

#SERIOUSGROUNDS

A catalogue of Orpo-Purra Government cuts



Finnish
Seafarers' Union



Teme



A catalogue of Orpo-Purra Government cuts

Changes that the Government is already preparing **are shown in red below**. The date of entry into force is shown for cuts that have already been decided. A date of entry into force has already been forecast for some cuts that have yet to be confirmed by Parliament.

Erosion of working conditions

- There will be no pay for the first day of sick leave
- "Relevant grounds" will alone suffice for dismissing an employee
- Special grounds will only be required for temporary employment when the job lasts for longer than one year
- A shorter notice period will be required for temporary layoffs
- Businesses with fewer than 50 employees will have no duty to re-engage redundant workers when operations recover
- Workplaces with no shop steward will be allowed to agree local employment conditions that fall below the statutory standard
- Reduced powers of the national conciliator will make it harder to settle industrial disputes

Restrictions on the right to strike

- Restriction of sympathetic and political strike action
- A fine of EUR 200 for individual strikers when a strike is found to be illegal
- A dramatic increase in union strike fines

Cuts in social welfare

- ✘ Child supplements in unemployment benefit will be abolished (takes effect on 1 April 2024)
- ✘ The benefit portion that is protected in part-time working will be abolished (takes effect on 1 April 2024)

- ✘ Earnings-related benefit will already be reduced after two months of unemployment (submitted to Parliament on 29 February, takes effect on 2 September 2024)
- ✘ The waiting period for unemployment benefit will be prolonged (took effect on 1 January 2024)
- ✘ A longer employment condition for earnings-related benefit (takes effect on 2 September 2024)
- ✘ The employment condition of eligibility for unemployment benefit will be based on prior earnings instead of working time (takes effect on 2 September 2024)
- ✘ Wage-subsidised employment will no longer count towards the employment condition for earnings-related benefit (submitted to Parliament on 29 February, takes effect on 2 September 2024)
- ✘ Eligibility for unemployment benefit will begin only after phasing of outstanding holiday compensation (took effect on 1 January 2024)
- ✘ Job alternation leave will be abolished (submitted to Parliament on 15 February, takes effect on 2 September 2024)
- ✘ Adult education benefit will be abolished (submitted to Parliament on 15 February, takes effect on 1 August 2024)
- ✘ Benefits will be reduced for unemployed elderly workers (submitted to Parliament on 29 February, takes effect on 2 September 2024)
- ✘ The housing allowance portion that is protected during part-time working will be abolished and the allowance will be reduced (takes effect on 1 April 2024)
- ✘ Income support will be cut and made subject to tougher eligibility conditions (takes effect on 1 April 2024)
- The parental allowance increase payable for the first 16 working days will be abolished (the Government announced on 19 September 2023 that it is seeking alternative measures)

What is #SeriousGrounds?

#SeriousGrounds is a campaign that unites all SAK trade unions and their members under a common banner. It discloses and raises a national debate on how badly the Finnish Government is treating workers, the unemployed and the most disadvantaged in our society. We workers will indeed have serious grounds for concern if the next four years develop as the Government is seeking. We are the target of numerous cuts motivated not by economic necessity, but by a desire to increase the power of employers. Our social welfare is on the chopping block. The outcome of this poorly planned and hastily implemented package will not be an influx of new workers, but of poverty.

- ✘ Employees have been invited to help boost economic growth mainly as the target of cuts. The aim is a worker who can be readily dismissed at the whim of the employer.
- ✘ The economic excuses offered as a basis for cuts do not stand up to closer scrutiny. Most of the measures impacting employees will have no significant effect on public finances, so there are no financial reasons for implementing them. This is not about money, but an ideology that requires a strong position for the employer and corresponding weakness for the employee.
- ✘ Changes in the law are normally made in pairs, meaning that reductions in some aspect of job security are balanced by additional security elsewhere. This is not what is happening now: no significant additional responsibilities have been proposed for businesses.
- ✘ The comparison with systems in various countries is one-sided, and the claim that some policy has already been applied elsewhere is a case of cherry-picking. The Finnish labour market model is a single balanced entity that cannot accommodate individual elements from the practice of other Nordic countries.
- ✘ The cuts affecting the unemployed and social welfare will victimise the same people from multiple angles. While these plans are already well advanced, there has been no calculation of combined impacts, and alleged savings per individual have been counted many times over.
- ✘ The Government is also displaying undeniable cruelty in taking from those who already have very little. An SAK study indicates that reasons related to age or health are uppermost in explaining why people are not in work. Neither of these underlying factors will be improved by making even minimal cuts in the livelihood of unemployed workers and their families.
- ✘ People in power must be open to criticism. The current Government will begin by restricting the right of employees to express their views, with major cuts and austerity measures then following immediately.

The Orpo-Purra Government is moving Finland away from the Nordic model

Unemployment benefit rates*



60–71%

No children

68–84%

2 children



73–75%



85%

Orpo-Purra Government:

- phased reduction
- more waiting days
- abolition of child supplement
- phasing of holiday compensation



46–55 %

* Reckoning earnings-related benefit rates at monthly wage levels of EUR 1,500 and EUR 2,500. Calculation includes waiting days, phased benefit reductions and phasing of holiday compensation.

Benefit waiting days at start of unemployment



5 days



2 days



0 days

Orpo-Purra Government increase in waiting days



7 pv

Resources for unemployment services

Percentage of GDP



0,83%



1,05%



1,63%

Orpo-Purra Government cutting EUR 41 million from services for the unemployed



Sympathy strikes



Permitted in support of lawful industrial action

Orpo-Purra Government restricting sympathy strikes by subjecting them to assessment of proportionality



Political strikes



No statutory restrictions



No sanctions in practice



No statutory restrictions



Permitted in the private sector

Orpo-Purra Government imposing statutory limits on the duration of political strikes



Mediation of industrial disputes



No statutory limits on the outcome of mediation

Orpo-Purra Government banning conciliation proposals in excess of general policy



Interim prerogative of interpretation



Employer



Employer, but subject to negotiation



Employees

Statutory representation threshold*



150+ employees



35+ employees



25+ employees

*Threshold for mandatory staff representation in enterprise administration

Erosion of working conditions

A radical change is coming in terms and conditions of employment. The first Government measure will seek to reduce the status of workers' representatives.

