



Programme of Prime Minister Jyrki Katainen's Government

22 June 2011

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AN OPEN, FAIR AND CONFIDENT FINLAND

Prime Minister Jyrki Katainen's Government aims to achieve a caring and successful Finland. Finland will be developed as a Nordic welfare state and a society that not only looks after its own citizens, but also bears its international responsibilities, as part of the Nordic region, Europe and the world.

Finnish society is based on hard work, respect for application and entrepreneurship, equality, solidarity and caring for one another. Respect for everyone and openness to diversity are Finnish virtues. Finland's status as a bilingual country is a strength and resource. Various religions and communities are valuable to moral growth. In Finland, everyone is equal irrespective of their gender, age, ethnic origin, language, religion, convictions, opinions, health, disability, sexual orientation, or any other factor. The Government will systematically act against racism and discrimination.

The Nordic welfare model, based on a high employment rate, competitive economy, equal services and care for all, has proven the best social system. It combines social cohesion with competitiveness. The Government will take a determined approach to improving the basic structures of the welfare society. The entire country will be developed, while respecting unique local characteristics.

Work generates welfare. Finland's future success and sustainable funding of the welfare state are dependent on a high employment rate. It is the Government's goal to ensure that all those capable of working are given the opportunity and incentive to do so and, furthermore, to extend careers and provide favourable conditions for existing and new business activities. The atmosphere of trust prevailing in the labour market helps its various parties to commit to common goals. This enhances the country's competitiveness.

Being based on expertise and creativity, the competitiveness of Finnish labour requires a well-functioning educational system. The best comprehensive school system in the world will be strengthened to guarantee equal opportunities for all. Education is an end in itself. On the international stage, Finland will aim for the top in professional expertise, higher education, and research, development and innovation activities alike.

Rising inequality represents a threat to Finnish society and the Finnish way of life. The Government will act with determination to develop and reinforce the basic structures of the welfare society. Poverty and inequality of all types will

be reduced. The wellbeing of families and every citizen's societal participation will be increased.

Equality between generations is an important goal for the Government. The sufficiency of equally-provided, high-quality public services and social security resources will be ensured by maintaining well-managed public finances. Similarly, sustainable funding of pensions and their sufficiency for future generations will be ensured.

The environment will be left in better condition for future generations. Finland will be developed with the aim of becoming a forerunner in efforts to protect biodiversity and to mitigate climate change. The Government's goal is to make the future Finland a carbon-neutral society, to propel Finland to a leading position in environmental technology, and to develop the nation into the most environmentally conscious society in the world.

Finland will pursue an active foreign policy and foster cooperation with other nations and peoples. It will play an active role in increasing cooperation between the Nordic countries and other neighbouring countries, in developing activities of the European Union, and in acting as a member of the global community. Finland will encourage efforts to reduce global poverty.

1 GOVERNMENT PRIORITIES

Three core objectives link the activities of the Government and all its decision-making together. These objectives are the reduction of poverty, inequality and social exclusion; consolidation of public finances; and the strengthening of sustainable economic growth, employment and competitiveness.

1.1 Reduction of poverty, inequality and social exclusion

Global and societal changes impact different groups of people in different ways. Some people are at risk of being permanently excluded from society. Besides unemployment and poverty, they also suffer from a general lack of future prospects and a sense of deprivation.

Work is the best form of social security. Labour market, taxation and social protection must be developed from the perspective of inclusion and employment. Finland's future success and wellbeing rely on a high employment rate, social coherence and equality in society.

The cycle of poverty and social exclusion being passed down from one generation to the next must be broken. Everyone deserves a fair start and genuine, equal opportunities in life. Alongside social responsibility runs communal responsibility. Support is provided so that people are able to take responsibility for themselves, their families and their communities. The valuable work done by third sector organisations complements the provision of social services and enhances wellbeing.

The Government will narrow the disparities in income levels, wellbeing and the state of health. Basic public services will be strengthened and reformed; a decent life will be secured for citizens in old age; investments will be made in the prevention of social and health-related problems, and in mental health care services and welfare services for substance abusers; income security will be improved; and inequalities between communities will be reduced. The high school drop-out rate will be addressed. The Government will introduce legislation on services for older people, as well as a wide-ranging action plan to reduce poverty, inequality and social exclusion.

1.2 Consolidation of public finances

Sustainable welfare and wellbeing can only be safeguarded where public finances are built on a stable and healthy basis. The sustainability gap in general

government finances stems mainly from a rapidly deteriorating dependency ratio caused by the ageing of the population.

From the viewpoint of sustainable public finances, it is crucial that as many people of working age as possible are in work. Measures designed to prolong working careers will be applied to the early, middle and late years of working careers. Better productivity in the public and private sectors, higher birth rates and more work-based immigration based on a genuine demand for labour will all help reduce the sustainability gap.

The central government debt-to-GDP ratio will be brought into a downturn by the end of the parliamentary term. To this end, the Government will take action to boost economic growth, improve the employment rate, lengthen working careers, promote domestic demand, increase tax revenues, introduce targeted spending freezes, and bring savings. As part of its efforts to bridge the gap, the Government will take determined action to fight against the shadow economy.

The Government will implement a comprehensive nationwide reform to restructure municipalities and services, building on economically robust municipalities, enabling improvements in administrative structures, productivity and the effectiveness of municipalities.

1.3 Enhancing sustainable economic growth, employment and competitiveness

The Government will promote the competitiveness of Finnish work and entrepreneurial activity in the global market. Economic growth must be ecologically and socially sustainable. Enhanced competence and the creation of an attractive and functioning environment are key issues for companies.

This Government strives for a Finland that is among the world's forerunners in environmentally friendly, resource and material-efficient economies and as developer of sustainable consumption and production methods. Meeting environmental goals requires that measures are taken in all sectors of society.

The Finnish economic structure will be diversified and strengthened. In addition to developing the traditional strengths, such as primary production and basic industries, new sectors of growth will be developed in the industrial, service and creative sectors. Industrial policy measures will be targeted above all to support new, growth-oriented businesses that offer jobs and seek

internationalisation. Taxation will be reformed so that it is more ecological and fair, and boosts economic growth.

Finland's success and enhanced welfare is dependent on broad-based knowledge, professional skills and high levels of expertise. Investments in education and research are part of a long-term growth policy. The Government will ensure sufficient funding for education, know-how and research.

A stable and well functioning labour market is a prerequisite for competitiveness. The Government will act in close and positive collaboration with labour organisations for the reconciliation of economic and labour market policy. The Government is prepared to support the achievement of a labour market settlement by instruments that support the enhancement of competitiveness, employment and purchasing power.

In order to secure a high employment rate, the Government will intensify its measures against unemployment. Opportunities will be created for continuous improvement of competence, and flexible transfer from one job to another. Working life will be developed so that it enhances wellbeing at work and improves productivity.

Investments will be made in to maintain the work ability of the unemployed, and improve their labour market skills. The goal is as quick a return to the labour market as possible. Obstacles to work and barriers to accessing employment will be eliminated and incentives increased. The flexibility of work and the opportunities for people with a disability or partial work ability will be developed. The status of intermittently employed people and micro-entrepreneurs will be improved. Youth unemployment and the number of people seeking a disability pension will be reduced.

2 ECONOMIC POLICY

Sustainability of public finances

The Government's economic policy goal is to strengthen the economy's growth potential in a sustainable way, to raise the employment rate, to bolster household purchasing power and to improve international competitiveness and the framework conditions for industry. Sustainable public finances are the foundation of welfare and wellbeing. The Government is committed to an active fiscal policy that supports economic growth and employment.

The Government's aim is to strengthen the financial basis for welfare society without undermining the sustainability of public finances. This is the only way to ensure economic growth, funding for the welfare society, and social justice. This entails broad-ranging decisions related to finances in central government, local government and the earnings-related pension system. Estimates on the sustainability gap in 2011 range between 2 and 5% of GDP. At the time of writing, the Ministry of Finance's estimate is that a surplus of 4% of GDP is necessary to safeguard healthy public finances in 2015. Sound central government finances and sustainable public finances are crucial to long-term welfare and wellbeing.

The Government's aim is to secure healthy public finances by a three-pronged strategy:

1. Sustainable public finances and fiscal policy

The Government is committed to achieve a substantial reduction in the central government debt-to-GDP ratio by the end of this parliamentary term. The Government will take firm action and move as swiftly as possible to reach central government balance and to deliver stronger than predicted economic growth.

The sustainability of public finances will be safeguarded by means of front-loaded expenditure and revenue adjustments and restructuring measures during this parliamentary term. Net annual adjustments to central government expenditure and revenue will total EUR 2.5 billion through to 2015. The adjustments will be equally divided between the revenue and expenditure side.

In addition a total of EUR 800 million will be reallocated so that EUR 400 million will be spent on improving basic social security, EUR 200 million will go towards measures to promote employment and growth, and EUR 200 million will be earmarked for supplementary budget needs. Any margin created under the spending limits through price adjustments and revenue from the auctioning of emissions rights can be allocated to the repayment of debts and to meeting the strategic objectives set out in the Government Programme.

The tax adjustments are detailed in Annex 1 and the expenditure adjustments in Annex 2.

International competitiveness and the framework conditions for Finnish industry are essential to building sustainable growth and employment. The economy's growth potential will be supported through the allocation of central government expenditure. The level and structure of taxation will be revised with a view to fostering economic growth, employment and entrepreneurship. The Government will act to ensure that taxes on labour do not increase during this parliamentary term. Favourable consumer purchasing power will be secured by means of both taxation measures and improvements to basic social security. The Government's tax and expenditure management policy will provide incentives to work and increase social justice.

The Government's spending limits decisions will ensure that the economic policy objectives set out in the Government Programme are met and that the Finnish State maintains its current credit rating. The Government is committed to undertake further adjustment measures if indications are that the central government debt-to-GDP ratio is not shrinking and if the central government deficit shows signs of settling at over 1% of GDP. The Government will annually monitor the achievement of these central government objectives and where necessary implement conditional measures that will be applied in equal proportions. The conditional measures include the additional freezing and adjustment of central government expenditure and transfers to local government, further tax increases and the trimming of tax deductions.

The need for additional expenditure and tax adjustments will be reviewed annually starting from the 2013–2016 central government spending limits decision.

If there is a clear reduction in the central government debt-to-GDP ratio before 2015, no more than 30% of the improved fiscal position can be assigned to additional expenditure in line with the Government's strategic objectives.

