes), Finnvera, Finnish Industry Investment Ltd, the Finnish National Fund for Research and Development (Sitra) and the Foundation for Finnish Inventions. The regional availability of their services will also be improved. In addition, the Centre of Expertise Programmes will be strengthened.

11.2 Enterprise policy

The aim of public financing for business is to fund appropriate projects for which sufficient private financing from the financial markets is not available. The policy on aid to business must continue to focus on securing a return on the investment. Financial support should primarily be in the form of loans or guarantees, and will require that the financial input from the company's owners and other financiers is at a level that guarantees a sufficient

commitment from them. Financial support will only be given if there is special reason for doing so, and be of fixed duration and transparent.

The emphasis in public venture capital financing will be on seed- and growth-stage companies and regional investment funds. The Government will draft an amendment to the tax laws to the effect that foreign venture capital investment will be taxed on a consistent basis, whether it is in Finnish venture capital funds or directly in investee companies. The Government will also introduce measures designed to increase the amount of investment made in Finnish venture capital funds.

A project will be launched to promote greater use of information and communications technologies in small and medium-sized enterprises. This will focus on improving the services of the Employment and Economic Development Centres that deal with promoting new technology and working methods in such enterprises. The ownership rights of university, polytechnic and employee inventions will be more clearly defined in order to provide better protection for such inventions.

The management and administration of the Employment and Economic Development Centres will be improved with the aim of enhancing their role in regional business activities, for instance by examining the scope for removing internal departmental divisions.

About 50 regional business service centres will be set up to strengthen business activity in the regions.

The Government is opposed to the use of direct production subsidies to support the EU's shipbuilding industry. To safeguard the competitiveness of Finnish shipyards, however, it will make the necessary preparations for introduction of the EU's temporary support mechanism for certain types of vessel.

The regional transport subsidy scheme will be continued, although the criteria for the subsidy will be revised within the framework of current budget appropriations. The criterion used to allocate subsidy is gross surface area determined according to the actual network used.

The conversion of village shops into rural multi-service businesses will be promoted in sparsely populated areas.

Efforts to promote the tourism industry will focus on improved commercialization of tourism products, better marketing and establishing the right framework for promoting tourism services and business ideas.

Together with industry representatives, the Government will draw up an industrial policy programme for the forest products sector as an extension of the WoodEurope programme, with the aim of promoting branding and boosting exports to other European countries and to Finland's neighbouring regions. Technology programmes for the forest products sector will emphasize business development and eco-efficient production methods.

11.3 Consumer and competition policy

The consumer viewpoint will be reinforced in decision-making. The basic rights of consumers will be safeguarded in increasingly global markets, and monitoring and supervision will be enhanced through expanded international cooperation. The availability and quality of consumer advisory services will be secured equally in all parts of the country. The status of and need for consumer advisory services at the local level, such as municipal consumer, financial and debt counselling, will be assessed as a whole. The way in which the services are organized will be revised to meet people's needs more appropriately than at present.

The need to update any public service obligations incorporated in legislation will be examined, and consideration given to safeguarding the availability of other essential services.

The present legislation on commercial hours of business will continue in force so that experience of the current practice can be obtained over a longer period. The report required by Parliament will be given at the end of the Government's term.

Distortions of competition will be reduced. The need to amend national legislation on corporate acquisitions will be investigated in connection with revision of the Commission Regulation on the control of concentrations between undertakings. The legislative definition of dominant market position will have to be reviewed at the same time. Research on competition and the functioning of the market will be revitalized. Every effort will be made to ensure that service availability and quality do not deteriorate when public services are opened up to competition. When the competition law is revised, the viewpoint of small and medium-sized enterprises will also be considered in regard to the need to secure well-functioning markets.

11.4 Energy policy

The aim of the Government's energy policy is to secure a competitive energy supply while at the same time meeting the obligations associated with its international environmental commitments. The Government will encourage diversity in the energy production sector and will seek to increase the degree of national self-sufficiency in energy supply. The Government will also vigorously promote the use of renewable energy sources and energy conservation through various means, including tax and investment incentives.

The Government will implement the National Climate Strategy and will update it to take account of the EU emissions trading directive and the Kyoto mechanisms. Preparations will be made for the negotiations that will follow the end of the Kyoto Protocol commitment period; the negotiations will give due consideration to the competitiveness of the national economy.

The EU emissions trading directive will be enforced in accordance with the Government resolution of January 2003. The carbon dioxide emissions quotas will initially be allocated without charge, with special consideration for the operating and investment requirements of Finnish export companies functioning in the competitive global market. Emissions trading and energy

taxation will be examined together to ensure that collectively they do not result in an unreasonable increase in the price of energy.

