



PRIME MINISTER'S OFFICE
FINLAND



The Finnish Government's Mid-Term Policy Review Process – Summary

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Publisher PRIME MINISTER'S OFFICE		DESCRIPTION 25 June 2009	
Authors		Type of publication Report	
		Commissioned by Prime Minister's Office	
		Body appointed on	
Name of publication The Finnish Government's Mid-Term Policy Review Process – Summary			
Abstract The purpose of this publication is to offer non-Finnish speakers an overview of recent developments in the Government's programme management activities in Finland. In monitoring the implementation of the Government Programme, Finland has adopted an indicator-based approach; as part of this, a new type of political process was carried out halfway through the Government's term of office. This publication includes the key documents related to this mid-term review.			
Keywords Government Programme, policy programmes, follow-up, evaluation, indicators			
Name of series and number of publication Prime Minister's Office Publications 26/2009		ISSN 0783-1609	ISBN (pb) 978-952-5807-62-2
Number of pages 42	Language English	Confidentiality rating Public	ISBN (PDF) 978-952-5807-63-9
Published by Prime Minister's Office Publication as PDF: www.vnk.fi/english Further information: julkaisut@vnk.fi		Layout Outi Hiltunen, Policy-analysis Unit	
Distribution and sale Helsinki University Print Bookstore www.yliopistopaino.fi/bookstore Orders: books@yliopistopaino.fi		Printed by Helsinki University Print, Helsinki 2009	

PREFACE

The purpose of this publication is to offer non-Finnish speakers an overview of recent developments in the Government's programme management activities in Finland. In monitoring the implementation of the Government Programme, Finland has adopted an indicator-based approach; as part of this, a new type of political process was carried out halfway through the Government's term of office. This publication includes the key documents related to this mid-term review.

At the beginning of its term in the spring of 2007, Mr Matti Vanhanen's second cabinet agreed on the principles according to which the implementation of the Government Programme was to be monitored. As part of this process, a strategy document was adopted on 7 December 2008 (so called Government Strategy Document, GSD) to define the indicators by which the progress made in the Government's key objectives was to be evaluated. At the same time, the Government decided that the implementation of the programme would not be evaluated annually as was the case during the previous Government. Instead, the Government would hold a mid-term policy review to serve as a basis for defining clear-cut political goals for the rest of its term.

In the autumn of 2008, the Prime Minister's Office invited comments from the ministries and gathered information on cross-sectoral policy programmes to prepare an extensive evaluation report for the Government in early 2009. The central findings of the Government's Strategy Document - prepared by the civil service and reviewed by politicians - was that most of the measures foreseen in the Government Programme had been taken in accordance with the agreed timetable and that a number of the immediate effects sought by the Government had been achieved in several areas. However, the dramatic change in the economy following the international financial crisis has eroded the potential for achieving a number of the key economic objectives set by the Government at the beginning of its term. A failure to reach the employment target and balanced central government finances would inevitably be reflected in the attainment of other policy objectives as well. The first part of this publication provides a summary of the final conclusions drawn in the full report.

The data were reviewed by the Government in several phases as follows. The full report was reviewed at an evening session of the cabinet in February 2009. At these preparatory talks, the main focus was on the analysis of the issues covered by the Government's policy programmes and a number of other extensive cross-sectoral themes, such as the Government's legislative plan which is included in its strategy document. Moreover, the session agreed on the specific policy issues that the Government wished to focus on in its mid-term

policy review session. More specifically, the Government wanted to concentrate on the problem areas where the indicators predicted worrying developments. The themes selected for closer scrutiny by the Government are listed in this publication.

To carry out this detailed analysis, a special mid-term policy review was held. Accordingly, the Government convened for two days of talks on 23–24 February 2009 to address each theme in great detail. Each issue was introduced by the responsible minister - mostly based on the evaluation data gathered by the Prime Minister's Office. In a short briefing preceding the review, the Prime Minister encouraged the cabinet members to field new initiatives and innovations. The idea was to address any new policies in the Government's budget framework session, held a couple of weeks after the mid-term review, in which the central government spending limits for the following four-year period were to be determined.

The position adopted by the Government in its mid-term review is summarised at the end of this document. It presents a large number of re-assessments and new details concerning the Government's actions during the latter half of its term. The idea with the open analysis was that it was advisable for the Government to pause and evaluate the situation, and truly identify the issues that call for new initiatives or inputs in order to achieve positive results by the end of the Government's term.