2. Structural measures to reduce the sustainability gap

In order to bridge the sustainability gap, steps will be taken to raise the employment rate, to prolong working lives, to increase the impact, effectiveness and productivity of public services and to strengthen the economy's growth potential by means of taxation and through the allocation of central government expenditure.

The Government will initiate measures by 2015 necessary to fully close the sustainability gap. However, it is only in the medium and long term that the impact of restructuring on public finances can be discerned. The sustainability gap estimate will be updated annually throughout the parliamentary term so as to keep the Government abreast of the impact of its measures and of the cyclical environment.

The Government's aim is to raise the employment rate to 72% and to reduce unemployment to 5% by the end of this parliamentary term. This will have a positive impact on both central and general government finances via the development of public expenditure and tax revenue.

To increase the employment rate and to bring unemployment down to the 5% level, credible and effective measures will be launched in keeping with the Government Programme. These will include

- an industrial policy that supports sustainable growth and employment;
- prolonging working lives at all stages of the career cycle;
- a realignment of innovation policy;
- employment-enhancing taxation measures;
- anticipation and management of structural change situations;
- active labour policy measures;
- alignment of employment and social security;
- reconciliation of work and family life;
- prevention of social exclusion among young people;
- measures to promote the faster completion of studies;
- the development of adult education; and
- improving the labour market position of hard-to-employ groups.

The ambitious employment targets need to be backed by steps to reform and strengthen labour policy as well as by concrete measures to create sustainable growth, such as a restructuring of taxation with a view to boosting growth, and spending allocations that foster employment. Key elements include a robust

growth policy backed up by structural reforms. These are implemented above all by

- increasing the level of labour input through longer working careers and reduced structural unemployment,
- ensuring the sustainability and adequate funding of the earnings-related pension system,
- improving the economy's growth potential, promoting enterprise and essentially curtailing the shadow economy, and by
- restructuring local government and services and increasing the productivity of welfare services.

A wider review of the Government's economic strategy will be conducted midway through the Government's term in office. Based on the review, decisions will be made on any further measures that are deemed necessary during the remainder of the parliamentary term to strengthen public finances and to achieve the targets set.

3. Coordination of economic policy and collective settlement

The Government will work closely with labour market organizations to restructure and develop work and employment. The current situation requires the coordination of economic and labour market policy. With this in mind, the Government will enter into talks with labour market organisations to synchronise the main elements of economic and labour market policy. The Government is prepared for its part to support a collective settlement through measures that help improve competitiveness, employment and purchasing power.

The measurement of sustainable development

A scorecard system for the measurement and follow-up of material welfare and its distribution, the state of the environment, social cohesion and citizens' perceived wellbeing in Finland will be developed and elaborated by specialists in line with the proposals of the group of experts appointed by the Prime Minister's Office, with special emphasis on the user perspective. The Government anticipates that the new follow-up and communication tools will be widely adopted as a basis for decision-making and serve to inspire civil dialogue.

Spending rule and spending limits procedure

The Government makes a commitment to observe the spending rule set out in the Government Programme and the first spending limits decision based on that rule. The measures announced in the Government Programme will be implemented during the parliamentary term in line with the spending limits. The spending rule is designed to ensure a prudent and long-term spending policy that promotes economic stability.

The Government observes that central government expenditure as specified in the spending limits is EUR 1,215.5 million less in 2015 than the figure recorded in the technical spending limits on 23 March 2011 (EUR 40,699 billion). In addition to structural adjustments, the overall spending limits level will be revised to reflect changes in price levels.

EUR 200 million will be earmarked annually for supplementary budget needs. If annual expenditure falls below the spending limits even after supplementary budgets, the difference, up to a maximum of EUR 200 million, can be spent the following year on one-off expenditure items, spending limits notwithstanding.

If economic growth is faster than anticipated, the increased revenue and decreased expenditure will primarily be used to reduce central government debt. If there is a clear reduction in the central government debt-to-GDP ratio before 2015, no more than 30% of the improved fiscal position can be assigned to additional expenditure in line with the Government's strategic objectives.

If annual revenue from the sale of shares exceeds EUR 400 million, a maximum of EUR 150 million of the excess can be spent on one-off, infrastructure and skills investments that promote sustainable growth.

Central government revenue from the auctioning of emissions rights can be allocated to one-off climate change and development cooperation expenditure, spending limits notwithstanding.

The Government will not use tax subsidies to circumvent the spending limits in any way that clashes with the purpose of the spending rule. The spending limits are neutral with regard to changes between tax subsidies and expenditure of equal magnitude. The spending limits carry no restrictions on the re-budgeting of expenditure, on changes to the timing of expenditure items or on refunds or compensation of revenue collected at an unjustifiably high level during the parliamentary term.

The Government will review the overall situation in transport infrastructure before taking any decisions on new transport projects. The aim is to maintain a steady rate of transport route construction and stable funding from one year to the next, giving due consideration to trends in civil engineering costs. The review will take account of the economic impact of any proposed projects as well as their employment, emissions and regional policy implications.

The central government contribution to pension expenditure incurred by the Social Insurance Institution under the National Pensions Act will be brought under the spending limits system.

The following items are excluded from the spending limits:

- unemployment security expenditure, the central government contribution to the cost of basic social assistance, pay security and housing allowances; however expenditure effects resulting from changes to the criteria for these items are included in the spending limits;
- debt interest payments;
- any compensation payable to other tax recipients as a result of tax changes made by central government (including social insurance contributions);
- expenditure corresponding to technically transmitted payments and external funding contributions;
- expenditure corresponding to revenue from betting and lottery, totalisator betting and transferred earnings from the Slot Machine Association;
- financial investment expenditure;
- appropriations for VAT expenditure.

Ministry of Defence and Ministry of Agriculture and Forestry budget authorisation procedures will be updated for greater clarity and transparency.

The Government's tax policy agenda

The basic objective of taxation is to ensure adequate funding for the delivery of welfare services and at the same time to achieve balance in central government finances. The tax base will be broadened with a view to strengthening public finances. Taxation will serve to bolster economic growth and employment, improve social justice and encourage environmentally more sustainable production and consumption. Income disparities will be reduced among other things by increasing capital tax rates and taxes on large inheritances and by lowering tax rates on low incomes.

The corporate tax rate will be lowered to enhance the competitiveness of Finnish business, to encourage business investment and to promote employment. Taxes on earned income will not be increased in any income brackets. Employment will also be promoted by easing the labour tax rate for low-income earners, which will provide incentive to accept work.

Tax rates on earned income will be revised annually throughout the parliamentary term to prevent taxes from rising as a result of inflation and higher earnings levels. This will make it possible to bolster household purchasing power and domestic demand. Tax rates applicable to people on basic social benefits and low income earners will be eased by improving the basic deduction in local taxation and as well as earned income deduction. The Government will review the tax treatment of support for informal care.

In the context of moderate wage settlements, the Government is prepared to consider measures aimed at fostering economic growth, household purchasing power and domestic demand, and business competitiveness.

To harmonise the tax treatment of rented and owner-occupied housing, the right to deduct interest paid on housing loans will be moderately and progressively limited over this parliamentary term. After this parliament, 75% of housing loan interest payments will be deductible in connection with granting credit for deficit in capital income. The maximum domestic help credit will be brought down to EUR 2,000 and the deductible percentage will be 45%.

Donations to universities will continue to remain tax deductible. The scope of the tax deduction will not be extended. The Government will work to preserve the current level of tax exemption for non-profit organisations.

By easing taxes on capital remaining at the company's disposal by lowering the corporate tax rate by one percentage point to 25%, businesses' employment, growth and investment opportunities will improve. The Government will monitor movements in the corporate tax rate in competing countries and where necessary take action to safeguard Finnish competitiveness.

Energy taxes will be lowered in energy-intensive industries to the minimum level permitted by EU regulations by the end of 2012. The purpose of this is to make it easier for businesses to create jobs, to invest and to grow, and to secure Finland's international competitiveness.

Urgent steps will be taken to assess the feasibility of an R&D deduction.

Business taxation will be revised with a view to ensuring national competitiveness and the tax base. The revision will be based on a separate review prepared at the start of this parliamentary term, and it will cover aspects such as reforming the group taxation system, the possibility of removing the distinction between different sources of income, the deductibility of interest expenses, the extension of the business loss relief system, different uses of deductions and the continued need for accelerated depreciations for production-related investment.

With these tax decisions, the focus of business taxation will shift moderately from taxing the revenue remaining at companies' disposal towards taxing the funds withdrawn from companies. The tax rules for dividends paid by listed and unlisted companies will be revised so that the limit for single taxation of dividends from unlisted companies will be reduced to EUR 60,000. The tax treatment of redemption of capital from a fund for invested unrestricted equity will be enacted into law in its current form. Measures will be looked into to make it easier for companies to list their shares.

To make taxation more equitable and to take account of the taxpayer's capacity to pay taxes, the capital income tax rate will be increased to 30% and progression will be introduced, with the tax rate for capital income exceeding EUR 50,000 set at 32%. Tax withheld at source from interest will be raised to 30%. A new rate of 16% will be added to the inheritance and gift tax scale for inheritances and gifts valued at over EUR 200,000.

The focus of taxation will move away from growth-hampering taxation of labour and entrepreneurship towards environmentally and health motivated taxation. The VAT tax base will be broadened to include newspaper and magazine subscriptions, which will incur the lowest VAT rate.

The impact of the energy tax reform will be monitored by assessing how it affects overall tax accrual, the pressure on the environment, household purchasing power and income distribution, and the framework conditions for industry. The tax rate on peat will continue to be moderately increased during this government's term of office. A windfall profit tax will be introduced in these energy sectors, possibly based on the value of their immovable property.

The energy tax refund mechanism in agriculture will be amended so that environmental regulation related to the fight against climate change will be extended to the agricultural sector (CO² emissions). The tax exempt status of Sustainable Forestry (Kemera) subsidies will be revoked.

Taxes on transport fuels will be increased in two phases by a total of 10%, with an emphasis on the carbon dioxide component. The need to adjust environmental and energy taxes for inflation will be assessed midway through the parliamentary term.

To reduce the adverse effect of road transport on the climate and the environment and to improve traffic safety, vehicle stock replacement will be accelerated by shifting the taxation of motoring away from taxes on the purchase of cars towards taxes on the use of vehicles by increasing the annual vehicle tax. Following a separate assessment, the motor car tax will be extended to include campers.

Excise duties on products with adverse environmental and health effects will be increased. The tax changes will be carried out with due consideration for the framework conditions for business and the competitiveness of Finnish companies.