The Government will put into effect the statements approved in connection with Parliament's decision on building an additional nuclear power facility. They include the following:

1. Proposals will be drawn up for the measures necessary for controlled restriction of the use of coal, based on the work of a committee set up for this purpose.
2. An energy conservation programme will be implemented and will be updated as necessary.
3. A programme to promote renewable energy sources will be implemented and will be updated as necessary.
4. Implementation of the National Climate Strategy and the statements will be reported on to Parliament.

The above programmes will be implemented within the spending limits allowed by budget allocations.

The Government will handle the construction permit application for a fifth nuclear power plant unit without delay and in accordance with the affirmative decision by Parliament.

The Government considers it important to have an efficiently functioning electricity market. Excessive market concentration will be resisted, and measures to prevent abuse of a strong market position and the problems associated with it will be investigated. The decision-making process of the Energy Market Authority and the arrangements for lodging appeals will be modified in order to improve the legal safeguards for all parties concerned. The position of consumers in the electricity market will be enhanced by, for instance, adopting legal provisions by which the Energy Market Authority can require a power distribution company to refund the consumer for any excessive power transmission charges.

11.5 State ownership policy

The Government will pursue an ownership policy that is anticipatory, active and market-oriented. Management of State-owned corporate assets must aim at achieving the best possible overall result in social and economic terms. The aims of the Government's policy on State ownership are to develop the companies concerned, to observe a sound human resources policy and to increase the value of the State's holding.

Important decisions concerning official policy on State ownership will require the approval of the Cabinet Committee on Economic Policy.

The powers concerning restructuring of State ownership will be reviewed by Parliament at the earliest possible opportunity, and long-term ownership strategies based on parliamentary authorization will be drawn up. Ownership restructuring will aim to ensure that the State and other Finnish shareholders retain a sufficiently large holding. Income from any sale of State-owned companies could also be channelled into research and development financing or into capital finance for Finnish Industry Investment Ltd.

An investigation will be made of how the Government's ownership control in State-owned companies with market-based operations and in associated companies could be appropriately centralized. The aim is to introduce new arrangements at the start of 2005. At the same time, it must be ensured that ownership control is separated from regulatory functions in an open manner that engenders confidence, and that the market has confidence in the State's ownership policy expertise. An ownership policy unit will be formed to oversee ownership of publicly listed and other State-owned companies with market-based operations and companies in partial State-ownership. Companies performing special functions will remain under the control of the ministries responsible for them. Companies with market-based operations can also perform special functions. The new ownership policy unit will draft general guidelines on State ownership policy.

12 RURAL INDUSTRIES

12.1 Agriculture

The Government will stand by the principle confirmed by the 2002 Brussels European Council in regard to reform of the EU's agricultural policy, which stated that it must be possible for agricultural production to continue in all parts of the Community, including those areas which experience special problems. Finland's aim is to ensure that reform of the EU's common agricultural policy (CAP) includes an agricultural support system that smoothes out more effectively than at present differences due to geographical location and natural circumstances across various parts of the Union. The EU support system must be structured in a way that preserves the conditions for incentive and healthy entrepreneurship.

A challenging task for the Government at the start of its term is to bring to a conclusion the negotiations on the continuation of aid based on Article 141 and on the EU's agricultural policy reform (Mid-Term Review Agenda 2000) in a manner that is acceptable and takes due account of Finland's special circumstances.

The Government aims to safeguard the vitality of rural areas in a manner that is sustainable. To achieve this, it will endeavour to ensure that family farms remain profitable and have the right conditions in which to develop their activities, and that forestry and other rural industry and business activity can flourish, as this is vital if such activities are to capture the interest of younger generations.

National aid for agriculture supplementing the common agricultural policy was a vital element in the Act of Accession of Finland to the EU. In its negotiations with the EU Commission, the Government will be looking to ensure that national aid authorization for southern Finland can be raised over the longer term and consolidated at the 2004 level, thus putting into effect a unified and stable system of agricultural support covering the entire country after 2003.

The Government will secure funding for the agri-environmental support scheme for the remainder of the 2000-2006 programming period. In the EU's agricultural reform and other changes to the system, Finland will be aiming to achieve an outcome that preserves its total amount of CAP support at no less than the present level.

The national aid will be reassessed following the outcome of the EU negotiations.

The Government will endeavour to simplify its agricultural support systems and improve the supervision of these systems, observing the principles of good governance and a service-oriented approach.

In trade negotiations with the WTO, Finland will act as a Member State of the European Union, and will seek to ensure that the continuation of agriculture in the form of family farming, even in less-favoured areas of the EU, is not jeopardized.

Funding for rural business investment and changes in farm ownership will be secured by ensuring that the Agricultural Development Fund can operate effectively and that there is sufficient authorization to grant interest-rate subsidy loans for rural businesses. Investment aid will take into consideration not only the need to improve the competitiveness of companies but also

factors related to environmental protection and wellbeing among entrepreneurs.