Based on the mid-term review, the Prime Minister's Office has listed a total of over 130 measures to be followed up. The progress made in these issues will be assessed already in the spring of 2009 and followed by a closer analysis at year-end.

Although the present publication cannot, unfortunately, present all the information contained in the government mid-term policy-review report and its indicator tables and graphics, we sincerely hope that this summary will provide an extensive overview of the current developments in the Government Programme evaluation process. The monitoring of the Government Programme is a flexible procedure that will – and should – evolve with the times. During the current electoral period, Finland has been able to move forward in the horizontal implementation of the Government's policy and evidence-based policy-making.

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PART I

SUMMARY OF THE EVALUATION REPORT PREPARED BY THE PRIME MINISTER'S OFFICE FOR THE GOVERNMENT MID-TERM POLICY REVIEW SESSION

Promotion of entrepreneurship and the availability of labour and the development of the labour market

Workforce

- The positive trend in employment has been reversed.
- Measured by the employment rate, regional differences are nearly threefold. In 2008, the unemployment rate was the highest in North Karelia and Kainuu where over 13 per cent of the workforce was jobless. The lowest unemployment rates were recorded for Uusimaa (5.1 per cent) and Ostrobothnia (5.4 per cent).
- Efforts to increase work input towards the end of working careers have succeeded over the past few years with the careers of ageing employees having been extended and employment rates raised considerably since the mid-1990s. However, efforts to shorten the length of studies still need to be intensified.
- In 2007, the employment rate of 55 to 64-year-olds was 55 per cent. Of the 63 to 67-year-olds on full-time old-age pension, a total of 13,000 were in employment at the end of 2006. Of the EU Member States, the employment rate of elderly people was the fifth highest in Finland. However, the employment rate of 55 to 59-year-olds was 10 percentage points and that of 60 to 64-year-olds no less than 20 percentage points lower than in Sweden.
- Participation in gainful employment among 65-year-olds who have reached the statutory retirement age has increased during this decade, partly due to positive economic development.
- The percentage of young people pursuing further studies after completion of the comprehensive school is large and growing particularly in vocational education; however, the drop-out rate is high.
- In 2006, 14 per cent of all 25 to 29-year-olds had no qualification other than their basic education. A total of 31.8 per cent of men and 22.2 per cent of women did not pursue studies after the matriculation examination.
- Graduation ages have not decreased despite the measures taken. Of the people aged 20 to 29, students account for approximately 43 per cent – a figure substantially higher than the OECD average of 25 per cent.
- In 2006, approximately 87 per cent of general upper secondary school graduates and 68 per cent of vocational school graduates completed their studies within the target time; the corresponding figures for polytechnics and universities were 62 per cent and 45 per cent

respectively. At all levels of education, women graduated more quickly than men, particularly from university.

- The unemployment rate of foreigners has fallen clearly but is still three times higher than that of the Finnish population.
- In 2008, approximately 30 per cent of residence permit applications cited employment and 20 per cent studies as the basis for the application.
- Adult education plays an increasingly important part in the education and university policy as well as employment and business policies. The AKKU project focusing on activation and rehabilitation measures is expected to help vacancies and job-seekers find each other.

Quality of work life

- The effects of the standard of quality of work life and of job satisfaction on productivity have been duly recognised but the best practices need to be more widely adopted. The productivity of work has improved in Finland in the long term but the positive trend has now come to a halt.
- Work is perceived as more meaningful than in the past and the standard of quality of work life has improved, but job satisfaction is going down because of increasing urgency at work places, etc.

Entrepreneurship

- Although the number of firms in Finland is growing, it is still below the EU average. In 2007, there were some 263,000 businesses in the country excluding primary production.
- In 2007, there were 228,300 entrepreneurs in Finland excluding primary production, and the number is falling.
- Entrepreneur-employers account for slightly over 40 per cent of all entrepreneurs; their number has not grown over the past few years.
- Only 6 per cent of companies were clearly growth-oriented and growth-orientation in general has not improved over the past 10 years, rather the reverse.