- There will be no pay for the first day of sick leave
- "Relevant grounds" will alone suffice for dismissing an employee
- Special grounds will only be required for temporary employment when the job lasts for longer than one year
- A shorter notice period will be required for temporary layoffs
- Businesses with fewer than 50 employees will have no duty to re-engage redundant workers when operations recover
- Workplaces with no shop steward will be allowed to agree local employment conditions that fall below the statutory standard
- Reduced powers of the national conciliator will make it harder to settle industrial disputes



No wages for the first day of sick leave

Government Programme entry

Sick pay will be amended to classify the first day of absence due to illness as a waiting day for which the employer would have no duty to pay wages unless otherwise stipulated in the collective agreement or employment contract. The waiting day would not apply to sick leave periods of five days or longer, or to cases in which the incapacity to work is due to a work-related accident or occupational disease.

Current practice

There is no legislation governing sick leave waiting days. Several collective agreements stipulate that wages are paid from the first day of illness. All benefits are renegotiated when revising a collective agreement, meaning that such clauses may also be dropped. The statutory minimum would then apply when the collective agreement no longer governs this issue.

Impact

- ✘ The first day of sick leave will be unpaid in future unless the collective agreement or individual employment contract specifies otherwise. This may encourage sick employees to come to work, thereby infecting their colleagues and others at the workplace. This poses a particular risk in sectors where employees work with people who are ill or elderly. Many people also suffer from recurrent short-term ailments, such as migraine. Working through a migraine can even pose a safety risk.
- ✘ The new law will treat people in an inequitable way. Industries organised by SAK-affiliated trade unions in particular provide fewer opportunities to work remotely. Individuals cannot work from home in these sectors, for example during an epidemic of a highly contagious disease such as the common cold.

"Relevant grounds" related to the individual employee will suffice for dismissal.


Government Programme entry

Provisions governing individual dismissal will be modified to make relevant grounds related to the individual sufficient for terminating an employment contract.

Current practice

An employer may only terminate an employment contract on serious and relevant grounds arising from or related to the individual employee. The grievances of small businesses concerning difficulties in terminating employment were already addressed in an amendment to the Employment Contracts Act that took effect in July 2019. This amendment incorporated a provision on comprehensive assessment, enabling consideration of the number of employees in the employer's service and the overall circumstances of the employer and the employee when assessing the relevance and seriousness of the grounds for terminating employment.

Impact

- ✘ The amendment will lower the threshold for dismissal, making individual termination easier in practice.
 - ✘ This is a loss of job security from the employee's perspective. It may discourage employees from calling attention to problems at the workplace, for example.
 - ✘ An employee who has been dismissed on individual grounds is deemed to have caused the termination of employment, and is accordingly sanctioned with a waiting period on eligibility for unemployment benefit. The significant cuts in unemployment and other social welfare benefit included in the Government Programme exacerbate the impact of reduced job security on employees.
 - ✘ The alleged employment-boosting impacts of this reduction are questionable, to say the least. Instead of promoting employment, deteriorating job security may increase the psychosocial demands of working, which has been found to impair productivity.
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Special grounds will only be required for temporary employment when the job lasts for longer than one year

Government Programme entry

The current provisions of the Employment Contracts Act governing temporary employment contracts will be amended to enable conclusion of an employment contract for a fixed term of one year with no special grounds. Legislation will also ensure that the amendment does not enlarge the unfounded use of successive temporary employment contracts.

Current practice

Temporary employment may currently only be entered into on justified grounds. No temporary employment contract may be concluded when the need for labour is permanent. Employment contracts concluded with long-term unemployed workers form an exception to this rule.

Impact

- ✘ Use of temporary employment will probably increase. This will in turn increase the uncertainty experienced by employees and fragmentation in working careers.
- ✘ Unlawful use of successive employment contracts is already prohibited, but supervision of this ban remains extremely difficult.
- ✘ An increase in temporary employment may increasingly impair the ability of employees to accrue and take annual leave. Employees enjoy a statutory entitlement to 2.5 days of annual leave for each full leave-earning month. This entitlement is reduced to two weekdays per month if uninterrupted employment has continued for less than one year by the end of the leave-earning year. Employees who are continually hired for limited periods may never qualify for leave at the higher rate of 2.5 days per leave-earning month. This means in practice that employees may pursue quite long working careers without ever enjoying the increased rate of holiday accrual.



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- ✘ A temporary employee is not free to resign in the same way as a permanent employee, even on securing permanent employment elsewhere. These employees are locked into their employment for a specified period unless otherwise stipulated in the employment contract.
- ✘ Temporary employment is most common among young and female employees. Young women in particular do a great deal of temporary work. They also suffer substantial discrimination due to pregnancy and family leave. Failure to continue temporary employment is one of the most typical features of discrimination cases involving pregnancy and family leave. Any increase in temporary employment may tend to boost discrimination in practice.

Shorter notice required for temporary layoffs

Government Programme entry 1

The minimum restructuring negotiation periods under the Act on Cooperation within Undertakings will be halved.

Current practice

The Act on Cooperation within Undertakings stipulates minimum restructuring negotiation periods of 6 weeks or 14 days, depending on the size of the enterprise, the number of employees affected by a proposed restructuring, and the duration of any layoff.