The development of waste reuse and recycling opportunities for different waste fractions will be monitored and the tax treatment of different fractions will be revised as necessary. A study will be conducted to determine whether or not it is appropriate to introduce a separate, lower tax rate for the mass combustion of mixed waste. The level of waste tax will be moderately increased.

Taxes on alcohol and tobacco will be raised in order to prevent their adverse effects, taking account of passenger imports and the development of illicit markets as far as possible. The taxation of tobacco will move towards per unit taxation in order to achieve health-related and fiscal tax objectives.

The tax base for excise duties on sweets and ice cream will be broadened and the level of the tax raised. The possibilities will be explored of introducing a sugar tax to replace the excise duty on sweets and ice cream from the beginning of 2013.

The Government will consider the feasibility and expediency of introducing taxes on packaging, soil materials and uranium by the end of 2012. The introduction of new taxes will be reviewed midway through the Government's term in office.

Revenue losses suffered by local governments as a result of tax changes will be offset in full. In 2012 and 2013, the share of corporate tax receipts paid to local governments will be increased by 5 percentage points. Compensation of

the costs incurred by parishes from the fulfilment of their social duties will be considered during 2011.

The Government's aim is that real estate tax should account for a higher proportion of local government tax revenue during this parliamentary term. Real estate tax will be excluded from the tax revenue equalisation system. The real estate tax system will be reviewed to assess the need for change: this will include separating ground into a tax entity of its own and assessing the tax treatment of wind turbines. Real estate tax will not be extended to land in agricultural and forestry use.

Activities in the financial markets

The Finnish economy was affected by the financial crisis that began to unfold in 2008 in the United States through plummeting exports. The crisis revealed a number of hidden problems in the financial markets and in the rising levels of state debt within the euro area. To prevent new crises from emerging and to update the rules of the financial markets, Finland will contribute actively at the national, EU and international level to efforts to enhance the transparency and stability of the financial markets.

The main lesson learned from the financial crisis is that as well as monitoring individual stakeholders, it is important to maintain a broader view on emerging risks. The need for macro-prudential supervision has led to the creation of a European Systemic Risk Board, whose warnings and recommendations are to be implemented by national authorities. Macro-prudential supervision can be built on existing institutions. It is necessary to ensure that the Financial Supervisory Authority has the requisite powers to deploy macro-prudential policy instruments among other things to prevent excessive corporate and household debt accumulation. A working group will be appointed to address the mandate issue.

A national capital market strategy will be prepared by the end of 2012 together with key stakeholders with a view to developing the financial markets, securing growth funding for businesses, streamlining the regulation of capital markets, bolstering stability and increasing transparency as well as fostering Finnish competitiveness.

The single most important objective of the new rules of the financial markets is openness and transparency. At the same time, the capital requirements applying to banks and financial institutions will be revised in connection with

the Basel III process in order to prevent chain reactions from occurring in the event of disruptions.

The Securities Market Act will be restructured during this parliamentary term to make Finnish legislation competitive with corresponding legislation in other countries.

A bank tax will be introduced, taking into account the experiences from similar arrangements in the other Nordic countries. The priority is to find an EU-level solution.

Finland urges that an international financial market tax be introduced on as wide a geographical basis as possible. The aim is to install a global tax, but in the first stage an EU-level system might also be viable. It is important that EU projects currently in preparation for the regulation of financial markets are expedited.

Finland supports the wider dissemination of automatic and multilateral exchange of taxation information. Work will be continued to negotiate agreements with tax havens on the exchange of taxation information.

Intensified action to combat the shadow economy

Economic crime and the shadow economy are a source of major losses to society. The shadow economy has become internationalised and in Finland its volume has increased, especially in labour-intensive sectors. Organised and serious economic crime has also increased to an alarming extent.

Combating the shadow economy is one of the Government's priority projects. The Government will continue to implement the fifth national programme for economic crime prevention and immediately start preparations for the launch of a sixth action plan. Combating the shadow economy requires broad-based cooperation. The Government will appoint a cross-sectoral ministerial working group. Adequate resources will be allocated to implement the programme. The action plan will be presented to Parliament by the end of 2011 and put into effect without delay. A major information campaign against the shadow economy will be launched during the government's term in office.

Conservative estimates suggest that the action plan could annually generate EUR 300–400 million in additional tax revenue and social security contributions and in recovered crime proceeds. The numerous legislative projects adopted in this programme and reinforced controls provide a credible basis for these

projections of increased revenue. The aim is supported by the Government's 2010–2011 programme for combating economic crime and the shadow economy, which is estimated to reduce losses in central government tax and social security revenue by hundreds of millions of euros a year.

The fight against the shadow economy uses a broad mix of tools. The Government will take forward the measures proposed by the Parliamentary Audit Committee. Local authorities and public bodies will be encouraged to follow the same line of action. Increasing the detection rate for economic crime requires that the authorities (financial supervision, local register offices, judicial authorities, prosecutors, the police, border control, customs, labour protection authorities, tax authorities and competition authorities) have adequate resources at their disposal. The Government Productivity Programme will not affect the allocation of public resources for fighting against the shadow economy. The resources made available to the authorities involved in combating the shadow economy will be temporarily increased.

The Government will promote the ongoing EU process to combat the shadow economy. One example of a tax reform that has helped to reduce the shadow economy is the domestic help credit.

Attempts will be made to shorten the pre-trial investigation period and to expedite the legal process in economic crime cases. Further steps will be taken to develop special collection procedures with a view to combating the shadow economy and economic crime. The Government will investigate and prepare for the introduction of a reversed burden of proof in the recovery of crime proceeds and consider the need to revise penalties according to the gravity of the offence. Measures will be introduced to intensify the ban on practising commercial activities. The Government will look into the possibility of establishing a separate public register on individuals banned from engaging in commercial activities.

Obstacles to information exchange between the authorities will be removed and the necessary registers made flexibly available to the authorities responsible for combating the shadow economy. Steps will be taken to improve the freshness and availability of register data. The authorities keeping the Register of Aliens will be given increased access to information rights. Tax supervision authorities will be given access to surveillance data obtained in the prevention of money laundering. Labour protection authorities will be given increased powers to check that employee remuneration is in line with legislation and the workplace collective agreement. Tripartite discussions will be held to ensure the adequacy and appropriate allocation of resources for labour protection supervision, to

establish mandates and to identify administrative development needs. Public officials will be granted access to securities registers.

To enable contractors more easily to meet the obligations set out in the Act on the Contractor's Obligations and Liability, a register maintained by the tax authorities will be created that provides information on tax debts. Public administration must set an example in the proper implementation of the Act on the Contractor's Obligations and Liability. Public procurements must be made in such a way as to ensure that services are purchased from companies that have no outstanding legal obligations. Finland will also work actively at EU level to promote the principle of the contractor's obligation and liability throughout the European Union.

The need to revise the Act on the Contractor's Obligations and Liability will be reviewed. Based on the outcomes, the Government will meet with employer and employee representatives to prepare any necessary recommendations. Among the aspects that will be considered in the revision of the Act are the relationship between the responsibilities of the contractor and subcontractor in different branches, the introduction of higher penalties for omissions, and the imposition of heavier sanctions for recurring and intentional omissions. The revision will include an assessment of business impacts. Studies will be conducted to identify development needs related to the framework conditions and mandates of the authorities involved in fighting the shadow economy. Actions will be launched in a tripartite procedure based on the outcomes of these studies.

Steps will be taken to intensify tax scrutiny and the regulation of employment relations in the construction industry by introducing a mandatory photo ID card with tax number. Furthermore, employers will be required to submit monthly employee and contract reports to the tax authorities.

The Government will work closely with employer and employee representatives to prepare for implementation of the recommendations contained in the report of the working group on "Economic crime and combating the shadow economy in the construction and the hotel and catering industries".

Steps will be taken to intensify tax supervision of foreign companies operating in Finland and their employees, giving due consideration to the international obligations binding on Finland.

Rights and obligations with respect to taxation must be the same for all people in the labour force resident in Finland independent of immigrant status, within

the framework of double taxation agreements and international tax provisions. An overall assessment will be conducted of the regulation governing the use of foreign labour. The shortcomings of the present system will be assessed. Based on the outcomes of this assessment and within the framework of EU legislation, rules will be drafted to require employers to notify the Finnish authorities in advance about employees being dispatched to Finland and that foreign companies operating in Finland register here.

The Government will examine whether it is possible to oblige foreign registered companies to levy tax at source or to withhold PAYE tax when making payment of taxable wages for work done in Finland, irrespective of whether the company has a fixed establishment in Finland.

Finland will take a leading role in the effort to stamp out international tax evasion. The Government will look into the possibility of adopting a stricter set of criteria for tax havens and regions than that applied by the OECD. Automatic exchange of information will be promoted under double taxation agreements, and existing mechanisms of information exchange will be put to active use. The publication of country-specific financial statements from multinational corporations will also be encouraged.

In connection with the overhaul of the Securities Market Act, mechanisms will be put in place to ensure that the authorities have adequate access to information and that the changes introduced do not fuel the shadow economy. The Government considers it important that the openness and transparency of the securities market remain at least at its current level.

The current system of nominee registration of securities will be developed with a view to safeguarding authorities' access to information and international cooperation, and to preventing tax evasion. The drafting process will consider the corresponding regulations and taxation rules in competing countries as well as developments in EU legislation. The impacts of the reforms on the competitiveness and performance of the financial sector in Finland will also be considered.

A comprehensive mechanism will be put in place to ensure that tax at source is withheld as required by law from dividends paid to persons with limited tax liability unless a reliable account is offered of the true recipient of the dividend and that recipient's right to be taxed at a lower rate. Remote brokers operating in Finland and Finnish holders of securities will be required to submit annual notifications of all securities transactions involving Finnish nationals and persons with unlimited tax liability in Finland.

3 FOREIGN, SECURITY AND DEFENCE POLICY, AND EU AFFAIRS

An internationally active, European Finland

Finland's security, welfare and the keys for its success are founded on comprehensive cooperation with other states and international actors. The aim of Finland's foreign policy is to strengthen international stability, security, peace, justice and sustainable development as well as promote the rule of law, democracy and human rights.

Finnish foreign and security policy is based on good bilateral relations, a strong influence within the European Union, and effective multilateral cooperation as part of the international community.

The Nordic countries have traditionally been Finland's key reference group. In external relations, the European Union is Finland's most important frame of reference and channel of influence. Finland will continue to work actively towards enhancing the UN's status and ability to act. Finland cooperates with NATO and will take active part in supporting the Organisation for Security and Cooperation in Europe (OSCE) and the Council of Europe. The Government pays close attention to the shift in the balance of power in world politics caused by the rise of the major emerging economies.