Promotion of health

- The health of the population shows positive developments, but no major improvement is in sight.
- The inequalities in the health of individual demographic groups are still large, and the situation has not substantially changed for a long time.
- 17 per cent of comprehensive school pupils and 21 per cent of students in vocational schools perceive their health as moderate or poor. The perceived health and health habits of vocational school students appear poorer compared to those of upper secondary school students. Among comprehensive school pupils, many health indicators continue in the negative direction, and problems associated with overweight, tiredness and neck and shoulder pain have become more frequent.

- Among the working-age population, overweight is slightly increasing, as is binge drinking, but smoking has remained about the same. Participation in recreational sports shows a slight increase, which is positive. Accumulating lifestyle problems have resulted in growing rates of type II diabetes among the adult population. It is the fastest growing chronic disease in Finland and its treatment costs and associated diseases are escalating.
- The number of older people living at home and their functional capacity has remained approximately the same for the past ten years. About 84 per cent of men and 75 per cent of women aged 85 live at home. The use of antidepressants has risen sharply among people over 65. In 2006, about 95,000 of over 65-year-olds received reimbursements for antidepressants, which is about 11 per cent of the population of the same age.
- The occurrence of mental health disorders and the use of antidepressants have become more frequent among all age groups: about 264,000 of those aged between 25 and 64 receive reimbursements for antidepressants, compared to about 237,000 in 2006. The use of sleeping medicine has also increased among both women and men in all age groups.
- Alcohol-related harm imposes a great burden on the national economy. Reaching about EUR 5 billion, including all costs indirectly attributable to alcohol-related harm, the burden on the national economy continues to grow.
- Life expectancy among those aged 35 is climbing, but differences between social groups, level of education and the sexes remain large.
- A health-care e-library called *Terveyskirjasto* was launched in 2007, with more than 25 million pages opened during the first year. The website was visited about 5.9 million times in 2007, or almost 500,000 times a month, and the number of visitors grew in 2008. Nearly 60 per cent of *Terveyskirjasto* users thought that consulting the website had reduced the need to contact a health centre, and 22 per cent thought that it had reduced significantly.
- Anchoring the promotion of health in all administrative structures at different levels has begun well, and there is a better understanding of the economic and social significance of health promotion.

Promoting the well-being of children, young people and families

- Most children and young people are doing well, but some are affected by increased levels of social and psychological problems and social exclusion.
- Indicators of the social and psychological problems of children and the youth have shown hardly any positive developments over the past few years: the need for child welfare action continues to grow which is reflected in the constantly increasing numbers of children taken into care. Relative poverty among families with children is not getting any

better with single parents constituting 11 per cent of people living on low income in 2007. The situation has remained almost unchanged all through the 21st century. Similarly, more than one-fifth of two-parent families with children continue to live on relatively low income.

- A number of indicators suggest that polarisation is taking place among young people as a certain number of them continue to fail to complete the comprehensive school, although efforts to ensure access to education have been successful.
- By international standards, Finland is among the top performing countries in terms of comprehensive school learning outcomes, but falls behind in arts and sports.
- Levels of school satisfaction are improving, indicating at the same time, however, intensifying polarisation. Student welfare services at schools is not considered completely satisfactory, and bullying continues to pose a risk to the well-being of pupils.
- The trends associated with the health and health habits of school children are generally moving in a positive direction, but problems such as overweight, tiredness and mental health disorders are increasing. The consumption of alcohol among young people has reduced to a more moderate level.
- Children's physical activity is enhancing, while the physical condition of young people has declined considerably during the past few years. There are still unused potential in school sports.
- Feelings of loneliness and not getting enough attention from the parents are quite common among young people: one-fourth of those between 12 and 16 think that adults are too tired after work to ask how the children are doing. Home-help services for families with children have declined considerably. No major decisions have been made so far to facilitate the reconciliation of work and family life.
- The Policy programme for the well-being of children, youth and families has initiated efforts striving towards a child-friendly society, which is essential in terms of securing longer-term positive development.
- Efforts have been made to promote a safe media environment for children and young people and resources have been allocated to this purpose, but the measures taken have not been well enough coordinated.
- During the Government's term of office, few measures have been implemented so far to meet the objectives set to reduce the social and psychological problems and social exclusion of children, young people and families. Without further measures, the indicators for the social and psychological problems of children and young people are unlikely to show any significant changes.
- Similarly, efforts to promote early intervention and to improve the prevention of problems in advance have not yet been adequate enough.