Impact

- ✘ Halving the periods for restructuring negotiation means that the new periods will be 3 weeks or 7 days. This effectively gives employee representatives as little as one week to study the proposed reductions, discuss them with the staff, and formulate a common position.
- ✘ The amendment will fundamentally limit the ability of employees to submit their own views on alternative solutions, for example when an employer is threatening redundancies.
- ✘ The amendment will probably increase the number of industrial disputes, as there would not be enough time to clarify procedures and justifications.

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Government Programme entry 2

The Government will increase the threshold for applying the Act on Cooperation within Undertakings to the level permitted under EU provisions.

Current practice

The Act on Cooperation within Undertakings applies to enterprises and organisations that regularly employ no fewer than 20 people.

Impact

- ✘ The Government claims that EU provisions allow an increase in the application threshold to 50 employees. This would exclude at least 200,000 employees from the scope of the Act on Cooperation within Undertakings.
- ✘ Businesses falling outside the scope of the Act are not required to comply with restructuring negotiation periods, provide access to information, arrange participation in developing workplace operations, provide protection against dismissal, or observe general negotiating conditions.
- ✘ The amendment will remove the level competitive playing field for businesses and place employees in an inequitable position according to the size of the workplace.
- ✘ It will impair the ability of small and medium-sized workplaces to consult employees over labour deployment procedures, the skills requirements of staff, development prospects, and other issues that form part of statutory codetermination.

Businesses with fewer than 50 employees will have no duty to re-engage redundant workers when operations recover.

Government Programme entry

The duty to re-engage an employee under the Employment Contracts Act will be abolished for enterprises and organisations that regularly employ fewer than 50 people. This provision will apply irrespective of any stipulation of a collective agreement.

Current practice

The duty to re-engage applies to employees who have been made redundant, or who have been dismissed in the context of a restructuring procedure.

An employer must offer work to a former employee who was made redundant if the employer subsequently needs new employees for the same or similar duties within a certain period. This duty to re-engage currently continues for four or six months, depending on the duration of employment. It does not depend on the size of the employer.

Impact

- ✘ The amendment will reduce the job security of employees in workplaces with fewer than 50 employees. It places employees in an inequitable position that depends on the size of their workplace.
- ✘ It will also limit the contractual autonomy of the parties to a collective agreement, meaning their ability to genuinely agree on the benefits and responsibilities of their members at work.

Workplaces with no shop steward will be allowed to agree local employment conditions that fall below the statutory standard

From the Government Programme

The Government will reform legislation to increase opportunities for local bargaining at company level. The Government's vision is that local collective bargaining will be equally possible in all companies regardless of whether the company is a member of an employer association or what kind of employee representation system is in place at the company.

The Government will expand the conditions for local bargaining by removing from labour legislation bans on local bargaining in non-organised companies that comply with a generally applicable collective agreement. Labour legislation will be amended to allow a company-specific collective agreement to derogate, by agreement, from the same provisions of labour legislation from which a derogation is now only possible by means of a national collective agreement.

Current practice

Labour legislation fundamentally seeks to protect the weaker party in employment and impose a minimum standard of working conditions. Collective agreements specify the issues that are open to local collective bargaining and the negotiating parties. The minimum standards established in labour law may only be set aside under a collective agreement concluded by a trade union and a federation of employers. Only businesses organised in such a federation may conclude local agreements that set aside statutory minimum employment standards.

Impact

- ✘ The parties to a local agreement concluded with no shop steward will lack the necessary expertise and understanding of the content of the collective agreement and of labour law. Without the involvement of a trade union that is familiar with collective agreements and industry conditions, there is nobody to ensure that local agreements are balanced, or that they do not establish impaired standards on matters that should not be subject to local collective bargaining.
- ✘ A preference for non-organised businesses will reduce the interest of employers in joining a federation. The duty of an employers' federation to monitor compliance with collective agreements only extends to affiliated businesses.
- ✘ Any preference for enterprise-specific and local collective bargaining will discourage employers from joining federations, with fewer national collective agreements concluded in future. A decline in national collective agreements will mean a corresponding reduction in universally binding collective agreements, with fewer and fewer employees covered by guaranteed minimum terms and conditions of employment.

Reduced powers of the national conciliator hamper settlement of industrial disputes


Government Programme entry

A provision will be included in the Act on Mediation in Labour Disputes preventing any settlement proposal issued by the Office of the National Conciliator or by a conciliation board from exceeding the general level of wage adjustments.

Current practice

The National Conciliator has no statutory obligation to comply with the general policy.

Impact

- ✘ The National Conciliator plays an integral role in the Finnish labour market system. Imposing statutory limits on the powers of the National Conciliator would break the system, rather than reinforcing it.
 - ✘ The amendment will hamper the settlement of industrial disputes by limiting the powers of the National Conciliator. This may prolong such disputes.
 - ✘ There is no way to reduce pay differentials between industries and occupations if the system rules out deviations of any kind. For example, the amendment would make it very difficult to reduce the wage gap between the sexes by awarding higher pay rises in low-wage sectors with a high proportion of female employees.
 - ✘ Who decides the general policy? It cannot arise from a collective bargaining settlement awarded in any single industry, neither does any bundle of multiple collective agreements provide a workable solution. The cost impacts of collective agreements are also often open to interpretation. For example, the national conciliator currently relies on cost calculations made by employer organisations. No general policy can be determined solely on the basis of cost impact calculations made by the employers.
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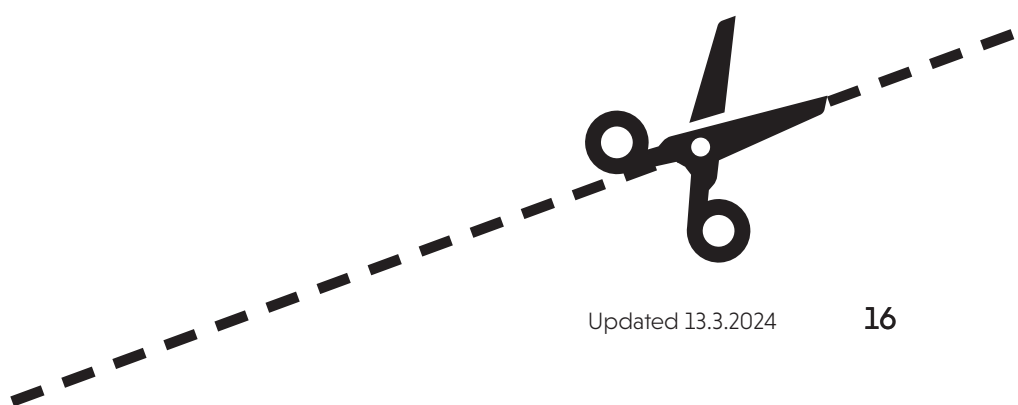
Restrictions on the right to strike