The support system will be reviewed, taking account of the structural development needs of agriculture and the finances of the Agricultural Development Fund. This will include an examination of ceilings for the support in euros, the position of young farmers, farm succession and the special needs of livestock farms. The aim is to provide sustainable support for competitive family farms.

The Government will see that the National Quality Strategy for the Food Sector is implemented. This will ensure that high-quality Finnish foodstuffs are available to the consumer. The quality control of foodstuffs will be improved both nationally and at EU level. The Government will continue its support for new innovations in this field, aiming at integrated development of food production chains and advancing research and development work on health-promoting foods.

Organic production will be developed in line with demand growth and the goals set out in the Organic Production Strategy for 2010. The processing and marketing of organic products will also be improved, which will involve collaboration between the different administrative sectors concerned. Greater use will be made of natural fish stocks in the organic production sector.

The early retirement scheme will be continued beyond 2006 in modified form, taking into account the needs arising from structural change in agriculture, among other things. Farm relief services will be further developed, with particular attention to helping farmers to cope with their work.

The Government will lay emphasis on the need to ensure clean water supplies in rural areas, especially for livestock farming and the food industry.

12.2 Forestry

Implementation of Finland's National Forest Programme 2010 will continue, with the aim of increasing wood production by 5 million cubic metres within the programme period and maintaining the general health of Finnish forests.

Implementation of climate and energy policy will be assisted by additional funding for sustainable forestry, in accordance with the National Forest Programme. The additional funding is necessary if the goal regarding the use of wood for energy is to be met.

Following completion of the surveys of habitats of special importance, as defined in the Forest Act, the funds used for surveying these habitats will as of 2004 be allocated in their entirety to a revised system of environmental support for forestry.

The additional funding required for implementation of the Forest Biodiversity Programme for Southern Finland and Ostrobothnia METSO will be secured. The Government resolution on developing forest biodiversity in a cost-effective and voluntary manner will provide the foundation for forest conservation during the term of the new Government.

The use of wood will be promoted through a range of measures, and a separate economic and industrial policy programme will be prepared for the wood products industry.

12.3 Rural development

The Government will bring its Rural Policy Programme up to date and will ensure its implementation in different administrative sectors through increased cooperation between the ministries.

The Government will support farm and fishing tourism as part of its rural policy and will promote recreational fishing among younger generations and the wider use of fishing rights.

Support for village activities will be continued within the framework of promoting independent initiatives from local residents in rural areas.

Reindeer husbandry will be further developed.

The Government considers that fur farming is of major significance for economy and business in certain parts of the country.

12.4 Fisheries

The prerequisites for securing a livelihood from professional fishing will be safeguarded through national measures and by influencing EU fisheries policies. The Government will permit seal culling to the extent that it does not endanger a sufficient population. The Government will support the development of fishing methods that allow fishery losses due to seals to be minimized.

The Government believes that fish stocks represent a natural resource that gives people a livelihood and generates employment, but must be utilized in a sustainable manner. The preservation of wild salmon stocks will be safeguarded.

The Government will support the development and introduction of more environmentally friendly fish-farming methods.

13 TRANSPORT AND COMMUNICATIONS POLICY

Through its transport and communications policy, in particular the promotion of information technology and information society services, the Government aims to enhance general wellbeing and to increase productivity and competitiveness in the public and private sectors. Transport infrastructure and services will also be developed in order to boost the competitiveness of the country as a whole and the regions within it. The Government is committed to a long-term and transparent ownership policy for the State-owned companies in the transport and communications sector.

13.1 Information society and communications policy

The Government will devote considerable resources to continued development of the information society. An Information Society Council will be established, led by the Prime Minister and comprising members from the ministries of most relevance for development of the information society.

The Government will pursue an active policy on development of the information society, with the aim of improving productivity and competitiveness and promoting social and regional equality through effective utilization of information and communications technologies in all sections of society. New or updated legislation on information society services will be introduced as necessary. In Government agencies and departments, the changeover to electronic transactions will be speeded up considerably. Every agency and department will be required to draw up an action plan for an Internet service to be launched during the Government's term.

The Government will promote the production and provision of on-line social welfare services by organizing publicly available on-line service points for the purpose. Development of the information society and the technology and skills potential that it offers must be viewed as a vehicle for modernizing the structures of the welfare society and an investment that will generate savings, and as a means of securing service provision.

Improvements will be made in information security and privacy protection of communications in order to boost the confidence of the general public and businesses in the services of the information society. Legislation on data protection in working life will be revised as an important means of ensuring the confidentiality of communications. Legislation will also be updated to guard against information security risks and computer-related crime. To safeguard national security, new technology will be introduced and construction of the public authority network will be completed. The position of consumers as users of information society services will be strengthened by making the agreement terms and pricing of these services more transparent. Electronic transactions in public services, on-line services and information management will all be developed with a view to better serving the needs of consumers and supporting independent action on the part of consumers.