Climate and energy issues

- Finland's Kyoto obligation can be met through EU emissions trading, Kyoto mechanisms and national climate and energy policy measures, despite the fact that between 2002–2007 Finland's greenhouse gas emissions exceeded the Kyoto target by an average of 10 per cent. As regards meeting the Kyoto target for 2008–2012, the Climate Strategy of 2005, currently being implemented, will be a useful tool.
- In the absence of further measures, greenhouse gas emissions are projected to increase after the Kyoto period. The Long-term Climate and Energy Strategy of 2008 includes key guidelines for achieving the 2020 targets. In addition, the Government foresight report on climate and energy policy, currently under preparation, is to put forward Government guidelines for a climate policy extending beyond 2020. The current economic downturn, however, might complicate the process of reaching an international agreement on climate policy for the post-Kyoto period.
- Mitigating the emissions resulting from construction, housing and traffic should be paid attention to, with a focus on how to interconnect climate policy decision-making between these sectors. The work by the Energy Efficiency Committee, to be completed in spring 2009, will give more specific guidelines for new measures needed in these sectors and in industry. Preparations to meet the challenges brought about by climate change have begun in a number of sectors, and this work needs to be strengthened in order to ensure timely risk-management measures.
- Measures to ease the recession need to support the climate objectives. Areas such as rebuilding and public transport provide opportunities for initiating such projects. The promotion of energy-efficiency will produce cost savings.

Competence and innovation

Education and skills levels

- The education and skills levels of the population have risen and progress is being made in the provision of equal educational opportunities for all.
- By international standards, Finnish basic education ranks among the best. The learning results are good and differences between individual schools and social groups small. However, class sizes in basic education vary considerably between municipalities. Bullying is an ever growing problem in schools. The use of communications technology has failed to increase its share in education as expected.
- Measured in terms of degrees, the general level of education is high. The percentage of people with diplomas taken after basic education is high among young adults (25 to 34-year-olds). The percentage of those with a university degree in this age group has increased substantially over the past few years and this trend is expected to continue until 2015.

- The percentage of those with vocational qualifications has been falling; this is partly due to the abolition of post-secondary level degrees from the educational system and the increasing attraction of universities.
- At universities and polytechnics, the student-teacher ratios have remained more or less unchanged throughout the 2000s. The availability of qualified teachers has improved.
- The provision and availability of upper secondary level education has improved. A place to study has been offered to all pupils completing basic education with fairly good success. However, a substantially larger percentage of immigrants, relative to the Finnish population, are left without a place to study after completing basic education.
- In 2007, the number of young people continuing their studies immediately after completing basic education increased slightly over the previous year. However, 6.5 per cent of all the comprehensive school leavers were left without a place of study (6.8 per cent in 2006). The drop-out rate among young adult males (25 to 34-year-olds) in upper secondary education remained high; in 2006 for example, 18 per cent of this group did not have a degree or qualification after their basic education.
- Despite several development projects, the situation in tutoring cannot be considered satisfactory in all respects. Tutoring and career guidance must be reinforced to ensure that young people find a suitable and motivating place to study according to their skills and capabilities. Steps must be taken to ensure that the best practices and procedures adopted in the course of developing tutoring and career guidance are efficiently embraced and distributed.
- In its present form, the student aid system does not provide enough incentive to speed up studies.

Universities and research

- Structural reforms of universities have been initiated on a broad front. The current extensive reform reinforces the universities' economic and administrative autonomy.
- The efforts to promote top expertise of international standard have not been as successful as expected. One of the weaknesses of the Finnish university and research system is the low degree of internationalisation compared with the competing countries. Finnish universities have been left behind in the rapidly growing international training markets. Furthermore, the expertise in exporting education is not at the level it should be. However, the international mobility of university teaching and research staff and of students has improved substantially. Even so, we are still lagging behind the competing countries.

R&D activity

- At the present rate, Finland will not achieve the objective of four per cent of the GDP established for R&D funding by 2011. The share of R&D activities of the GDP will fall slightly from the 3.5 per cent level attained in the preceding years to 3.37 per cent. In 2008, public R&D funding was estimated to account for 0.95 per cent of the GDP which falls below the one per cent target determined by the EU.
- The current economic situation poses new challenges to the growth of public R&D funding. As companies cut back on R&D activities during the economic downturn, the importance of public incentives may be assumed to increase.
- Public R&D funding has been duly appropriated as foreseen in the Government Programme; for example, the share of the service sector has grown. R&D funding has been successfully allocated to areas that are regarded as central to the economy and business and industry. Progress has also been made in internationalising innovation activities.
- A lot of work will be required to make full use of the results of research and development efforts and to commercialise them.
- The regulatory framework for intellectual property rights is complicated and includes superfluous overlapping arrangements.
- Companies that would create and make use of new technology and grow as a result are few in Finland.