The Government speaks of changes to improve industrial peace. These turn out to be a package of measures seeking to restrict both the willingness to, and the channels available for influencing and expressing a view.

Restricting the right to strike has been a long-term goal of employers.

While the trade union movement attended the working group that prepared this proposal, its ability to influence the content has been purely hypothetical.

- Restriction of sympathetic and political strike action
- A fine of EUR 200 for individual strikers when a strike is found to be illegal
- A dramatic increase in union strike fines



Restriction of political strikes

From the Government Programme

In accordance with the Nordic practice, the exercise of the right to political industrial action will be limited to protests lasting no longer than one day.

Current practice

Finland has seen few political strikes in the new millennium, but this did not discourage the Government from singling them out.

The international commitments of Finland include recognition of a right to strike on political grounds, for example under principles adopted by the International Labour Organisation of the United Nations (ILO). The ILO has held that trade unions must be able to call protest strikes and express their views on social issues, even where these are not directly a topic of collective bargaining. The ILO operates on a tripartite principle, meaning that employers are also committed to its agreements and principles.

Besides the agreements of the ILO, freedom of association and the associated right to engage in industrial action are enshrined in the European Convention on Human Rights and in the Constitution of Finland. The European Convention on Human Rights has statutory force in Finland.

Impact

- ✘ Restricting industrial action on political grounds deprives workers of a significant ability to influence political decisions. The pressure of industrial action that may last for only one day is minimal, meaning that the views of employees can be more readily ignored.
- ✘ Finland will accordingly join the ranks of countries where freedom of expression and opinion is restricted.

Sympathetic strike action to be restricted

From the Government Programme

The Government will amend legislation to make solidarity action subject to a duty to notify in accordance with an assessment of proportionality and the Act on Mediation in Labour Disputes. Lawful solidarity action will have to be proportionate to the objectives, with an impact that is confined to parties to the industrial dispute.

Current practice

Sympathy strikes enable a trade union to support the industrial action of another trade union, or they allow workers organised in other collective bargaining sectors of the same trade union to support workers in some particular sector other than their own. Unions use sympathy strikes to accelerate collective bargaining in exceptionally difficult circumstances. Sympathy strikes are lawful if they are called in support of already lawful industrial action.

Impact

- ✘ The Orpo-Purra Government Programme requires lawful sympathy strikes to be reasonable in relation to the objectives. This would mean in practice that some external arbiter would have to determine when a sympathy strike is lawful. Proportionality is a matter of opinion. Who would formulate such an interpretation, and on what grounds?
- ✘ The loss of sympathy strikes as a supporting measure will undermine the position of workers involved in the main dispute. Small trade unions have relied on the support of larger unions in successfully resisting cuts made by the employers. This has also been a significant factor in industries with low employee organising rates or otherwise disadvantaged employees.
- ✘ There is no statutory notification period for sympathetic strike action. Any such new provision would increase bureaucracy and slow the reaction to measures taken by an employer.

A fine of EUR 200 for individual strikers when a strike is found to be illegal

From the Government Programme

An individual penalty payment of EUR 200 imposed on employees taking part in industrial action that has previously been found unlawful, regardless of the party responsible for organising the industrial action.

Current practice

Individual employees cannot be fined, with liability instead always borne by their union.

Impact

- ✘ The amendment seeks a deterrent effect that will influence the willingness of individuals to take part in industrial action. Though individual compensatory fines are seldom levied in practice, they can easily intimidate employees.

A dramatic increase in union strike fines

From the Government Programme

The level of a compensatory fine for unlawful industrial action will be increased, with the maximum amount set at EUR 150,000 and the minimum amount set at EUR 10,000.

Current practice

There is no lower limit for a compensatory fine, and the upper limit is EUR 31,900.

Impact

- ✘ The amendment seeks to prevent industrial action in practice. A compensatory fine of EUR 150,000 will already affect the work of trade unions. The lower limit of EUR 10,000 payable by union branches for such measures as brief expressions of opinion is a wholly unreasonable fine.

Cuts in social welfare

The Government Programme includes several proposals to cut unemployment benefit. While most of these cuts concern earnings-related unemployment benefit, some also affect the basic unemployment allowance and labour market support paid by the Social Insurance Institution (KELA).

While the Government intends to implement all of these cuts during 2024, they will nevertheless take effect gradually.