Securing the conditions for the Finnish Broadcasting Company (YLE) to operate successfully as a full-service broadcaster over the longer term is an essential part of the Government's policy on the information society. An adjustment to the television fee will be made according to proposals of a parliamentary working group. On the basis of a new parliamentary report, an assessment will be made of whether the definition of public service - taking into account YLE's position as a full-service broadcaster - will meet the

challenges in the operating environment, and of how YLE's funding should be organized as the changeover is made to fully digital television services. Any additional measures required to hasten the changeover to digital television broadcasting, with regard to both YLE and commercial television companies, will be investigated. The Government considers it important to ensure that Finnish television programmes can be received in the Nordic region.

13.2 Transport policy

Reliable, high-quality transport infrastructure is a basic requirement for ensuring that activities in society can be performed on an efficient, regionally and socially equitable and internationally competitive basis. Responsibility for the transport infrastructure as a whole lies with the public sector.

The Government's aim is to meet the long-term maintenance and development needs of the country's transport infrastructure. To this end, the Government will prepare a separate, multi-year transport investment programme covering all modes of transport. The investment programme will be required to underpin the country's regional structure, enhance business competitiveness and reinforce international links. The funding for the programme, together with any new funding solutions, will be investigated and agreed separately. In the case of the existing transport networks, the aim is to maintain the condition and capital value of the infrastructure and to safeguard the basic service level provided by the road and rail networks and by private roads to a standard at least as high as at present.

Measures to develop rail traffic will need to pay particular attention to the strong growth in both freight and passenger traffic between the EU and Russia, together with the associated investment required for fast rail links to Russia, as part of the EU's Northern Dimension policy. As part of the economic cooperation between the EU and Russia, the Government will prepare a transport development programme, with the aim of strengthening Finland's logistics position and exploiting its economic potential. The programme will be drawn up in collaboration between government authorities, business representatives and universities. Special urgency will be attached to projects involving basic repairs, grade-separated junctions and railway electrification, where these are essential for traffic safety and economic competitiveness.

In regard to public transport in general, the Government aims to improve the operating conditions, the service provided and the funding level, to develop a more integrated passenger transport system and to modernize transport management methods. The use of public transport for journeys to work will be encouraged, and the possibility of reducing the taxable value of employer-provided public transport tickets for work journeys will be investigated, as will the use of taxis in purchased transport services in sparsely populated areas.

The Government will carry out systematic road safety work to reduce road traffic accidents. It will emphasize closer cooperation between the different administrative sectors and in particular the effectiveness of actions taken to improve road user behaviour, eliminate problems in the traffic environment and utilize new technology. The aim is also to expand the network of pedestrian and cycle routes and to reduce the number of heavy vehicles travelling through built-up areas.

The standard of service provided by merchant shipping and other maritime transport will be safeguarded by developing the role of the Finnish Maritime Administration as a public authority and by reorganizing its services into new forms of unincorporated state enterprise. The capacity of the Finnish Maritime Administration to improve maritime safety on the Baltic Sea and measures related to combating oil pollution through international cooperation will be increased. The Government will secure funding for the vessel traffic monitoring and information system in the Gulf of Finland, so that it can be introduced in 2004, and will ensure that the waters of the Quark remain open to traffic all year round.

The Government will endeavour to safeguard the competitiveness of Finnish tonnage in relation to the main competitor countries. By revising the legislation on tonnage taxation, and through forms of support permitted by the EU and by other means, efforts will be made to ensure that ships will continue to sail under the Finnish flag. The long-term development programme for maritime and inland fairways will be continued, with special attention given to the shallower fairways, raw material transport and tourism development.

The Government will safeguard the air service on low-volume routes, especially with a view to maintaining the necessary links for business and international export industries.

VR-Group Ltd will continue to have a public service function, and Finland Post Corporation a range of general service functions. The market share of the railways will be increased, and VR-Group Ltd's income will be channelled primarily into investments serving rail traffic, such as rolling stock acquisitions. Preparations will be made for opening up rail services to competition, but will not go beyond what is specified in the EU regulations.

The Government will secure the conditions for Finland Post Corporation to meet the coverage requirements of its general service obligations and will stress the need for the company to introduce new types of business relevant to its operations that will emerge in the digital operating environment.

The Government will investigate the organizational development needs of Finnish Road Enterprise and will channel its income into basic road maintenance funding.

The Government will give due consideration to the special importance of Finnair Plc as part of the country's transport system, and in its ownership policy it will safeguard the conditions for Finnair to succeed in the changing global operating environment.