Society's creative base, creative sectors and culture

- Society's creative base has been reinforced and the social and economic significance of creative sectors and culture increased.
- The provision of cultural services is regionally extensive and uniform throughout the country. However, the availability of library services has slightly declined.
- The economic importance of creative and cultural sectors has grown.
- On the whole, the measures already taken during the current electoral period and actions being carried out or planned will be enough to attain the objectives outlined in the Government Programme.

Administrative reform

- The Government has implemented extensive structural reforms in the central government administration. Similarly, significant changes are taking place also on regional government level where resources and functions are being pooled.
- The devolution projects foreseen in the ministries' existing plans will make it possible to achieve the minimum target for decentralisation meaning the relocation of 4,000 to 8,000 jobs outside the Greater Helsinki Area.
- Progress has been made in the Government productivity programme measured both in terms of increased productivity and the Government's

man-year and personnel indicators. The impact of the productivity programme and its relation to other policy objectives, such as the lengthening of working careers, relocation and sectoral research, has remained unclear.

- Finland's ranking in e-government services has fallen in comparative international studies in recent years. Individual e-services have been successfully deployed but development work has been sporadic and partly overlapping. Additionally, there are major differences both in the ease of use and ease of finding the services provided by the various government agencies. The development of e-health services has been delayed and the key policy decisions for the implementation of the reform are still pending.
- A great deal of untapped productivity potential exists in the development of administrative services, the introduction of new procedures and the dissemination of best practices.

Project to restructure local government and services

- Municipalities are growing larger. Municipal amalgamations will reduce their number by approximately 20 per cent compared with the initial situation.
- Most likely, the population base objectives will be successfully attained.
- More data will be needed on the impact of the restructuring project on efficiency in the provision and quality of the services.

Prevention of social exclusion

- Up until the economic downturn that started in 2008, the employment rate increased and youth and long-term unemployment decreased. Recent developments in the economy are reversing this positive trend. Absolute poverty has decreased while relative poverty in Finland is among the lowest in the EU.
- However, the number of people exposed to the poverty risk is constantly growing: the number of low-income households (disposal income less than 60 per cent of median income) has increased rapidly since 1995 with 13.6 per cent of the population exposed to the risk of relative poverty in 2007. Income discrepancy has increased at both extremes.
- Well-being among children and the youth is unevenly distributed. Most are doing well, are healthy, engage in physical exercise and other hobbies and are actively involved in other respects; however, a small minority is doing progressively more poorly as suggested by a number of indicators. The need for child welfare action and the number children taken into care have been increasing at a steady rate. According to the young people themselves, the biggest single reason for social exclusion is the lack of friends. Bullying at school and depression are real problems for the young.

- There is a great need for the reinforcement of early multi-professional intervention capabilities in the municipalities in order to identify and support those at risk of exclusion. Full use has yet to be made of the tools available for this purpose in order to re-focus the resources from expensive corrective action to prevention.
- The consumption of alcohol has increased and the related problems aggravated. Mental health problems are growing in all age groups. Physical assaults and violent crimes are increasing.

Preparations for demographic changes

- For several years now, Finland has been preparing for the challenges of the ageing population with a variety of policy reforms. These policy measures have been fruitful, but the preparations should still continue.
- In spite of the reforms made, public finances, in particular, are not on a sustainable basis. Additional problems are associated with "social sustainability".
- As far as the sustainability in public finances and, ultimately, social sustainability are concerned, the key issue is how much the employment rate can be raised.
- Relevant measures will be prepared in connection with the comprehensive reform of social security to respond to policy challenges.

Foreign and security policy

- Finland's foreign and security policy has been implemented in accordance with the Government Programme.
- Finland has welcomed initiatives introduced by EU Presidency Countries and been active in the development of the EU's rapid reaction capabilities and the EU-NATO cooperation.
- Northern Dimension policies have been strengthened.
- Finland's participation in crisis management operations has been in line with Government guidelines, and civil crisis management has been elaborated.
- Measures to secure the functions vital to society have advanced as intended, and preparedness has improved.
- The citizens' will to defend the country remains strong.
- The number of military service drop-outs is still rising, totalling about 18 per cent in 2008.