- ✘ **Child supplements in unemployment benefit will be abolished** (*takes effect on 1 April 2024*)
- ✘ **The benefit portion that is protected in part-time working will be abolished** (*takes effect on 1 April 2024*)
- ✘ **Earnings-related benefit will already be reduced after two months of unemployment** (*submitted to Parliament on 29 February, takes effect on 2 September 2024*)
- ✘ **The waiting period for unemployment benefit will be prolonged** (*took effect on 1 January 2024*)
- ✘ **A longer employment condition for earnings-related benefit** (*takes effect on 2 September 2024*)
- ✘ **The employment condition of eligibility for unemployment benefit will be based on prior earnings instead of working time** (*takes effect on 2 September 2024*)
- ✘ **Wage-subsidised employment will no longer count towards the employment condition for earnings-related benefit** (*submitted to Parliament on 29 February, takes effect on 2 September 2024*)
- ✘ **Eligibility for unemployment benefit will begin only after phasing of outstanding holiday compensation** (*took effect on 1 January 2024*)
- ✘ **Job alternation leave will be abolished** (*submitted to Parliament on 15 February, takes effect on 2 September 2024*)
- ✘ **Adult education benefit will be abolished** (*submitted to Parliament on 15 February, takes effect on 1 August 2024*)
- ✘ **Benefits will be reduced for unemployed elderly workers** (*submitted to Parliament on 29 February, takes effect on 2 September 2024*)
- ✘ **The housing allowance portion that is protected during part-time working will be abolished and the allowance will be reduced** (*takes effect on 1 April 2024*)
- ✘ **Income support will be cut and made subject to tougher eligibility conditions** (*takes effect on 1 April 2024*)
- **The parental allowance increase payable for the first 16 working days will be abolished** (*the Government announced on 19 September 2023 that it is seeking alternative measures*)



An example of multiple cuts affecting the same individuals or families:

Employee, 1 child

Year 2024

Wages of EUR 2,500 per month

Earnings-related unemployment benefit of EUR 1,522 per month

+ child increase of approximately EUR 126 per month



Earnings-related unemployment benefit cut after 8 months

- EUR 380 per month

Waiting period

- EUR 142 for 2 days

Employment condition

12 months of work before unemployment

(previously 6 months)

Earnings-related unemployment benefit cut after 2 months

- EUR 304 per month

Child supplement

- EUR 126 per month

Timeline of key cuts due to take effect in 2024

- An increase in the unemployment benefit waiting period from 5 to 7 days.
- Phasing of outstanding holiday compensation in unemployment benefit
- No indexation increases in most Social Insurance Institution benefits between 2024 and 2027

1.1.2024

- Abolition of job alternation leave
- Abolition of adult education benefit

1.8.2024

- Housing allowance no longer granted to owner-occupiers

1.1.2025

1.4.2024

- Restriction of housing cost reimbursements in social assistance
- Abolition of the protected benefit portion in part-time work
- Abolition of child supplements in unemployment benefit
- Abolition of the protected portion in housing allowance

2.9.2024

- Prolongation of the employment condition from 6 to 12 months
- Employment condition based on prior earnings instead of working time
- Wage-subsidised employment no longer counts towards the employment condition
- Phased reduction in earnings-related benefit
- Dropping of unemployment services and livelihood protection dispensations for the elderly

Changes in the employment condition

- ✘ A longer employment condition for earnings-related benefit
- ✘ The employment condition of eligibility for unemployment benefit will be based on prior earnings instead of working time

From the Government Programme

The prior employment requirement for earnings-related unemployment benefit will be prolonged to 12 months and based on prior earnings instead of working time.

Current practice

A worker qualifies for earnings-related unemployment benefit if he or she has been a member of an unemployment fund and has satisfied the employment condition by working for a period of about six months before unemployment begins. The Government is now seeking to double this period to one year. The employment condition would also be based on prior earnings instead of working time. This means that the employment condition would no longer be reckoned according to the number of working hours weekly, but the monthly wages paid.

SAK has proposed easing access to earnings-related unemployment benefits for casual employees, but the Government has adopted a diametrically opposing policy that will hamper access to unemployment benefit for a growing number of employees. This is coupled with measures that make it harder to secure permanent employment and easier to dismiss employees on individual grounds.

The cut will take effect on 2 September 2024.

Impact

- ✘ The tougher employment condition particularly victimises employees who have just begun working and those in casual employment. In other words, those in greatest need of protection.
- ✘ The new condition would impede access to future earnings-related unemployment benefit, as this would require at least one year of working and unemployment fund membership before losing a job, instead of the current six months.
- ✘ Use of prior earnings as a factor would reduce the earnings-related benefit payable to casual and part-time workers.

Benefit cuts

- ✘ Child supplements in unemployment benefit will be abolished
- ✘ The benefit portion that is protected in part-time working will be abolished
- ✘ Eligibility for unemployment benefit will begin only after phasing of outstanding holiday compensation
- ✘ Earnings-related benefit will already be reduced after two months of unemployment
- ✘ The waiting period for unemployment benefit will be prolonged

From the Government Programme

The level of unemployment benefit will be graduated, with an increase in the waiting period from 5 to 7 days, the abolition of child increases and the EUR 300 portion that is protected when working part-time, and a return to phasing of any outstanding holiday compensation payable when employment ends.

Current practice

Earnings-related unemployment benefit is generally higher than the basic unemployment allowance or labour market support.

Earnings-related unemployment benefit currently remains the same for the entire duration of unemployment. This benefit would in future be cut by 20 per cent after some two months of unemployment and by nearly a further 5 per cent after eight months. The Government would simultaneously reduce the unemployment benefit of every claimant by increasing the waiting period from 5 to 7 days. This refers to the initial claiming period at the start of unemployment or temporary layoff for which no benefit is paid at all.

Unemployment benefit is adjusted in line with any earnings of a claimant for casual or part-time work. The first EUR 300 of these earnings has been a protected portion that does not affect the unemployment benefit payable. This adjustment is made for about 40 per cent of all recipients of earnings-related unemployment benefit, and the proportion is even higher in many industries organised by SAK affiliates. A similar adjustment may be made in basic daily allowance and labour market support.



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Adjusted unemployment benefit helps people in part-time work to make ends meet when no full-time work is available. Since taking effect in 2014, the protected portion rule has also encouraged the unemployed to take up part-time and casual employment.

Unemployed claimants with children under 18 years of age are eligible for a child supplement in earnings-related benefit, basic unemployment allowance and labour market support. These child supplements vary between about EUR 150 and 285 per month, depending on the number of children.