14 LEGAL POLICY AND PUBLIC SAFETY

Intersectoral decision-making processes will be improved and cooperation strengthened in order to enhance public safety, fight crime, reduce intoxicant-related problems, establish more effective legal safeguards and improve the drafting of legislation. The aim is to further cooperation between public authorities at all levels of administration without the traditional sectoral boundary constraints.

The planning and management of law-drafting will be improved in order to enhance the quality of the law-drafting process and the legislation produced. The capacity of the ministries to successfully draft new legislation will be improved, and inspection of legislation drafted will be further developed.

To raise the level of civil participation and improve the functioning of democracy, opportunities for civil participation and the forms that it can take will be expanded, and efforts will be made to increase voter turnout rates in line with the Government's policy programme on civil participation.

A comprehensive action plan will be drawn up to reduce the incidence of overindebtedness and prevent a worsening of such problems, and to ensure that management of insolvency cases is both flexible and efficient. In social terms, the aim is to improve the prospects for private individuals and families that find themselves in difficulty to pursue an active life. At the same time, the conditions in which business activity can continue will also be improved. The action plan will be implemented through cooperation between the different administrative sectors.

Debt counselling methods and the expertise of the staff concerned will be further developed. Work to reform the Execution Act — the law on debt recovery — will continue. The impact of changes to the Execution Act and to the laws on debt limitations will be monitored. The activities and organizational framework of the debt recovery authorities will be developed and their international operating potential expanded. A complete reform of the bankruptcy legislation will also be carried out, taking into account all the legislation on debt rescheduling and debt recovery. Supervision of bankruptcy estates by the Bankruptcy Ombudsman will be expanded and reinforced.

Access to the protection of the law must be available in equal measure and without undue delay throughout the country, following procedures that are flexibly applied to resolution of the matter at hand, and at moderate cost. Resources will be allocated to the judiciary according to genuine legal protection needs.

Greater flexibility will be introduced in court proceedings at all levels, and more attention given to the appropriateness of the proceedings, with the aim of resolving legal problems at reasonable cost. To simplify criminal legal provisions and procedures, the potential for increasing the number of legally uncomplicated criminal cases handled in summary penal proceedings will be investigated. Alternative, quick and cost-effective procedures will also be developed for court proceedings dealing with civil cases. Conciliation, on-line services and official advisory services will also be expanded, and modifications made to the system of qualifications and further training for judges. The Act on the Openness of Legal Proceedings will be amended, to achieve greater transparency in the application of the law.

To reduce handling times in courts of appeal, the efficient introduction of a screening process and more effective procedures will be sought. A broad-

based investigation will be made of the importance of the appeals process as a means of enhancing legal safeguards and consistency in the rule of law. The possibility of introducing class actions in commercial consumer cases, among others, will also be investigated. The Consumer Complaint Board will be transferred to the administrative purview of the Ministry of Justice.

The development of administrative judicial procedures will continue. The process of handling appeals will be accelerated, paying special attention to the handling times for decisions of importance for social or regional development.

The Companies Act will be revised, and the legislation on commercial corporations will be made more flexible. An investigation will be made of whether the wealth-related provisions of the present Marriage Act correspond to the needs of today's society. A government bill on fertility treatment will be presented to Parliament.

The language rights of the Sami people will be safeguarded.

The practical implementation of the Language Act will be monitored.

The Act on the Swedish Assembly of Finland (Folktinget) will be revised.

14.1 Public safety

Safety is a fundamental right and the basis for wellbeing. Criminal investigations and bringing to account those guilty of crimes should be prompt, accurate and reliable. Witness protection arrangements will also be made more effective, and closer cooperation will be sought between the authorities handling criminal cases. International cooperation will be expanded in the fight against crime.

Broad-based efforts to tackle the underlying reasons for crime and to implement the national crime-prevention programme will be intensified. To reduce the level of violence in society, a comprehensive national programme will be drawn up to combat violence, covering all the key areas. The means for intervening in cases of domestic violence will be strengthened.

The anti-drugs policy, which is based on a complete ban of narcotic substances, will be consolidated. The aim is to prevent the use and spread of drugs and to reduce narcotics offences and other drug-related crime.

To prevent economic crime, reduce the black economy and improve the seizure of criminally acquired assets, the relevant legislation will be developed and cooperation intensified between the different authorities.

The rights set out in the legislation on crime victims must also be fully observed in practice. Emphasis must be given to this in the work of the police, the prosecutors' office and other legal authorities. Operation of the Finnish Service for Crime Victims and the availability of other crisis support will be secured throughout the country. The provision of compensation for criminal injuries and criminal damage will be improved and the legislation revised.