Internal security

- Crimes against life and health, cybercrime and alcohol-induced accidents are increasing.
- In accordance with the Government Programme, key objectives and measures relating to internal security are laid down intersectorally in the Internal Security Programme.

Finland's position in the world

- In accordance with the Government Programme, Finland has been a proactive Member State of the European Union and a positive actor on the international scene.
- As far as the implementation of the Lisbon strategy is concerned, Finland has achieved most of its objectives in terms of employment, immigration policy, education and macro-economic measures.
- Cooperation with the neighbouring areas has been pursued on a broad front.
- The Nordic Dimension partnerships are advancing in several sectors.
- Progress has also been made in improving the effectiveness of development cooperation but at too low a rate to attain the objectives established for 2010.
- The target for development cooperation funding set by the European Council (0.51 per cent of the GDP by 2010 and 0.70 per cent by 2015) is challenging.
- Efforts have been continued to enhance development cooperation and crisis management performance, and to increase consistency in the development policy.
- New measures have been introduced to reinforce Finland's international image particularly through cultural services and excellent PISA results. Finland's image has been eroded by the negative publicity caused by the school shootings.
- Major logistics challenges to Finland are presented by the land transports to Russia and the increasing volume of traffic in the Baltic Sea.

Sectoral research

- The control system for the contract-based allocation of resources administered by the Advisory Board for Sectoral Research is not efficient and functional enough to implement the policies outlined in the Government Programme and the Government's decision-in-principle.
- The procedure applied in steering sectoral research has not provided a clear overview or *modus operandi* for prioritising the existing and proposed research agendas. The development efforts have generated relevant research programmes responding to the needs for up-to-date information; however, a bottleneck for launching them is created by the lack of sufficient project funding.
- Full use is not made of research data in the preparation of policies and law drafting. The methodology for impact assessment of policy measures and related procedures need to be urgently developed.

Towards better regulation

- Improving the quality of statute drafting as outlined in the Government policy will not succeed if the problems related to the timetables of the drafting process and to the insufficient number of personnel are not solved.
- In more than 50 per cent of the cases, the legislative drafting lacks behind the original timetables.
- The main problems in implementing the legislative measures are:
 - Important legislative projects within the EU are not adequately identified.
 - The principles of transparency and public hearings are often overlooked.
 - Alternative solutions are seldom provided in government proposals.
 - Impact assessments are not extensive enough nor are they adequately organised.
 - Revision of the original Finnish texts is not properly organised within the Government.

PART II

POSITION PAPER OF THE GOVERNMENT MID-TERM POLICY REVIEW

1 Introduction

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

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

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

2 Economic policy

High productivity and employment to safeguard services and benefits

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

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

The Government will respond to the mounting challenges by:

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

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

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

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

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

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

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

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

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

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

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

Securing funding for public services and benefits

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

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

To accomplish these goals:

- The minimum age of eligibility for old-age pensions will be raised in stages by two years over a 12-year transition period starting in 2011.
- The minimum age of eligibility for group pension insurance will be raised as swiftly as possible from 60 to 65.
- The minimum age of eligibility for individual pension plans will be raised as swiftly as possible from 62 to 65.
- The provisions governing the extension of entitlement to unemployment benefits, part-time pensions and disability pensions will be amended, bringing the reforms into force once the situation in the labour market has improved but no later than 2013. Proposals pertaining to the reforms are being drafted by the Social Protection Committee (SATA Committee, in charge of preparing an overhaul in the social protection system in Finland).
- The system for job alternation leaves will be revamped.
- People able to work only part-time or who are otherwise hard to employ will be encouraged to participate in the labour market using measures designed to promote the health and working capacity of workers and to improve the quality of working life in order to make it possible for people to extend their working lives. The Social Protection Committee will draft the relevant proposals by the end of summer 2009. This means the Ministry of Social Affairs and Health and the Ministry of Employment and the Economy will need to make a concerted effort to develop people's working capacity to work and to actively disseminate best practices.
- Adult education and relevant compensation schemes will be reorganised to improve flexibility in the labour market and to reduce the risk of structural unemployment. The goal is to help anticipate changes in the labour market, boost productivity and respond to the needs of the labour market more effectively.
- Unemployed people will have better access to self-motivated training in accordance with the proposal to be prepared by the Social Protection Committee. They will be offered the same benefits as are available to those participating in labour-market training.
- Attention will be paid to the continuity and sufficient extent of guidance counselling in order to ensure an unbroken chain from basic education to the labour market.
- The admission of the same year's matriculated students to university education will be stepped up. The entrance examination systems will be revised in collaboration with universities and polytechnics to make more efficient use of the electronic joint application system and the matriculation examination. Entrance examinations will be modified to make them more appropriate and the textbooks to be used in entrance examinations will be publicised only after the matriculation examinations. Educational institutions will be asked for their commitment and possible proposals during 2009.