Though previously applied in unemployment benefit, phasing of outstanding holiday compensation was abolished in 2013. It has now been restored as of the beginning of 2024. Phasing of outstanding holiday compensation means that any holiday compensation paid in lieu of outstanding annual leave at the end of full-time employment prevents the payment of unemployment benefit for the duration of the phasing period.

Phased reduction of unemployment benefit will take effect on 2 September 2024.

Child supplements and the EUR 300 protected portion in adjusted unemployment benefit will be abolished as of 1 April 2024.

Phasing of outstanding holiday compensation took effect on 1 January 2024.

Impact

- ✘ All of the cuts in earnings-related benefit – prolonging the waiting period, reducing benefit in stages over time, and abolishing child supplements and the protected portion – may also impact the same claimant.
- ✘ Even the 20 per cent reduction in benefit after two months of unemployment already makes a major dent in the livelihoods of many claimants.
- ✘ Prolongation of unemployment is penalised by gradually reducing earnings-related unemployment benefit. This has a particularly powerful impact on claimants with fewer prospects of finding work, such as those for whom no suitable work is available in the district, where training is required for the necessary work skills, or where there is a need for rehabilitation.
- ✘ Abolishing the protected portion in adjusted benefit will not help to increase the availability of full-time work. It may instead make the unemployed less willing to accept short-term employment and more prone to full-time unemployment.
- ✘ Phasing of outstanding holiday compensation complicates the unemployment benefit system and unfairly targets employees who are unable to take annual leave during their employment. The phased period of ineligibility for unemployment benefit is often longer than the untaken leave for which the holiday compensation was paid.
- ✘ Abolishing child supplements will reduce the livelihoods of unemployed claimants with children by EUR 150–285 per month.

Changes that undermine the status of the elderly

- ✘ Wage-subsidised employment will no longer count towards the employment condition for earnings-related benefit
- ✘ Benefits will be reduced for unemployed elderly workers

From the Government Programme

Age-related exceptions will be abolished and wage-subsidised employment will no longer count towards the employment condition.

Current practice

Wage subsidies are paid to an employer for a period of 5–10 months in order to hire unemployed workers who are otherwise difficult to place in employment. While the wages of a worker in subsidised employment comply with the collective agreement, only 75 per cent of the work done counts towards the employment condition of eligibility for earnings-related unemployment benefit. The notion of age-related exceptions refers to the right of unemployed workers over the age of 58 years to work arranged by a local authority or an employment promotion service, and maintaining the previous level of earnings-related unemployment benefit.

The cuts will take effect on 2 September 2024.

Impact

- ✘ Age-related exception provisions seek to help the elderly to find work and secure their livelihood. Abolishing this subsidy will undermine the prolongation of working careers.
 - ✘ No longer counting subsidised employment towards the employment condition is wholly inconsistent with the principle that all work is valuable and progressive.
 - ✘ A rising number of elderly workers and unemployed workers in subsidised employment only qualify for labour market support instead of earnings-related unemployment benefit.
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Job alternation leave to be abolished

From the Government Programme

The job alternation leave system will be abolished.

Current practice

Job alternation leave refers to a period of leave from regular employment lasting for no longer than six months. Job alternation compensation amounting to 70 per cent of earnings-related unemployment benefit is payable for this leave. An unemployed jobseeker is hired as a substitute. The conditions of eligibility for job alternation leave have been tightened and the compensation has been reduced over the years. These cuts have led to a fall in uptake of job alternation leave from about 20,000 to 5,000 employees.

SAK has frequently proposed improvements in the job alternation leave system, especially in order to help the elderly cope at work. SAK has also submitted its own proposal that would enable employees over 60 years of age to move on a temporary basis from full-time work to 80 per cent working time under a new part-time allowance.

Submitted to Parliament on 15 February, with the cut due to take effect on 1 August 2024.

Impact

- ✘ With minimal impact on central government expenditure, job alternation leave has provided an important respite from working duties for many employees, and has given them the strength to cope for longer in the world of work.
- ✘ Serving as a job alternation leave substitute has given many employees an opportunity to gain experience in duties that they could not have accessed in any other way. This has also increased their employment rate.

Adult education benefit to be abolished

From the Government Programme

While the abolition of adult education benefit is not explicitly stated in the main body of the Government Programme, it nevertheless remains evident from an appended table. This benefit will be discontinued as of 1 August 2024.

Current practice

Adult education benefit is a form of financial support granted to employees or the self-employed for studies that support vocational development. Employees and the self-employed may rely on adult education benefit for one or more periods of study totalling no more than 15 months over a working career. This benefit also enables studies for entire degrees or shorter periods of in-service or student training. The benefit payable depends on income.

Submitted to Parliament on 15 February, with abolition of the allowance as of 1 August 2024.

Impact

- ✘ The Government Programme forecasts that its measures will bring 8,000 new employees into the job market. This is a minimal number overall, with an imputed impact that fails to consider such aspects as the benefits of enhanced skills, such as longer working careers and coping at work. Everyone who studies also has a job to which they can return.
- ✘ The abolition of benefit will reduce participation in training, which will in turn exacerbate the labour shortage and lead to a deterioration in skills.
- ✘ The abolition will encourage individuals to seek student financial aid, with rising costs met from the central government budget. Some employees also change their working sector through unemployment, and these costs have been omitted from the calculation model.
- ✘ There is a strong correlation between skills and prolongation of working careers. Adult education benefit is a long-term investment in the future that falls beyond the scope of the limited measuring criteria used by officials at the Ministry of Finance.

Myth busting


20 + 1 falsehoods used to justify reductions in working conditions

Many falsehoods are now being shared in the public debate on weakening conditions of employment. We examine 21 of these.

The Finnish Government is pursuing an unprecedented programme of major cuts in employee working conditions, rights and social welfare. One justification given for these cuts is a need to boost employment, but no thorough employment impact assessments have been conducted, and instead we are merely hearing that the cuts are based on common sense and on a membership survey of the Federation of Finnish Enterprises.