The handling time for crimes committed by young people will be shortened through closer cooperation between the police, prosecutors, the courts and the social welfare authorities. The sanctions regarding young offenders will be

revised and their impact enhanced. The system will be modified to help young offenders return to a permanent crime-free life. New types of sanction will be considered, such as punishment by confinement.

The conciliation service offered in criminal cases will be made permanent, and the availability of conciliation will be guaranteed on an equal basis throughout the country.

A key aim of punishment enforcement and the Prison Service will be a reduction in recidivism. The legislation on prison sentences will be revised. Preparations will be made for the introduction of mandated treatment programmes. Developments in the punishment of offenders will focus on enhancing the prospects of offenders going on to live a crime-free life and finding a place in society. Aftercare will be organized to support the life management of prisoners released back into society. The system of imprisonment for nonpayment of fines will be re-examined for cases where fines have not been paid due to insolvency, and the scope for easing the overcrowding situation in prisons by more appropriate placement of nonpayment cases will be investigated. The use of liaison prosecutors will be increased in order to reduce the number of foreign nationals in custody.

To increase public safety and especially to reduce drug-related, violent and repeat offences, a comprehensive intersectoral programme concerning internal security will be drawn up. This will include outlining the goals for internal security and the measures and resources to achieve them. Any organizational improvements necessary in the police force in order to raise the level of service provided will also be identified. The programme will be prepared and implemented through systematic collaboration between the different ministerial sectors involved.

Close attention will be paid to the performance and resources of the police service, with the aim of maintaining a high level of public trust in the ability of the police to discharge their duties. Nationwide access to police services will be improved on the basis of the recommendations of the Koski working group published on 9 January 2001. Because of the large numbers of police reaching retirement age, the number of recruits accepted for police training will be increased.

The need for more effective criminal investigation and crime prevention will form a key priority in the future development of police work. The Government will ensure that the police force is staffed by skilled professionals.

The Government will ensure that the Frontier Guard can continue to operate effectively in line with changing needs. The capacity to perform the necessary border controls at border crossings will be safeguarded and the smooth flow of traffic secured.

As part of the safety network, the operation of a nationwide medical and rescue helicopter service will be developed. The aim is to transfer helicopter financing away from the present system based on Finnish Slot Machine Association funding and over to the Budget.

14.2 Immigration issues and foreign nationals

A complete reform of the Aliens Act will be made on the basis of the preparatory work already carried out and with full respect for international human rights, the principles of good governance and the rule of law. Proposals for measures to improve the functioning of the immigration authorities will be prepared in connection with this.

15 NATIONAL DEFENCE

The Finnish Defence Forces and the other elements of national defence will be developed in line with the Government's security and defence policy reviews. The defence administration will be streamlined and its efficiency improved. The recommendations of the security and defence policy review to be completed in 2004 will be central to the development of the Defence Forces.

The Government will comply with the European Union's common law on arms exports. Support will be given to the Finnish defence industry and its technological expertise and employment-generating potential.

Development of national emergency planning and national defence will also take into account any new risks and threats that may emerge. Priorities in planning and development will include security of supply, civil defence, protection of information systems and communications. Environmental disasters and other major accidents will also be taken into account in emergency planning.

16 PUBLIC ADMINISTRATION

The availability, quality, productivity and efficiency of public administration and public services will be improved.

The process of central government reform and the redefinition of its role will continue. The work of the ministries will focus on preparing Government and parliamentary decisions, strategic management, administration of EU affairs and international cooperation. The Government will continue the regionalization of central government units and functions, making use of the opportunities provided by the reform of central government and natural attrition in the workforce.

Closer cooperation will be sought between the ministries, and the Government's guiding and coordinating role will be strengthened. Support services will be concentrated in specialist units in order to improve the efficiency of core operations and to produce lighter administrative structures. The necessary pilot schemes for regionalization of support functions will be launched.

New, enlarged and remodelled units and functions of central government will primarily be located outside the Helsinki metropolitan area, on the basis of a Government resolution adopted on 8 November 2001. A long-term plan will be drawn up to safeguard the position of the present workforce and secure competent new staff to work for central government.

Central government functions will be regionalized and delegated to existing regional and local administrations. The operation and democratic control of regional government will be enhanced.

Securing the availability and quality of services will be of primary importance in the development of central government functions at the local level. The same applies to improvements in the provision of public services. A report will be drafted on the need for changes to the structure of State local districts and the need to reduce bureaucracy while at the same time safeguarding service availability in the different parts of the country.

The completion of measures to increase the amount of on-line administrative services and electronic transactions will be accelerated in accordance with the Government's policy programme on development of the information society.

The Province of Åland

Special attention will be given to increasing the degree of interaction between the Finnish Government, the European Union and the Åland provincial government regarding their respective roles in the Åland Islands. The aim is for the provincial autonomy of the Åland Islands to be preserved as an international model in the future, too.