- The supply of extension education geared to higher education graduates will be improved to enable admissions to university degree studies to be increasingly targeted to the young age groups. This development will build on preparations already made in the comprehensive adult education reform.
- A proposal for a structural reform in the student financial aid system will be drawn up by the end of 2009 with a view to encouraging full-time studies.
- Undergraduate work placement will be developed to make it easier to join the labour market.
- Once the 'Ammattistartti' project, a pilot project designed to prepare students for vocational basic education, has been adopted on a permanent basis, the project and other forms of preparatory instruction will be further honed. On-the-job learning in vocational training will also be enhanced.
- Measures will be taken to assure that there are places in upper secondary education and training for all school-leavers. Relevant statistics compilation will be developed and data generated within the electronic joint application system will be used with a view to more efficient placement in education and training.
- National recommendations setting out the principles and procedures for the identification and recognition of prior learning will be prepared in collaboration with training providers, universities, social partners and other stakeholders.

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

To achieve these goals:

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

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

this is accompanied by decisions to reinforce general government finances structurally.

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

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

Reinforcing the framework for economic growth

The Government's aim is to make sure that the Finnish economy can recover and starts growing as swiftly as possible and get back onto the planned path of better employment. Once the global financial crisis eases, the recovery in demand will trigger new growth in world trade and unleash pent-up investment needs. Owing to the financial market crisis and its probable repercussions, the Government will need to take further growth-oriented action in the economy to bring the country back on its path of positive development. Steps will be taken to ensure favourable conditions for economic growth by giving due consideration to the availability of labour, productivity trends, skills enhancement and the external competitiveness of the economy. Timely and targeted growth efforts will also promote the climate policy objective of a low-emission economy.

As in the past, the Government's growth policy will focus on fostering competence from primary to tertiary education and on creating and exploiting knowledge effectively. A key role in achieving these objectives lies in ensuring a comprehensive nationwide transport and data communications infrastructure, and in making different parts of the country appealing as a residential and working environment. Finland's extensive renewable natural resources, their

sustainable exploitation and the development of a state-of-the-art technology to harness these resources all offer excellent potential for economic recovery.

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

To better exploit knowledge and competence:

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

of the international evaluation of the national innovation strategy and innovation system.

- The efforts to develop the labour market (TYKES Workplace Development Programme) will be intensified as part of the innovation system.

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

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

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

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

Measures supporting integration to prevent social exclusion

The Government's goal is to navigate Finland through the recession as intact as possible. To this end, measures will be intensified to prevent prolonged unemployment of those who are, or have been, made redundant. The Government urges the unemployed and people who have been made redundant or temporarily laid off to seek training or take part in other schemes that

support employment and working ability. A special target group is young males threatened by social exclusion. Income security during participation in activation measures will be raised from the existing level by extending the increased support to the basic income security system. The new benefit would only apply to recipients of labour market support and basic unemployment allowance. Refusal to participate in activation programmes will automatically result in the loss of the benefit.