The Orpo-Purra Government has simply chosen to take sides, and it is not on the side of employees. The Government claims that everyone will be equally involved in rescuing the Finnish economy, while simultaneously granting tax breaks to the wealthy and cutting public expenditure. This government policy will hit the poorly paid and the unemployed. While the cuts are allegedly bringing public finances into balance, the tax rate will actually decrease. There is a mismatch between words and deeds.

A furious round of public debate is currently ongoing, with all manner of claims and beliefs being aired. We would like to correct the following 20+1 falsehoods.



1. "Government cuts in working conditions will not affect the everyday lives of employees"

Absolutely everyone working in Finland will be affected in one way or another by these changes.

The impacts for every employee include a loss of job security and the right to sick leave pay for the first day of illness, even though many collective agreements currently provide for paid sick leave. Many of the cuts will affect employees in various ways, depending on such circumstances as the form of employment, the industry concerned, working duties, gender and age.

2. "The Government measures will not reduce anyone's wages"

The Government cannot promise this.

Its measures threaten the minimum working conditions of employees, because they can lead to a breakdown of the system of universally binding collective agreements. An enlargement of local collective bargaining to all businesses will also allow employers to agree on night and evening work allowances, working time arrangements, holiday periods and family leave that fall below the standard of the national collective agreement.

3. "The law is enough to ensure adequate wages for everyone"

There are no statutory minimum working conditions in Finland.

Instead of a statutory minimum wage, Finland generally relies on collective agreements in the same way as other Nordic countries. The Government has listened to the long-term wishes of employer organisations, and is now seeking to weaken the obligation to comply with universally binding collective agreements. The expansion of local collective bargaining, for example,

is not about enabling employees to agree pay rises (which they already can), but about letting wages sink below the collective agreement level.

4. "Unemployment benefit in Finland is needlessly generous and makes people passive"

The level of unemployment benefit in Finland is not high by Nordic standards, nor is it a significant obstacle to employment.

An SAK comparison (link in Finnish only) shows that unemployment benefit in Finland is no higher than in Denmark and Sweden. The OECD Faces of Joblessness in Finland study and a report commissioned by SAK (link in Finnish only) indicate that the most common obstacles to employment are poor health, age issues and a lack of suitable full-time work.

5. "Reductions in job security are only a problem for lazy and incompetent employees"

Loss of job security increases the uncertainty experienced by all employees.

The Government is seeking to make it easier to fire employees by removing the legal requirement of serious grounds for dismissal. This waters down the justifications required to fire an employee in practice. Nobody can guarantee that you could not lose your job due to a minor infraction, such as incorrect logbook entries or misunderstood instructions.

It should not be possible to fire employees on flimsy grounds. Employees rightly prefer a high threshold for dismissal, as this really is a huge issue in everyday life entailing a loss of livelihood and confidence in the future. The impacts of dismissal are also redoubled when the Government simultaneously cuts unemployment benefit and waters down the employer's obligation to re-engage redundant staff.

6. "The sickness sanction, meaning the loss of pay for the first day of illness, will not really affect anyone – it just means that fewer employees will be recovering from a hangover on Monday"

The sickness sanction will immediately affect hundreds of thousands of employees and, indeed, all employees in the longer term.

While many employees will initially enjoy protection under a collective agreement negotiated by their union, the change makes it likely that the employers will raise this issue in collective bargaining.

The most common working day lost to illness is a Wednesday. Tales of Monday "hangover episodes" are simply a myth. The fear of lost pay would still make it more likely that sick employees turned up for work.

7. "Improved employee purchasing power is entirely due to government policy"

Changes in purchasing power are mainly caused by factors that have nothing to do with government policy.

Collective agreements negotiated by trade unions will raise wages in most sectors by over two per cent in 2024. Government decisions will in turn, for example, reduce the tax rate for employees earning EUR 2,400 per month by 0.7 percentage points. This means that most of the purchasing power increase comes from pay settlements negotiated by the unions. Neither did the Government play any role in the reduction of the unemployment insurance contribution that was enabled by rapid employment growth in previous years. This also improves employee purchasing power.

8. "Pay differentials would narrow, even without limiting the powers of the National Conciliator"

Restricting official settlement proposals will make it difficult to eliminate pay differentials.

Industrial action seeking pay increases that exceed the general policy line will be hampered when the National Conciliator is no longer permitted to propose such settlements. The ambition or funds required to address lower pay in the public and female-dominated sectors have been largely lacking so far, with employers now given an even greater ability to resist such pay rises in future.

9. "The trade union movement does not represent Finnish workers and does not respect democratically elected policymakers"

We represent employees in Finland, who are also entitled to lobby for their interests between elections.

There are 1.5 million trade union members in Finland, including fitters, specialists, sales staff, construction workers, cleaners and industrial kitchen employees. If the proposed employment measures actually increased employment and everyone was involved in rebalancing public finances, then employees would also accept them. The government cuts now proposed in working conditions and social welfare are unfairly targeted and unprecedented in their harshness.

Democracy also includes lobbying between elections. This is particularly important now, as the governing parties are pursuing a policy that is at variance with their pre-election promises. People in Finland expect reasonableness, equality and justice. They are ready to take extensive measures in pursuit of these goals, and they are entitled to defend their own interests - even through strike action.

10. *"Employee concerns have also been carefully heard in tripartite working groups of social partners"*

The fact is that these decisions had already been made before the working groups met.

The Government Programme sets out the details of cuts to both employment legislation and social welfare. Though employee representatives have delivered their speeches, the eventual findings of the working groups have merely echoed the policies of the Government Programme. The working groups have provided no real channel of influence.

New legislation has been drafted in great haste, with no proper impact assessments prepared. Observations concerning the lack of employment impacts have also been ignored. Even the Chancellor of Justice has expressed concern at the manner in which the Government is pressing ahead with its legislative amendments.