POLICY PROGRAMMES

EMPLOYMENT POLICY PROGRAMME

The Government will launch a special intersectoral programme aiming to raise the employment rate and to prevent social exclusion caused by joblessness. A central part of the programme involves furthering regional collaboration between the various authorities responsible for employment, as this will be necessary for operation of the proposed labour force development centres. Existing and new services for the most difficult-to-place jobseekers and the resources for them will be provided centrally at these labour force development centres.

The new centres will involve municipalities, employment offices, municipal social and health care units, youth affairs units, the Social Insurance Institution (KELA) and other experts and service providers, on the cost-sharing principle applied in the experimental Joint Service Centres.

Various funding models involving local and central government and encouraging municipalities to take effective employment measures will be looked into. Possible reforms will be implemented in a manner neutral to different municipalities.

Regional cooperation will be furthered by means of binding agreements. The target is to draw up a personal motivation programme for all long-term unemployed and to offer training, a traineeship or a workshop job to all under 25s after three months of unemployment. The creation of long-term packages of rehabilitation, job training, personal training, traineeship and other training will be made possible in order to provide effective solutions for the most difficult-to-place jobseekers.

Persons who are permanently disabled will be referred to various support systems, including disability pension. The ELMA project will be continued and extended to the whole country.

Young people's entry into training or education, and their transition from this system into working life, will be accelerated. Vocational education needs will be better anticipated, to ensure that education is better attuned to the needs of working life than at present. The joint application procedure and other paths to vocational training will be improved, so that there will be less delay for young people in starting their studies. To prevent young people from becoming excluded, practical routes to vocational training such as apprenticeship training will be increased. Student counselling and vocational guidance will be improved and opportunities for young people to acquaint themselves with working life increased. The trial workshop project will be made permanent, to foster the employment of young people and the long-term unemployed.

Adult apprenticeship training and joint procurement of adult labour market training in collaboration with companies will be increased and the joint procurement system simplified. Joint procurement will also focus on furthering on-the-job training at SMEs.

Adult education and training times will be shortened so as to make the path to education more attractive, and training periods will be designed to serve the needs of working life better than hitherto.

Support will be given to encourage ageing people to stay on at work. To this end, possible reduction or equalization of the own-risk component in disability pensions paid out by big employers in 'last employer' cases will be considered jointly with the labour market organizations. In that connection, more equitable calculation of the disability component in the TEL employment pension contributions of different-sized companies will be looked into. Furthermore, the possibility of permitting ageing persons to do part-time work without impairing their social security will be studied. Work productivity and coping at work will be fostered with added training designed to upgrade professional skills. Jointly with the labour market organizations, the organization and quality of work at the workplace level will be upgraded more effectively by coordinating current working life programmes.

ENTREPRENEURSHIP POLICY PROGRAMME

The objective of the Government's economic policy is to create a framework that will foster company start-up, growth and internationalization. The most important goal is to secure economic growth, reasonable and stable interest rates and a low level of inflation, as these will enable companies to make investments and employ people in the long term.

The Government will implement an entrepreneurship policy programme. This will investigate possible incentives for entrepreneurship, ways of promoting the operations and expansion of SMEs in the start-up and growth stages, and support for women's entrepreneurship. The legislation will be adapted to the needs of small as well as large companies, generational changeovers for entrepreneurs will be facilitated, support will be provided for the better reconciliation of family life and entrepreneurship, and more incentives offered in the form of social security for entrepreneurs.

Efforts will be made to make entrepreneurship more attractive as a career. Measures will be taken to ensure that educational policy projects take account of the needs of SMEs. Support for companies hiring their first employees will be a special focus in entrepreneurship training and advisory services. Entrepreneurs will be given more opportunity for apprenticeship training.

The programme will monitor trends in tax and payments policy affecting SMEs, and related measures will be prepared in the relevant sectors of government. Administrative obstacles to entrepreneurship will be abolished and services for companies improved on the 'one stop service' principle. An Internet payment service system for small employers will be set up, a tax account system introduced and the frequency of payment of employer contributions and of reporting required of small companies reduced.

To underpin the balanced development of the entire country, ways in which entrepreneurs could make the most effective use of opportunities offered by the information society will be studied within the context of the entrepreneurship programme and the information society programme. To this end, the 'Yritys-Suomi' (Business Finland) portal will be upgraded to make it more useful. Company business competence will be enhanced through sufficient inputs in research and development.

Legislation on bankruptcies, corporate restructuring and other insolvency proceedings will be reformed to preclude unnecessary bankruptcies of viable companies. The options for personal bankruptcy and having one's own home included in protected property will be looked into. Opportunities for bankrupt entrepreneurs and entrepreneurs with recorded payment defaults to start up new enterprises will be improved as part of an overhaul of the legislation on credit information.