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

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

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

3 Securing welfare services

Focus on the structural reform in the provision of services

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

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

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

- The Government will guarantee the financial recourses required for the services while the municipalities will assume responsibility for demonstrably modernising their services and improving productivity.
- In the context of the PARAS project, the main focus will shift to developing services while the efforts to reform administrative structures will be continued. In the future, the municipalities will be required to focus on developing the services within the new and evolving structural framework. Full use must be made of the potential offered by the new structures.
- Reforms will be pursued by adopting best practices, improving the service processes, modifying the division of duties, utilising information technology, introducing purchaser-provider models, and by making use of the services offered by the private and third sectors. The need for such measures is particularly pressing in municipalities that satisfy the criterion for a minimum population base and have therefore not undertaken any structural reforms, and in municipalities that are exempted from the population base requirements under the act on restructuring local government and services.
- The use of service vouchers will be developed in the context of the new legislation.
- Nationwide productivity objectives will be established for municipalities and joint municipal authorities by making use of appropriate

productivity cost-calculation indicators. Municipalities and joint municipal authorities will be required to prepare a plan for measures to be taken to improve productivity.

- The twenty largest municipalities will be obligated to prepare productivity programmes for developing the services. The implementation of the programme will be monitored jointly by the central and local governments. The impact of the productivity programmes will be evaluated and the best practices created in the processes applied in other municipalities as well.
- The Government will initiate, in collaboration with the Association of Finnish Local and Regional Authorities, a project to identify and eliminate existing norms and standards that prevent improvements in productivity and maintain inflexibilities.
- Efficient steps will be taken to promote the adoption of best practices in the provision of services by the municipalities and joint municipal authorities, and to develop tools for this purpose. The comparability of the costs of services will be improved in collaboration with the Association of Finnish Local and Regional Authorities.
- The report will be accompanied by proposals for actions with a view to urban regions. When the report is released, the plans for urban regions and the outcomes of the performance evaluations will be used as a basis to determine whether more clear-cut obligations should be imposed on urban regions regarding land use, housing, traffic and the provision of services across municipal boundaries.
- Other measures will also be evaluated in connection with the report to provide pointers for further preparations.
- The Ministry of Social Affairs and Health and the Ministry of Finance will be obligated to implement, together with other relevant actors, a training and development project to support the functional reform of the social and health care system and change management.

Developing social and health care services

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

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

New schemes and reforms foreseen under the programme include new practices in the division of duties and responsibilities at health centres, the expansion of

low-threshold services, the utilisation of information technology in customer service, and a greater focus on preventive health care at child health clinics and health centres.

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

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

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

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

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

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

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

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

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

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

To develop preventive health care services:

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

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

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

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

Developing the living environment of children and young people

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

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

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

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

Steps will be taken to ensure the availability of morning and afternoon activities for young schoolchildren. Final decisions on the measures will be made after the proposals have been circulated for comments. Efforts to extend school club activities to pupils of all ages will be continued in the context of the programme on the quality enhancement in basic education (POP programme). The potential for improving the opportunities of low-income families' children to participate in morning and afternoon activities and other free-time pursuits will be investigated.

During the past few years, the physical condition of young people has declined dramatically. The Government's goal is increase physical education both at and

outside school in collaboration with the school partner networks. This will be done, for example, by developing morning and afternoon activities and providing opportunities for physical activities during recesses and improving the capabilities of NGOs to contribute to this objective. Additionally, support will be provided to municipalities to improve the safety of school transports and the standard of school yards with a view to promoting physical exercise among children and young people.

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

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

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

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

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

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

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

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

5 Immigration policy and integration

The Government's goal is to support the employment of immigrants and their integration into Finnish society. The Government will step up its efforts to combat racism and intensify investigation of racist crimes and regulation in view of illegal terms of employment, and makes a commitment to zero tolerance in these issues.

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

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

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

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

Asylum policy

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

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

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

6 Other themes

Problems with mould and mildew in buildings

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

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

Intelligent traffic and transport

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

Ensuring the standard of quality in bill drafting

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

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

Evaluation of the impact on language relations

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



PRIME MINISTER'S OFFICE
FINLAND

SNELLMANINKATU 1, HELSINKI
PO BOX 23, FI-00023 GOVERNMENT,
FINLAND
Tel. +358 9 16001, +358 9 57811
Fax +358 9 1602 2165
julkaisut@vnk.fi
www.vnk.fi/english

ISBN 978-952-5807-62-2



9 789525 807622

Distribution and sale:
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P.O. Box 4 (Vuorikatu 3 A)
FI-00014 HELSINKI UNIVERSITY, FINLAND
Tel +358 9 7010 2363 or 7010 2366
Fax +358 9 7010 2374

ISBN 978-952-5807-62-2 (Pb)
ISBN 978-952-5807-63-9 (PDF)
ISSN 0783-1609