11. *"A government-led labour market policy is better for both employees and businesses"*

Politicising labour market issues invites uncertainty and greater rigidity.

Amendments in working conditions that are primarily driven by legislation will lead to pendulum shifts in the law when the colour of government changes. Growing labour market uncertainty destabilises operating conditions, which is bad for businesses and their employees.

12. *"Adult education subsidies benefit nobody"*

Adult education subsidies are very useful.

They enable employees to update their skills and change their occupations. Most beneficiaries of an adult education subsidy study at vocational schools or universities of applied sciences. The median pay of these beneficiaries is lower than the average for employees. Some nursing students, for example, are practical nurses who rely on adult education subsidies to update their skills.

Employees changing occupation are an important source of new labour among machinist and construction sector occupations. A change of occupation is only possible in many such cases thanks to the adult education subsidy.

Opposition to the abolition of adult education subsidy has been widespread. Adult education subsidy is a flexible solution for combining work and study that benefits employees, employers, and the self-employed.

13. *"Cutting the livelihoods of part-time workers automatically leads to getting full-time work"*

There is no automatic access to full-time work.

Full-time work is not available to everyone who wants it. Involuntary part-time work is commonplace in the private service sectors, for example, because employers do not offer full working hours.

Reducing adjusted unemployment benefit will not increase the supply of full-time jobs. It will only impoverish part-time workers. The Government is not increasing the obligation of employers to provide full-time work, nor is it tightening the requirements that determine when they may engage part-time employees. It is making life difficult for employees while imposing no new obligations on businesses.

14. *"Cutting housing allowance will boost incentives to work in the Helsinki region"*

Cuts in housing allowance damage incentives for part-time work. Even when working full-time or part-time, many people living in the Helsinki region and major cities receive housing allowance. The damage caused by cutting housing allowance will include an increase in poverty among families with children. A recommendation of the UN Committee on the Rights of the Child also included a warning on this very subject. Even though the justification given for these cuts is that housing allowance affects the level of rents, studies such as those conducted by the VATT Institute for Economic Research show that housing allowance has no effect on rent.

15. *"Halving the layoff notice or restructuring negotiation period will not reduce pay"*

The government cuts will mean a more rapid interruption of pay when staff are laid off.

The restructuring negotiation period will be entirely abolished at workplaces with fewer than 50 employees. This represents a loss of pay for up to 1.5 months when an employee is dismissed.

Halving the restructuring negotiation period in larger undertakings will reduce the number of paid working days for affected employees by the reduction in negotiating time. The same applies to layoff notice periods.

16. *"Freeing smaller business from cooperation requirements will boost employment"*

Exempting smaller businesses from the duty of cooperation will undermine bargaining relations at workplaces without increasing employment.

The Government is seeking to restrict application of the Cooperation Act to undertakings with at least 50 employees instead of the current 20 employees. This amendment will not improve dialogue at workplaces, and will even tend to damage productivity through deteriorating conditions for cooperation and bargaining in businesses.

17. *"The government measures will not affect the universally binding character of collective agreements"*

This government policy jeopardises the universally binding character of collective agreements in the long term.

The Government will give unorganised businesses the same bargaining opportunities and privileges as organised businesses, thereby reducing the incentive for employers to organise. This will directly affect the universally binding character of collective agreements, as the employer organising rate is the most important criterion for determining that a collective agreement is universally binding.

The Government will also make it easier to conclude collective agreements for individual undertakings. This will also affect the institution of universally binding agreements, as only a national collective agreement can be universally binding. Any shift from national agreements to individual business-specific agreements will leave some employees entirely excluded from the scope of collective agreements.

18. *"An employer may ask whether an employee will take part in a demonstration or strike"*

The employer may not pry into whether an employee will take part in a demonstration or strike, but may only ask whether someone will be at work for the purpose of work shift planning or wage payment. An employee is nevertheless not required to tell the employer about any private intention to take part in a strike.

19. *“Finland has a lot of political strikes, causing huge losses even for businesses that are not involved in the causes of those strikes”*

Political strikes were very rare in Finland before the current Government took office.

There have been only a handful of political demonstrations in Finland involving even a one day work stoppage in the last 20 years. The Orpo-Purra Government has caused more political strikes through its own measures than all of the governments that served between 1991 and 2023 combined.

The policies of the Government Programme on cuts in working conditions and social welfare are taken directly from the lobbying objectives of organisations that represent business interests, meaning that these undertakings are far from disinterested bystanders.

20. *“Political strikes are completely banned in Sweden”*

There is no legislation in Sweden restricting political labour disputes.

The Swedish Labour Court has even upheld the legality of a political labour dispute that continued for two weeks. The reason for fewer political strikes in Sweden is not because they are banned, but because working conditions and the labour market are based on collective bargaining and mutual agreement.

21. *“The Government is taking working conditions in Finland in a Nordic direction”*

Government measures to cut social welfare and weaken labour legislation represent a divergence by Finland from the policies of other Nordic countries.

Comprehensive sectoral collective agreements and an adequate standard of social welfare are cornerstones of a Nordic model based on dialogue that has achieved good results from the perspective of both businesses and their employees.

Government cuts to unemployment benefit and housing allowance will damage the social safety net. Changes in local negotiation, collective agreements for individual undertakings and the right to take industrial action will likewise damage collective bargaining.

#SERIOUSGROUNDS

What can we do?

Time is of the essence. Preparations for these cuts are already well underway, and the Government is seeking to bring them into effect quickly. Share this information with your colleagues and others. This account is available for reprinting at sak.fi/seriousgrounds.

SAK and the trade unions are arranging meetings and events where you will be able to express your dissatisfaction at Government policy. Monitor information coming from your own union.

The social media environment is a good place to make your voice heard. Follow, like, comment and share communications with the **#PainavaSyy** and **#SeriousGrounds** hashtags.

If you are not already a union member, now would be a very wise time to join.

Find your own union and join at tradeunion.fi.