Policy on Europe

For Finland, the European Union is a natural political community and its development and actions enhance Finland's stability, prosperity and security. Finland is a dynamic and proactive Member State of the European Union. Finland promotes the development of a competitive, socially just and effectively functioning European Union.

The Government will support the EU's development, building on the potential of the current Treaties. Finland emphasises all Member States' equal rights and obligations, institutional balance and the Commission's independent status. Activities based on the community method offer the best means of securing stable and balanced operation of the Union and democracy. The Government will consider projects of differentiated integration case by case. As a rule, Finland will continue to take part in the Union's key projects as much as possible.

Promoting Finland's EU policy goals requires a determined and targeted strategy in the enlarged Union, in which intergovernmentalist tendencies have become stronger. The Government will specify its key EU policy goals annually, committing itself to their promotion in relation to the EU institutions and other Member States. The Government will submit to Parliament an EU policy report, dealing with Finland's EU Policy principles, goals and practices. The Åland Islands will retain their opportunity to influence EU affairs.

The Government pays serious attention to citizens' input and criticism of European Union activities. In this, broad-based civil society participation in the handling of European affairs and information on such matters are important. The operation and financial administration of the Union and its institutions must be efficient and open. Finland will work towards strengthening the social dimension of the European Union and the legitimacy of the Union itself. European cooperation must be enhanced wherever joint action generates added value or is important in terms of the EU's external influence. At the same time, respect for the principle of subsidiarity should be strengthened; regulation must be avoided when objectives could be equally well or better achieved at national level.

The Government will strive towards strengthening and stabilising the European economy, enhancing competitiveness, improving productivity, any other prerequisites of economic growth and employment, as well as preventing future economic crises. Finland supports the completion of the EU internal market and the implementation of the Europe 2020 strategy targets, particularly the development of a single market for digital content, and the creation of more favourable conditions for entrepreneurship and employment.

Finland will strive to expedite the introduction of a geographically extensive international tax on financial transactions that impacts activities of a speculative nature. The ultimate goal should be a global tax, but a system implemented at the EU level can be considered as an initial phase.

The enhancement of the internal market must be socially sustainable. With the means of social dialogue, Finland strives for better functioning labour markets and strengthened minimum protection of workers' terms of employment. The Government will work for the promotion of equality and non-discrimination among employees and for the prevention of any weakening of their terms of employment.

Any recurrence of the financial and debt crisis must be prevented by stabilising the financial market in a sustainable manner, particularly by improving its

transparency and the coordination of Member States' financial policies, while taking note of the specifications expressed by Parliament. Finland's stricter line on how the Eurozone's financial crises are to be managed and the rules of the financing system changed is laid down in a Government decision adopted by Parliament (Appendix 3). Before making any decisions, the Government will assess whether decisions made under the European Financial Stability Facility (EFSF) or the possible European Stability Mechanism (ESM) are justifiable for Finland and for the citizens of the Member State in crisis. The Government will also evaluate whether the adjustment programme planned for the Member State affected will help resolve its problems. Accordingly, Finland will approve the establishment of the ESM, provided that the conditions set by Finland can be met. The Government will submit the required Treaty amendments to Parliament for consideration.

Finland emphasises that the next EU financial framework must reflect the challenging situation of public finances and the need to improve the preconditions for economic growth and employment. In a situation where Member States are being forced to trim their national budgets, the Union's budget cannot grow considerably. The Government considers it important that the budget take account of the dynamic focus areas of the Europe 2020 strategy, shifting the priority towards measures promoting growth, employment, competence, innovation, social justice and the state of the environment. The Government will step up the use of the opportunities afforded by EU funds in Finland. The Member States' payment positions should be based on their financial capacity. Negotiations will continue for the removal of separate rebates granted to certain Member States. The Government is prepared to consider the Commission's proposals for the Union's own resources.

The Government regards it important that EU regional and structural policy create the preconditions for sustainable economic development in the regions, contributing to smart growth and wellbeing, and preventing social exclusion. Both now and in the future, the preconditions for agricultural production must be seen to in all regions of the Union. The Government is committed to limiting global warming to two degrees Celsius and strives to achieve a binding international climate agreement in 2011. Finland supports a single European energy market, market-oriented development of the energy network and the enhancement of energy efficiency.

Finland will participate in developing a single area of freedom, security and justice to ensure that citizens can fully and easily exercise their rights when moving or working in other Member States. The Schengen Agreement's status as a means of ensuring free movement must be ensured. It is necessary

to strengthen cooperation at the Union's external borders to fight illegal immigration, human trafficking and smuggling. The Government supports the goal, included in the Stockholm Programme, to develop a Common European Asylum System. The Government will actively support the EU's accession to the European Convention on Human Rights. Monitoring the implementation of human rights in all Member States must be enhanced to prevent discrimination against the Roma and other minorities.

Finland supports the reinforcement of the EU's external operations through the wide range of instruments available to the Union, including the new European External Action Service (EEAS). The Government will actively participate in the development of an EU foreign and security policy strategy. The objective is to strengthen the EU's role in international relations and its ability to act on the basis of common positions in international organisations and diverse treaty negotiations. The Union should be active particularly in its neighbouring areas, in its relations with strategic partners and with respect to key global issues.

Finland considers it important that enlargement of the European Union continue on the basis of the jointly approved membership criteria. The European Neighbourhood Policy should be developed and the focus of external action funding be shifted towards achieving a balance between southern and eastern neighbourhoods. From the Finnish perspective, it is important that the EU's Eastern Partnership be strengthened.

Nordic countries

The Finnish Government will actively pursue closer Nordic cooperation, paying special attention to securing and promoting the strengths of the Nordic model.

While continuing and deepening cooperation in the removal of cross-border barriers between the Nordic countries, with the aim of promoting movement and interaction, the Government will pay special attention to challenges encountered by private citizens caused by insufficient harmonisation, such as conflicting pension and social policy solutions. Defence, science and innovation policies, as well as environmental and consumer issues, are natural areas of Nordic cooperation that should be developed.

The recommendations of the joint meeting between the Governments of Finland and Sweden, held in Hämeenlinna in 2009, provide a solid foundation for the further development of close cooperation between Finland and Sweden, particularly for securing the position of the Finnish and Swedish languages in each country.

The Baltic States and neighbouring regions

Finland enjoys close relations with the Baltic States. Our proximity to Estonia enhances the cooperation conducted in the Baltic Sea region. Both within the EU and bilaterally, the Baltic States are important partners for Finland. Cooperation with the Baltic States will be developed bilaterally, within the EU, and by strengthening Nordic-Baltic cooperation (NB8) established within the cooperation structures of the Baltic Sea States and the Nordic countries.

Finland emphasises the Northern Dimension cooperation and the development of associated partnerships. The European Union Strategy for the Baltic Sea Region plays an important role in systematic use of regional cooperation mechanisms. The Government will actively promote implementation of the strategy and that its priorities will be addressed in the next EU financing framework. The Government seeks improved coordination of Baltic Sea cooperation and supports the Baltic Sea Action process. The Northern Dimension offers an efficient forum for Baltic Sea cooperation with countries outside the EU, the Russian Federation in particular.

The Arctic region is a focus of considerable economic and political interest. Climate change and increased exploitation of natural resources increase environmental risks in the Arctic region. On the other hand, the Arctic region offers significant opportunities for Finland. The Government will advocate the use of Finnish expertise in the Arctic region. Implementation of Finland's Strategy for the Arctic Region will be intensified. Cooperation between the states in the region will be increased to make more effective use of the region's business opportunities and to prevent environmental risks. In mining activities and when exploiting the region's natural resources, ecological sustainability and the rights of the indigenous peoples must be respected. Finland's aim is to enhance the EU's Arctic policy and have the EU Arctic Centre established in Rovaniemi.

Russian Federation

Finland will strengthen its close and wide-ranging bilateral relations with the Russian Federation. The Government actively contributes to the development of the European Union's policy on Russia. Finland supports the Russian Federation's closer ties with Europe and its accession to international treaties and conventions.

The Government promotes mobility of persons between Finland and the Russian Federation based on mutual reciprocity. Finland supports the European

Union's goal of promoting visa-free travel on the basis of criteria agreed on between the EU and the Russian Federation. Finland is preparing for eventual visa-free travel by, for instance, developing its border control systems. Finland also supports cooperation between Finland and the Russian Federation at the level of civil society. Efforts are being made to increase student exchanges between the EU and the Russian Federation.

The Government will further strengthen coordination of Finland's policy on Russia and set up a ministerial working group for this purpose. The Government's Russia Action Plan will be updated and the Russia Forum activities further developed. Neighbouring area cooperation with the Russian Federation will be continued and reformed. Nuclear safety, improvement of the state of the environment, and the prevention of infectious diseases are key objectives of neighbouring area cooperation. Enhancing cross-border cooperation will be important to Finland also in the future.

Global activity

Issues related to improved management of globalisation are a key object of Finland's international cooperation. The Government will seek fair distribution of the benefits of globalisation and elimination of the associated disadvantages and insecurity. In international organisations, Finland will work systematically towards the achievement of ecologically, socially and economically sustainable development. Finland will pursue its value-based foreign policy by encouraging the broadest possible dialogue across political, cultural and religious divides.

The rise of major emerging economies, especially the BRIC countries, will have a significant impact on all international policy issues. In a multipolar world, Finland aims to actively strengthen and reform the multilateral system, which commits all key players to promoting common goals and solutions. The United Nations is the cornerstone of the global multilateral system and cooperation. The Government will also systematically develop Finland's bilateral relations, particularly with the major, rapidly growing economies.

The Government works to improve the UN's legitimacy and capacity to act. Finland pursues a proactive UN policy and will invest in crisis prevention and peace-building in particular, as well as in the promotion of human rights and the rule of law. The Government is seeking a non-permanent seat on the UN Security Council for the term 2013–14 and will prepare for this potential membership. Finland's UN Strategy will be updated with a view to enhancing the effectiveness of the national UN policy. Finland supports activities aiming at the establishment of a World Environment Organisation under the UN, and the

work of the UN High-Level Panel on Sustainable Development. Finland strives to strengthen UN activities in conflict prevention and crisis management. The role of parliamentarians and civil society in international negotiation processes will be strengthened.

The G-20 has become an increasingly significant forum for international cooperation. It is important for Finland that, within the G-20, the European Union and its Member States operate in a coherent and effective manner, in accordance with commonly approved positions. The Government will support efforts to enhance the operation of the International Monetary Fund (IMF), the World Bank (WB), regional development banks, and the World Trade Organisation (WTO). It is prepared to help develop their operations and structures in line with changes in the balance of the world economy.