Extensive intersectoral collective effort and commitment to the programme will be fostered by means of regular monitoring by governmental and entrepreneurial organizations, also involving representation from the labour market organizations. The programme will encourage good social partner relations for SMEs. The monitoring process will assess trends in willingness to start up as an entrepreneur and the impact of measures on companies' competitive edge and employment ability.

INFORMATION SOCIETY POLICY PROGRAMME

The Government will implement an information society policy programme. The aim of the programme is to boost competitiveness and productivity and to promote social and regional equality through effective utilization of information and communications technologies in all sectors of society. The information society policy programme aims to utilize the prospects offered by the information society and to maintain Finland's status as a leading producer and user of information and communications technology. By this means, the multiple effects of the benefits to be gained by the entire economy from information and communications technology can be safeguarded.

The programme will boost competition in the communications market and foster the use of information society services in business and industry, education, health care, administration and everyday life. Using technologically neutral means, every citizen will be ensured access to fast, regionally extensive and reasonably priced communication links by the end of 2005. The information society skills of the general public will be improved. Government departments' and agencies' transition to electronic transactions in public services will be accelerated. The programme aims to ensure that the legislative framework for the information society is up-to-date.

The programme will foster provision of digital services and content, and encourage companies to engage in e-commerce and networking. Access to information and culture will be improved and the library system upgraded to meet the needs of the information society. Copyright legislation will be developed to meet the requirements of the information society. Confidence in information society services among the general public and businesses will be promoted by improving data security and protection of privacy.

The programme will secure the competence called for by the information society in all sub-populations, in business, industry and the public sector, and ensure that a sufficient number of ICT professionals and top experts are available. Public funding for research will be considerably increased.

The Government will also actively pursue the goals of the information society policy programme in international cooperation on the global and European level and in cooperation in the Nordic region and neighbouring areas.

Attainment of these objectives will be monitored yearly by the Government and the parties involved, using assessments of programme impact by means of national indicators and indicators reflecting evolution of the information society within the EU.

CIVIL PARTICIPATION POLICY PROGRAMME

A national democracy project will be launched to encourage civil participation and reinforce a functioning democracy. The aim is to improve opportunities for civil and electoral participation and provide more democracy education, and also to strengthen representative democracy otherwise.

The policy programme will coordinate measures aiming to advance democracy. Special attention will be given to integrating into the civil society less educated, low-income young people who are already, or are at risk of becoming, socially excluded. Information about and publicity on the programme should be designed to meet the needs of both language groups.

In its response to the Government report on civil participation, Parliament proposed launching a separate project to add to the appeal of the representative system, to sharpen its operational focus and to improve its general operating potential.

The programme will focus on the viability of representative democracy in parliamentary and municipal elections in particular. In parliamentary elections, there are problems in the voter/MP ratio and the obscurity of the electoral system as viewed by the individual voter. The extent to which parties can engage in political work with a message that will get across to the general public and make voters more active also depends on the economic resources, the need for which should be looked into.

As regards municipal elections, a specific study should be made of how the transparency and effectiveness of the decision-making process could be improved, the attractiveness of elections increased and voting facilitated by local and central government action. In that connection, consideration should be given to ways in which work done by boards, executive committees and other organizations of elected officials could be improved to give the general public a better opportunity to influence issues that have a direct bearing on them.

The project will also strive to influence voting activity by improving advance voting options. Experiences gained of e-voting in other countries will be assessed and the possibility of introducing e-voting investigated.

The project will seek new means to activate voting behaviour — particularly young people's — and to foster positive attitudes. Democracy education and day-to-day participation in schools and leisure-time activities, for example, will be developed. An important channel for democracy education is to deal with political activity and actors at the lower and upper secondary stage and in vocational institutions. There should be more civic education in the curriculum of vocational institutions.

The project should look into the efficiency of democracy in local and regional government and find ways to make it more attractive. Experiences from municipal democracy projects and regional projects should be appraised.

The viability of municipal democracy in issues relating to outsourcing and commercialization of operations will be looked into.

Responsibility for preparing and coordinating the policy programme will be divided between the Prime Minister's Office, the Ministry of Education, the Ministry of the Interior and the Ministry of Justice. The Association of Finnish

Local and Regional Authorities, the main political parties and civic organizations will also be invited to participate.

The project will aim to reinforce the position of civic organizations as a channel for civil participation and civil interaction and as a buttress of democracy. The project will also look into governance relating to democracy issues as part of public administration and search for best practices internationally for governance relating to democracy issues.

In addition to special programme funding, reallocation of appropriations and more effective use of resources will support achievement of these objectives. The sufficiency of budget appropriations to support political activity should also be assessed in connection with the project.