The United States' position in international politics will continue strong and it is, therefore, a natural cooperation partner for both the Union and Finland. The Government will deepen transatlantic cooperation bilaterally and via the EU. The Government will prepare a strategy to enhance bilateral relations between Finland and the United States and Canada and further explore means of developing the EU's transatlantic political and economic relations.

Finland will work towards increased stability, transparency and accountability on the international financial markets. Alongside EU measures, other possible means might include international taxes imposed on the financial sector, stricter control of the financial market, tighter solvency regulations and prevention of the non-transparent accumulation of risk. The Government will advocate the closure of tax havens, for example, by means of stricter reporting obligations for multilateral enterprises and increased exchange of information between public authorities.

In a constructive manner and with a results-oriented approach, the Government will promote the development of the rule of law, democracy and human rights in its bilateral relations and within international organisations. Finland emphasises the ratification of international commitments. During this Government's term of office, the intention is to ratify the International Labour Organisation's Convention 169 concerning Indigenous and Tribal Peoples, and the International Convention on the Rights of Persons with Disabilities. Finland takes an active part in combating trafficking in human beings. The Government will prepare a human rights policy action plan.

Trade policy

The Government seeks to strengthen the international economic and trade system, to develop an open, rules-based multilateral world economy, and to combat the risk of protectionism.

Finland supports EU trade policy goals and will, in particular, take measures to ensure a level playing field and open markets for green technology, products and expertise, and for the development of the digital economy. In the reduction of poverty, an emphasis will be placed on consistent interaction between trade and development.

Finland strives to influence international economic development to attain a stable and balanced development of the world economy and to promote Finland's own commercial and economic interests. The Government will prepare a cross-sectoral action plan on Finland's external economic relations. Implementation of the programme will support employment in Finland, particularly the internationalisation of small and medium-sized enterprises (SMEs). Work will continue on enhancing Finland's image as a country.

Finland supports free and fair trade and promotes the integration of developing countries into the international economy. The Government takes into account the least developed countries' opportunities to develop their own economies and supports efforts to enhance their influence in trade policy matters. In the global economy, the commitment of all actors to social responsibility and compliance with international environmental and labour norms must be enhanced. The Government supports efforts to strengthen the emerging economies' commitment in this regard in particular.

Finland will make efforts to influence the development of international trade regulations, taking account of the needs of the environment and consumer protection, human rights, and core labour standards in accordance with the ILO Conventions and other international agreements adopted by Finland. In its trade policy, Finland underscores corporate and social responsibility. The Government will examine the possibilities of creating an open and transparent debt settlement system and supports the adoption of a global agreement concerning investments, negotiated on a broad basis, in which the rights and obligations of states and investors are addressed in a balanced manner.

Finland supports the progress of multilateral trade negotiations within the WTO, and bilateral free trade talks in the EU. In sectors where the multilateral system does not cover regulation and trade policy affecting entrepreneurial

activity, the Government pays particular attention to securing the interests of Finnish companies and employees, also taking account of the situation in developing countries. The Government will make sure that business life, labour organisations and civil society organisations are heard when Finland prepares its opinions as a member of international organisations.

Development policy

Development policy is a key element of a coherent and comprehensive foreign and security policy. Poverty reduction and the achievement of the UN millennium development goals (MDGs), placing an emphasis on partner countries' needs and ownership, are the first priorities of the development policy. The Government will reform its development policy to meet the needs of the future. In its own development cooperation, Finland emphasises the rule of law, democracy, human rights and sustainable development. The special priorities are education, decent work, reducing youth unemployment and improving the status of women and children. In these activities, Finland builds on its strengths in the educational sector, health promotion, communications and environmental technology, and good governance.

The effectiveness and impact of development cooperation will be strengthened. Efforts will be made to enhance Finland's involvement in and contribution to multilateral cooperation. In its development policy, the Government emphasises coherence as well as, quality and effectiveness of aid. Assistance provided by Finland will be less fragmented and coordination with other donor countries and organisations will be increased. The Government supports greater coherence and effectiveness in the European Union's development policy.

In the spirit of comprehensive crisis management, development cooperation funds could be increased to advance comprehensive security in regions in which Finland supports peace mediation, peacekeeping or crisis management missions. Finland will continue to provide humanitarian assistance, based on urgent need, to victims of crises and disasters through the UN and other humanitarian operators. This aid will be linked to well-planned reconstruction and development cooperation activities.

The Government's goal is to ensure stable development of appropriations, leading to the target level 0.7% share of GDP and meeting Finland's international commitments. The possibility of introducing innovative sources of development financing to expand the funding base will be further explored. The Government will increase the proportion of civil society organisations in all development cooperation activities. It will also build up the resources made

available to Finnfund activities. Furthermore, the Government will prepare a development policy action plan and issue a report on the effectiveness and consistency of development policy.

Security and defence policy

Finland must continue to ensure a credible defence and participate in the European security and defence cooperation, currently under development, as well as in international military crisis management. The basic premise is to defend Finland's entire territory through a defence system based on general conscription.

In an interdependent world, many security challenges – such as climate change, uncontrolled migratory flows, poverty and inequality, epidemics, international crime, proliferation of weapons of mass destruction (WMDs), terrorism and cyber attacks – require systematic preparedness consistent with the comprehensive concept of security.

Participation in crisis management missions supports the restoration of security and stability in crisis situations, while strengthening our own defence capability and enhancing Finland's weight in international politics.

Finland actively promotes deeper Nordic defence cooperation. Nordic security and defence policy cooperation aims at cost-efficiency in the relevant activities and at ways of securing capabilities. Security policy cooperation will be continued on the basis of the Nordic declaration on solidarity.

Finland will actively work for the development of the EU's Common Foreign and Security Policy (CFSP) and the common European defence policy in accordance with the opportunities offered by the Lisbon Treaty. In the enhanced military cooperation of the future, competences and capabilities will be utilised reciprocally, in collaboration with EU and Nordic partner countries.

Finland is not a member of a military alliance, but it cooperates with NATO and maintains the option of applying for its membership. Finland will not prepare a membership application during this Government's term of office. Finland will evaluate a possible NATO membership on the basis of its own national security and defence policy interests. It will work to develop cooperation between the European Union and NATO, and recognises NATO's importance as the key forum of European security policy.

Finland participates in military crisis management in accordance with the Act on Military Crisis Management. The Government promotes a comprehensive approach whereby development cooperation, humanitarian assistance, diplomacy, and military and civilian crisis management work seamlessly together.

By the end of 2011, a review will be made concerning the continuation of Finland's military involvement in Afghanistan, taking account of the ISAF operation as a whole, the plans of other participating partners, progress in the transfer of responsibility, and the appropriate targeting of Finnish crisis management resources. Finland will gradually shift the focus of its participation towards development cooperation, civilian crisis management and training.

Finland also emphasises the participation of women in crisis management and peacebuilding. It strives to promote the status of women and girls in armed conflicts, in accordance with UN Security Council Resolution 1325. Finland will also devote particular attention to civilian crisis management, and its own civilian crisis management strategy will be updated.

Reliability of information networks is vital to the operation of modern information societies. The Government will prepare a cyber strategy on national information security and actively participate in international cooperation in the field. Finland's goal is to become a leading country in the development of cyber security.

Finland is actively involved in the promotion and implementation of international processes concerning nuclear disarmament and preventing the proliferation of weapons of mass destruction (WMDs). The Government will work towards achieving an international Arms Trade Treaty (ATT). Finland emphasises the EU Code of Conduct on Arms Export. On an annual basis, the Cabinet Committee on Foreign and Security Policy will reassess Finland's position on the Convention on Cluster Munitions.

The Government will develop Finland's contribution to international peace mediation activities and crisis prevention. An action plan on peace mediation will be prepared to strengthen Finnish capabilities and participation, taking account of opportunities for the flexible use of resources through the establishment of a stabilisation fund. Finland will prepare a strategy for supporting fragile states.

The Government will launch an extensive reform of the Finnish Defence Forces. Preparations for this will take place at parliamentary level. This reform will be handled as part of the Government security and defence policy report,

based on the comprehensive concept of security, and it will be presented to Parliament at the beginning of the parliamentary term. The objective of the reform is to ensure Finland's defence capability and create permanent cost savings.

Through this reform, Finnish Defence Forces will be adjusted to correspond to the demographic trends and growing cost pressures, while maintaining and developing its deterrence capacity. Appropriate scaling of the Defence Forces for wartime requirements and effective operations form the basis of this reform. Implementation of the Defence Forces savings programme requires that adjustment measures will be launched immediately at the beginning of the parliamentary term.

The general conscription system will be developed on the basis of the Siilasmaa report on the conscription system. The role of voluntary national defence will be reviewed as part of the reform. Conscript training in the Swedish language will be secured as required by law. The Defence Forces reform will be implemented in line with a sound, responsible human resources policy.

The Government supports national and international cooperation between the defence, aviation and security industries as well as the prerequisites of industrial exports to ensure security of supply and national security. Defence materiel acquisitions will be secured within a long-term programming framework.

Issues of military command will be addressed in connection with the security and defence policy report concerning the Defence Forces reform.

Development of Finnish foreign service

An efficient and well-functioning foreign service is an important instrument for Finland. Finnish missions abroad form a globally comprehensive network of service points, and the Government wants to secure the preconditions for their operation. Resources will be allocated particularly to countries and regions of growing political or economic importance to Finland. In developing the network of missions, the Government will pay attention to closer cooperation between the Nordic countries in particular.

As for tasks falling under the remit of other ministries, the Government will channel their personnel resources to Finnish missions abroad. The Government will centralise Finland's international operations on the basis of the House of Finland concept. The goal is to enhance cooperation between Finnish players by creating opportunities for mutual networking and coordination and by

clarifying the division of responsibilities. Carrying out the action plan for Finland's economic external relations is a key task of its foreign missions.

4 LEGAL POLICY, INTERNAL SECURITY AND IMMIGRATION

Consolidation of human rights and democracy

The Government will secure the general prerequisites for the rule of law. Democracy and respect for human rights will be consolidated. Finland will actively participate in the development of the European Union as an area of freedom, justice and security.

During 2011, Finland's first national action plan on human rights will be prepared. As required by Parliament, the Government will also submit a more comprehensive human rights policy report, where the implementation of the targets set will be reviewed.

Voting turnout and civic participation will be developed on the basis of the citizen participation policy programme, the resolution concerning the promotion of democracy, and a democracy policy report to be prepared at a later date. Systematic and long-term monitoring of the development of democracy and civil society will be started.

The reform of the Finnish Constitution will be completed.

Democracy education will be developed, especially in education institutions. In education, more such contents and practices that support participation, opportunities for influence, and the development of the ability to understand politics and society will be introduced. Regulations regarding primary and upper secondary level student bodies will be introduced, in order to enhance the participation of young people and their development into active citizenship.

The Government supports free civic activity and adult education. Civil society organisations will be given better opportunities to present their activities in schools, education institutions and libraries. The operating conditions of civil society organisations as providers of voluntary and peer support, assistance and special services will be strengthened, their resources increased, and the regulations concerning fundraising and tax exemption will be clarified. These organisations are non-profit operators with great importance for the Finnish democracy and the wellbeing of the Finnish people. It is especially important to guarantee the prerequisites for the third sector to act as providers of support to the most disadvantaged people and groups in society.

Activities of these organisations will also be supported by providing public spaces to be used for civic activities. Special priority will be given to residential areas with social problems and their local activities. The Advisory Board on Civil Society Policy will be made a permanent body within the Ministry of Justice.

The Government promotes the development of new forms of participation, such as consultative public panels and other instruments of participatory democracy. Need to organise consultative referenda will be decided on a case-by-case basis.

New anti-discrimination legislation that takes into account the European legislative developments and that effectively guarantees equality regardless of the discrimination grounds will be drafted in collaboration with social partners and civil society organisations and be submitted to Parliament. To ensure the implementation of the legislation, monitoring practices and administration will be made more effective. The Non-discrimination Act and the Equality Act will be kept as two separate acts in the future, too.

In order to improve social cohesion, the Government will work more effectively to prevent racism, intolerance and xenophobia, and hate crimes against different minorities, such as people with disabilities, people representing different religious groups or beliefs, or people belonging to sexual or gender minorities. The monitoring system for discrimination will be further developed. At the same time, the right to exercise freedom of speech and religion are guaranteed as fundamental rights.

The Paternity Act will be revised, as well as the regulation concerning the acknowledgement of paternity of children born in cohabiting partnerships.

The implementation of linguistic rights will be developed, taking into account of the proposals made by the Ahtisaari working group. A long-term language strategy will be prepared under the lead of the Prime Minister in order to develop two viable national languages, and, on this basis, concrete measures will be specified for the Government's term of office.

The realisation of the rights of sign language users will be promoted, and possibilities to enact a sign language act will be examined.

The cultural autonomy of the Sami people and the preconditions for the operation of the Sami Parliament will be further developed. The rights of the Sami people as an indigenous people will be developed, for instance, by clarifying the legislation concerning the use of land, and actively participating

in the international cooperation for enhancing legal and actual protection of indigenous peoples. The measures of the revival programme for the Sami language will be implemented and the provision of relevant resources ensured. The objective is to create a permanent operating model for the revival of the Sami language in cooperation with the Ministry of Education and Culture.

The autonomy of Åland will be developed and fostered in cooperation with the autonomous region of Åland. The modernisation of the autonomy of Åland will be continued, and needs for change examined. It is ensured that the communication in Swedish between the administration and the autonomy authorities in Åland works well. The coordination of Åland affairs will be developed by the Government.

Regulatory policy

The Better Regulation Programme will be continued in order to overcome the quality problems in the drafting of legislation. Good practices for the legislative drafting process, drawn up within the Effective Legislative Drafting project, will be introduced. More resources will be allocated for the drafting of legislation in the ministries. The language used in regulations will be clarified. Open interaction, assessment of alternatives for regulation, and impact assessments will be developed. A legislative agenda, including the key legislative projects of the Government, will be drafted. Special attention will be paid to projects that involve shared responsibility between ministries, improving the clarity in regulation, and increasing alternative ways of regulation.

The Foundations Act will be reformed. The Co-operatives Act will be updated taking into account the recently amended company legislation. With regard to the Act on the Adjustment of the Debts of a Private Individual, the problematic points concerning, for example, protection of one's own home and incentives for earnings during payment schedules will be reviewed. The issue of unfair and misleading activities in business will be addressed and the need for legislative amendments will be assessed.

The resources for legal policy research will be increased in connection with the structural reform of sectoral research.

Administration of justice and legal protection of citizens

Legal protection is a fundamental right and an essential part of the foundation on which society and economy are built. The legal protection will be secured, paying genuine attention to people's needs. In order to shorten the total length

of judicial proceedings and improve the quality of legal protection, a legal protection programme will be prepared on the basis of former action plans. The total expenses of legal proceedings will be reduced and the administration of justice made more efficient. Previously conducted studies will be drawn upon in efforts to improve fair targeting of legal aid.

The underlying reasons for backlogs in various legal protection processes will be comprehensively analysed. The use of self-rectification procedures will be increased. The system with lay judges will be preserved.

In order to speed up the administration of justice, sustainable and fair resourcing of the prosecution service and judicial administration will be ensured. The number of trainee judges will be increased, and in-service training will be provided for judges. A sufficiently extensive network of courts of law will be secured. Courts of appeal and administrative courts and their judicial district will be reformed. The status of district courts will be strengthened. Outdated information technology of the judicial administration will be renewed. The case management systems of the prosecution service and the judicial administration will be reformed.

The administration of justice will be made more effective by developing the management and reforming the work procedures and practices used in various phases of the process. In order to speed up the consideration of extensive cases consisting of several inter-related offences, the role of prosecutors will be strengthened in the pre-trial investigation stage, especially with regard to financial offences. The opportunities to introduce a plea bargaining system will be assessed. The prerequisites for expanding the scope of application of the penal order proceeding and administrative sanctions will be investigated.

The procedural legislation will be reformed in order to speed up the judicial proceedings without compromising the legal protection. In order to speed up proceedings at the court of appeal, the opportunities to use recordings made by district courts and to restrict the right of appeal when the appeal concerns evidence will be examined. The legislation on evidence will be reformed. The position of children in the administration of justice will be improved, for instance, by nationwide application of the model for cooperation between the judge, expert legal counsel and parents.

The assessment of the need to reform the appeal procedure in administrative courts, including the need to introduce a procedure for applying for leave to appeal also in the Supreme Administrative Court, will be continued. The consideration of cases related to intellectual property rights will be concentrated

in the Market Court and sufficient resources will be ensured for this purpose. In the consideration of appeals concerning social security issues, the elements of fair legal proceedings will be strengthened. The parties' right of access will be improved in the Insurance Court proceedings.

The use of mediation in conflict resolution in different civil and criminal cases will be promoted to speed up the judicial proceedings. Due to its short length and lower costs, mediation is especially well suited to custody disputes. However, in cases involving domestic violence, the use of mediation must be limited, as the mediation processes in such offences include elements that may endanger the legal protection of the victim.

An appropriate way to harmonise the services of financial and debt counselling will be sought, and social loans for the management of unexpected financial problems will be developed. More than half of the actions on debts considered by the district courts are caused by quick loans. The growing problems associated with quick loans call for stricter legislation. The possibility of establishing a positive credit data register will be examined.

A private parking control act will be introduced.

Crime prevention and criminal policy

The objectives of criminal policy are crime prevention, maintenance of a predictable and reliable criminal justice system, establishment of criminal liability, ensuring the functioning of the criminal sanction system, and safeguarding the position of victims.

The interrelationship between penalties for different crimes should be examined from the perspective of equity. Legal policy research will be targeted at the reduction of the overall damage caused by crime, and consideration of reforms needed in the sanction system. In order to reduce the length of the consideration of criminal cases, the resources of the relevant actors will be ensured so that all the stages of the proceedings function smoothly. The services of the Victim Support Finland will be secured in accordance with the Internal Security Programme. The objective is to create a sustainable funding model for the services.

Prevention of serious violence and cross-border crime will be made more effective. Identification of the risks of being exposed to honour-related violence or forced marriage will be made more efficient, related training will be provided for the authorities, and models for early intervention developed. Prevention of

crimes against the individual's right to self-determination will be strengthened. The legislation on sex offences will be reformed so that it better secures the individual's right to sexual self-determination.

Legislation will be developed in order to prevent trafficking in human beings in all its forms, to protect the victims of human trafficking, and to improve legal protection. In this context, the means for preventing organised begging will be ensured. Training in issues related to human trafficking will be provided for authorities, prosecutors and judges. The role of civil society organisations, the Ombudsman for Minorities and the occupational health and safety authorities in the recognition and prevention of human trafficking will be strengthened. The need to reform the legislation concerning the facilitation of illegal entries will be assessed.

The necessary amendments to the legislation concerning offences against freedom of speech will be made on the basis of the case law of the European Court of Human Rights.

The network of authorities leading the anti-corruption activities will be strengthened. The sectors and situations prone to corruption will be identified so that they can be addressed. The Government will outline the regulatory alternatives for the criminalisation of trading in influence.

The implementation of the reforms of the Criminal Investigation Act, the Coercive Measures Act and the Police Act will be steered and monitored, particularly from the perspective of judicial remedies and security.

The preparation of the most serious offences will be criminalised.

The individual sentence plans required by the prison act will be developed as instruments that steer the prison work. The ability to work, rehabilitation needs, and the training opportunities of each prisoner will be evaluated during the imprisonment. The resources for substance abuse rehabilitation and freedom from substance abuse will be secured. The release from prison will be executed in a planned manner, so that rehabilitation and other support measures continue uninterrupted after the release. The prison renovation programme will be completed so that no more prison cells without toilet facilities remain. The security of prisons and the regional enforcement of punishments will be ensured.

The opportunities to introduce a system of substance abuse treatment as an alternative for imprisonment to the sanction system are examined, as well

as the prerequisites for extending the use of electronic tagging in electronic monitoring to the enforcement of, for instance, conversion sentences for unpaid fines. It will be assessed whether it is justified to develop the sanction system in such a way that a short period of unconditional imprisonment could be attached to long conditional sentences. The need to reform the conversion sentences for unpaid fines will be assessed.

Internal security

The objective of internal security is to make Finland the safest country in Europe, one in which people feel that they live in a fair and equal society regardless of how they identify themselves. A good security situation and a strong sense of security are an important part of people's wellbeing and a nationally important competitive advantage. In all Government activities, social justice and the prevention of social exclusion are essential parts of security efforts.

The Government will prepare the third Internal Security Programme on the basis of the comprehensive concept of security. The Programme will define the key security challenges and targets for development. The ministerial working group on internal security is responsible for inter-administrative coordination of the Programme.

The Government will adopt a longer-term comprehensive plan on police resources. Police services will be secured throughout the country. The goal is to stabilise the number of police officers at least at the current level for the entire parliamentary term. In sparsely populated areas, security will be enhanced by more effective cooperation between authorities, and by introducing best practices identified through pilot projects throughout the country.

Policies for performance guidance for the police, and the targeting of resources will be outlined by the Ministry of the Interior. The operation of the police will be enhanced by introducing a new information system, which will be coordinated with the information systems of other security authorities and the judicial administration.

The key content of the Internal Security Programme should consist of prevention and solution of security problems that are the most important from the perspective of everyday life. The key domestic challenges include the prevention of social exclusion, and social diversity, which will have a favourable impact on the sense of security. Improved prevention of violence and the development of support services for crime victims are also of great

importance. The Programme should also increase and clarify cooperation between authorities, and secure, for instance, a comprehensive emergency social services system 24 hours a day throughout the country. The cooperation between the Police, Customs and the Border Guard will be enhanced, as well as the cooperation between these authorities and the prosecution services.

Police education will be ensured in both national languages, and the essential skills needed in encounters with different cultures will be developed in police training. The potential uses of the reserve police system will be outlined and legislation concerning the private security sector will be clarified.

In work against violence, priority will be given to the reduction of serious violent crimes and violence among young people; better recognition of violence against vulnerable groups, including older people, immigrant women, children and people with disabilities; and the prevention of violent radicalisation. The National Counter-Terrorism Strategy will be updated. The implementation of the national Action Plan to Reduce Violence against Women will be ensured.

An unbroken treatment chain will be guaranteed for victims of sexual violence. Shelters for the victims of interpersonal and domestic violence will be increased, and attention will be paid to a more regionally balanced distribution of such places. Cooperation between the police and social services in connection with house calls concerning domestic violence will be improved, by taking advantage of, for example, the pilot programme of risk assessments for violence.

The prevention of organised crime will be made more effective, and an assessment will be made as to whether a specific new law is needed. Investments in the prevention of cybercrime will be made as part of the prevention of organised crime. The means to prevent any occurrences of identity theft will be secured. The implementation of equal legal protection for all citizens in the digital environment will be secured. The division of costs for storage of telecommunications data will be adjusted between the authorities and telecommunications operators.

The functioning capability of border control authorities will be secured. The impact of the visa-free travel agreement, currently being prepared between Russia and the EU, on the personnel resources and equipment of the Finnish Border Guard, Customs, the Police, judicial administration and prisons, traffic arrangements, and cooperation between authorities will be assessed. Efforts will be made to achieve a functional agreement concerning the return of prisoners to Russia.

The investigation and prevention of the use of irregular foreign workers will be enhanced. Resources for organised police work specialising in such activity will be increased.

The problem of aggressive and intrusive begging practices will be addressed by means of developing the maintenance of public order and legislation. Taking intoxicated people into custody and their transportation will be organised in an appropriate manner.

The reform of the emergency response centres must be reviewed from the perspective of security, regional equality and personnel. The evaluation will focus primarily on ensuring the quality and expertise of, and reliable access to services provided by emergency response centres. Service counselling for non-urgent calls placing additional burdens on the centres will be organised.

The rescue services must be prepared for the effective and wide-ranging command responsibility and management of national crises and disasters, and, increasingly, the prevention of such events. A nationwide rescue services system will be developed, an essential part of which will consist of voluntary contract fire brigades with part-time staff.

Finland's capacity to participate in international crisis management will be enhanced, and the basic preconditions for participation of Finnish rescue services in international relief operations will be secured by ensuring a sufficient number of personnel and other necessary resources through the Crisis Management Centre Finland. Participation in international operations is an active way of contributing to efficient interoperability in crisis management.

The national capacity for civilian crisis management will be enhanced. Cooperation between national authorities and the joint use of resources will be expanded in accordance with the principles of comprehensive crisis management. A multi-purpose vessel with oil destruction capacity will be acquired for the Border Guard.

Immigration

Immigrants are a permanent and welcome part of Finnish society. The Government considers the integration of immigrants and the prevention of discrimination as essential activities during this Government's term of office. The Government aims for an immigration policy that supports the building of an unprejudiced, safe and pluralistic Finland, and enhances Finland's international competitiveness.

The future of immigration 2020 strategy will be updated. The Government aims to ensure a managed labour market and equal rights for all employees in an open and increasingly international labour market. The Government endeavours to increase the employment rate of immigrants, make integration policy more effective, accelerate the processing of asylum applications, and intensify the prevention of discrimination.

Finland will actively work for the achievement of a common EU asylum and immigration policy. The Government will also promote closer Nordic cooperation on immigration matters.

The current system of determining availability of labour on the domestic labour market will be maintained and the supervision of the labour market will be enhanced. Finland will follow the experiences of Sweden, where the system of determining availability of labour on the domestic labour market has been partially dismantled.

The number of foreign workers residing in Finland and the future needs of the labour market will be assessed. In the future, the rules of recruitment will be amended sector by sector in joint negotiations between government and labour market and entrepreneur organisations. The recruitment of foreign workers must rest on an ethically sustainable foundation.

The resources of the supervising authorities, including occupational health and safety authorities, the tax administration and National Bureau of Investigation, will be increased. The number of foreign workforce inspectors will be increased in accordance with the programme to fight the shadow economy.

The refugee quota policy will be continued at current level in cooperation with the UN Refugee Agency (UNHCR).

The state and municipalities will prepare a cooperation agreement aiming at a managed and systematic placement of refugees and recipients of a positive asylum decision in municipalities. When preparing the cooperation agreement, advantage will be taken of the example of municipalities with positive experiences from the reception of quota refugees, and projects delivered by various organisations enhancing positive interaction between immigrants and the local population, and the integration of immigrants.

To support the cooperation model, a plan will be prepared to gradually raise the level of compensation paid to municipalities to correspond with the actual development of costs.

The Government will support the preparatory activity of the international community for global migration caused by climate change. Finland endeavours to promote improved living conditions in countries where the pressures to leave the country are high.

Finland will actively participate in the development of a common EU asylum policy to make it more humane and effective. EU cooperation with origin and transit countries of illegal immigration will be enhanced. The Government strives to ensure that asylum seekers and third country nationals who have arrived illegally in Europe are given appropriate treatment and reception in the Member State which they enter first.

The means of accelerating the processing of asylum applications include ensuring a sufficient number of processing officials, enhancing cooperation, and introducing a cooperation model involving various authorities, i.e. the Finnish Immigration Service, the Police and the Border Guard. The total costs caused by the reception of immigrants will be adjusted according to the number of asylum seekers and reduced processing times.

The return of persons who have been refused asylum will be executed more quickly than is currently the case. Finland strives to enforce bilateral repatriation agreements with countries where circumstances have improved and the return of asylum seekers to their countries of origin is possible.

The detention of unaccompanied minor asylum seekers will be prohibited. Alternatives will be developed for detention. Each child covered by reception activities has a right to go to school. The reform concerning the provision of a special personal identification card for persons involved in the asylum procedure will be accelerated.

The family reunification practices applied by Finland should be in line with those applied by other Nordic countries. The impact of the changes made in the family reunification regulation will be reviewed. On this basis, the criteria of family reunification for persons under international protection can be specified, taking note of the regulation of the EU Family Reunification Directive in such a manner that the conditions include the basic requirements for securing a home and livelihood for adults who aim to bring their family together.

All means available will be employed to enhance the integration of immigrants into Finnish working life. The objective is to increase the employment rate of immigrants and to halve their unemployment rate. Special attention will be paid to groups with low employment rates.

A system will be created that supports and encourages both employers and employees to study Finnish or Swedish in tandem with employment.

When implementing the Integration Act, the Government will ensure the targeting of appropriations in the relevant main titles in such a manner that sufficient allocations for enhanced integration measures are secured.

The results of the Participative Integration in Finland project, which will draw to a close in 2013, will be monitored, and, on the basis of these results, conclusions will be drawn on the efficiency and effectiveness of integration training and any potential need for change.

The goal is to extend language education into vocational training for immigrants. Access for immigrants to integration training and language education will be improved throughout the country. Special attention will be paid to the language education of students and housewives, and to the provision of language education at various levels. Immigrants' understanding of the way in which the Finnish society works and of their fundamental rights will be enhanced through integration training. Access of young immigrants to training and support measures will be ensured.

Flexible and case-specific solutions will be developed for the evaluation of qualification requirements of teachers with immigrant backgrounds and the acquisition of Finnish qualifications. Steps will be taken to develop the system of recognising foreign qualifications and to make access to further and supplementary training easier.

The operating conditions of organisations involved in immigration and integration work will be improved. The capacity and opportunities for the third sector to participate in the counselling and training of immigrants will be enhanced.

The special needs of immigrant clients will be taken into account in entrepreneurship information and any entrepreneurship programmes launched.

A specific recruitment and tutoring programme for the public sector will be launched with the immigrant population as one of the key target groups.

The letter of intent procedure between central government and the Greater Helsinki Area will be continued in order to generate a more comprehensive integration policy. Goals for enhanced employment, integration and education

will be included in the letter of intent. Assessments will be made of how the effectiveness of other measures targeted to address the problematic areas of the Greater Helsinki Area can be developed and coordinated by means of more extensive letters of intent.

With regard to the accommodation of immigrants, steps will be taken to ensure sufficient provision of affordable rented housing and their balanced and comprehensive regional distribution.

Measures of positive special treatment must be applied to urban regional development. Appropriations will be channelled to regions where the unemployment rate is high, a large number of people live in rented housing, and immigrants constitute a larger than average proportion of the population.

Statistics and research activities concerning immigration must be clarified and made more efficient. The prerequisites for the establishment of a centre of expertise on immigration will be investigated.

All matters related to immigration will be organised under the responsibility of the Minister of the Interior. The management of integration measures will be organised under the responsibility of the Minister of Labour, and cross-sectoral cooperation will be enhanced. The effectiveness, structure and need for improvements in integration administration will be evaluated during this Government's term of office.

5 EDUCATION, SCIENCE AND CULTURAL POLICY

General

The objective of Finnish education and cultural policy is to guarantee all people - irrespective of their ethnic origin, background or wealth - equal opportunities and rights to culture, free quality education, and prerequisites for full citizenship. In any educational, scientific, or cultural activity, sport, or youth work, the equality principle must be applied. All people must have equal access to services of consistent quality.

The Government aims to make Finland the most competent nation in the world by 2020. By 2020, Finland will be ranked among the leading group of OECD countries in key comparisons of competencies of young people and adults, in lack of early school-leaving, and in the proportion of young people and other people of working age with a higher education degree. The differences between the genders in learning outcomes, participation and completion of education will be reduced, and the intergenerational transmission of education will be reduced.

The provision of education will be accommodated to the cultural needs of the nation and the long-term needs of the labour market. In order to secure welfare services, the Government will ensure the availability of the workforce, especially in key educational, health and welfare services. Education foresight will steer the structure, content and supply of education and qualifications. A sufficient provision of vocational education will be ensured, and it will be targeted according to regional needs.

The network of educational institutions will be adapted to demographic trends, and access to education and cultural equality will be ensured throughout the country. In the development process, special attention will be paid to the involvement of staff and students. The application of a positive staff policy will be fostered throughout the education system. The current network of higher education institutions will be merged into expertise environments of sufficient size, quality and innovation capacity. Each province in Finland will have at least one higher education institution. Departments of teacher education will be developed and the operating capacity of university consortia will be secured.

In order to improve the quality of higher education and secure regional coverage of secondary education, the joint use of premises, support services

and teacher resources crossing the boundaries of secondary and higher education institutions will be promoted.

Education leading to a qualification will continue to be provided free of charge at the basic, secondary and tertiary levels. Prerequisites for eliminating charges on learning materials in upper secondary education will be explored.

The export of education will be promoted. The piloting of tuition fees charged to non-EU and non-EEA students will be evaluated.

The recognition of prior learning and learning acquired abroad will be made part of all education from the basic level to adult education. A competence-based definition of qualifications will be endorsed.

Links between education and the working life, and employee and entrepreneurship education providing information about the rights and obligations of citizens, employees and entrepreneurs will be enhanced at all levels of education.

Careers and guidance counselling will be strengthened at all levels of education. Criteria determining good student guidance will be prepared for upper secondary schools and vocational education. Information, counselling and guidance services relating to lifelong learning will be available for everyone in accordance with the one-stop-shop principle.

Finnish culture and education will be openly international. The integration and employment of migrants, communication across cultural boundaries, and activities to combat racism will be promoted through education. Special attention will be paid to migrant young people arriving in Finland who are near or at the end of compulsory school age. The recognition of existing competencies, language skills and vocational skills of migrants will be developed.

A national language strategy will be prepared, describing the goals and implementation methods for the diversification of national language reserve. When developing the national language reserve, special attention will be paid to the status of the Sami, Roma and sign languages.

The attractiveness of the teaching profession will be increased by developing working conditions. The increased importance of special pedagogy, multiculturalism, and parent-teacher cooperation will be addressed in teacher education. The regionally comprehensive provision of teacher education matches the training needs. Continuous professional development of teachers

will be promoted. Pedagogic and educational research serving the development of education and education policy will be enhanced.

The use of ICT in education will be fostered.

Early childhood education

High quality and easily accessible early childhood and preschool education will be secured for all in this age group. An early childhood education act will be introduced. The possibility of making early childhood education compulsory will be explored with an aim to securing the participation of whole age cohort in early childhood education. Preschool education and basic education will be developed and provided to the entire age group, guaranteeing equal opportunities for everyone.

Law-drafting, administration and steering concerning early childhood education and day care services will be transferred to the Ministry of Education and Culture. Cooperation between early childhood education and social welfare and health care services will be enhanced.

Support will be provided to enable parents with small children to combine family and work in a flexible manner. Children's day care will be maintained as a subjective right. The day care system will be developed to offer families with more flexible opportunities to use day care services. Safe and high quality children's day care will be secured. Day care will be developed as a service preventing social exclusion, and will be maintained free of charge for families on a low income. Any charges collected will not form a barrier to employment. Special attention will be paid to the position of single parents. The right to keep the same day care placement will be maintained even if a child is temporarily in home care.

Basic education

The improvement of the quality of basic education and the reduction in class sizes will be continued. Class sizes must be small enough to ensure that teachers have time for every pupil, and the needs of different children and groups can be taken into account. The introduction of quality criteria in basic education will be promoted. The need to specify class sizes through legislation will be reviewed, for instance, by changing the recommendations concerning class sizes to being an obligatory regulation.

The fundamental premises of the organisation of basic education are safe, accessible, high-quality schools, and the comprehensive and uniform delivery of primary education. The opportunities for each individual for learning and the development of creativity, competencies and different talents will be enhanced. Differentiation between schools will be prevented. The right of individuals in community care to participate in the compulsory basic education will be improved, and the right of children placed in foster care to basic education will be secured.

The criteria of the use of central government transfers in basic education will be examined as part of the reform of the central government transfer system, the aim being to secure equal access to basic education of uniform quality into the future. The objective of the reform is that, in the future, the funding of basic education will be increasingly based on indicators describing the operating environment of basic education, including the share of migrants in a municipal population, the educational attainment of the adult population, and the unemployment rate.

The reform of the goals and the distribution of lesson hours in basic education, to be implemented in 2016, will be prepared in a manner to strengthen the teaching of practical subjects, arts and sport, civic and citizenship education, the position of environmental education, and collaboration between subjects, and to diversify language programmes.

The teaching methods of the national languages will be developed in such a manner that the focus will be on communication skills. In 2012, the national assessment of learning-to-learn skills at the ninth grade of basic education will be renewed.

Student care services will be developed in cooperation with the Ministry of Social Affairs and Health. Multi-professional student care prevents the social exclusion of children and young people at all levels of education. Sufficient provision of special needs and remedial teaching will be secured. More effective steps to reduce bullying in schools will be taken. The support of schools for the educational role of parents, and parent-teacher cooperation will be enhanced. Systematic non-discrimination and equality work will be carried out throughout the education system.

Extra-curricular activities at schools will be consolidated; alongside morning and afternoon activities they give pupils an opportunity for practice leisure activities during their school day. The provision of morning and afternoon

activities for first and second grade pupils in basic education and children with special needs will be increased.

The sports facilities and other school premises will be utilised for leisure time activities in collaboration with, for example, local sports clubs. Opportunities will be created for civil society organisations and other third sector organisations to present their activities at schools. Student bodies will be given a permanent status in all primary and secondary schools.

Upper secondary education

Each child who completes primary school will be guaranteed a place of study in general upper secondary education, vocational education, apprenticeship training, workshop, or in another way. Applicants who have completed basic education or have no secondary level degree or place of study will be given priority in secondary education student selection. The responsibility of municipalities for guidance and counselling of young people completing basic education will be increased. The target is that by the end of this decade, more than 90% of 20–24 year olds will have a post-basic qualification.

Students transferring from one education institute to another or people with degrees acquired at an earlier stage in their life will be given increased opportunities for special selection, additional vocational training, apprenticeship training, and training preparing for a competence-based qualification.

The system of upper secondary education will allow young people to build their own educational path. The matriculation examination and vocational qualifications will be developed as separate qualifications. At the same time, flexible opportunities for completing elements of qualifications on a modular basis will be increased. The primary objective of education given to young people is the completion of a full qualification or degree.

The funding for upper secondary education is granted to the organisers of the education.

General upper secondary education

The funding basis of general upper secondary schools will be reformed in such a manner that, as the age groups become smaller, it will guarantee the quality and regional availability of education by using the means of distance learning, too. A performance-based funding contribution will be included in the

funding system of general upper secondary schools, rewarding schools for the quality or improvement of the quality of education, for example, on the basis of improved learning results and low drop-out rates.

After the completion of the reform of the distribution of lesson hours in basic education, a reform of the national targets and distribution of lesson hours will be launched in general upper secondary school education.

The links between upper secondary school education and working life will be enhanced and relevant knowledge on working life increased.

Education preparing migrants for general upper secondary school will be launched.

The matriculation examination will be developed to support the general learning objectives of education and facilitate more extensive utilisation of the matriculation examination in the selection of students for higher education. This will be implemented by enhancing the comparability of examination results and by developing the second test in the student's mother tongue so that it will measure the level of general knowledge, skills in processing and validity assessment of information. The gradual introduction of information and communication technology in matriculation examinations will be prepared.

Vocational education

Upper secondary level vocational education can be completed in a flexible manner in a training institute, apprenticeship training, via demonstration of competence, a workshop, or a combination thereof. The role of on-the-job learning, and the use of labour-intensive learning environments and teaching methods will be enhanced, and opportunities for implementing these in vocational education will be diversified.

The funding of vocational education will be reformed to better support the provision of education for the whole age group, improve success rates, and speed up transfer to employment. Education institutes will be rewarded for the quality and improvement of the quality of education.

The reform of the qualification structure of vocational education will be continued in close cooperation with working life, the ultimate goal being a clearer qualifications structure and qualifications better meeting the needs of working life.

The development of an apprenticeship with multiple employers will be investigated. The opportunities for young people, migrants and people with disabilities to participate in apprenticeship training will be improved.

Higher education

The quality, efficiency, effectiveness and internationalisation of higher education will be enhanced. The differences between various population groups in seeking higher education will be reduced. University and polytechnic degrees will be developed on the basis of different objectives and contents of the degrees. The Master's degree will be maintained as the basic university degree.

The funding of higher education will be reformed to better support the objectives of education, including higher completion of studies rates, quicker transfer to work, enhanced administration, improvement in the quality of education and research, internationalisation, and the profiling of higher education institutions in their own areas of strength. The unemployment insurance contributions paid by universities will be compensated in full from 2012 onwards.

The legislation concerning funding and administration of polytechnics will be amended. The responsibility for the basic funding of polytechnics will be transferred to the state in its entirety, and they will be turned into independent legal organisations. The licences of polytechnics will be renewed, placing emphasis on the quality and effectiveness of their activity. Samordningsdelegationen för de svenska högskolorna will be proactively involved in the development of the structure of Swedish-speaking polytechnics.

Access to higher education studies will be made smoother. In student selection, the primary places will be reserved for applicants with no prior degree or study rights at a comparable level. As a basic rule, students will be selected for broader fields of education than today, giving due consideration to the differences between various sectors. Flexible opportunities for transfer within and between higher education institutions will be created, for instance, by developing separate admissions. By these means, rush of applicants can be cleared by the end of the decade. The impact of reforms in student selections on gender equality and the inter-generational nature of education will be evaluated. The appropriateness of forced applications will be assessed.

The establishment of a university for the arts will be promoted.

Higher education in the health care sector will be clarified in order to secure the development of the discipline, and the compatibility between education and work.

The structures and funding of the National Archives Service will be investigated, particularly with regard to making the current archiving activities of political movements serve the current party lines, and the organisation of the archiving of parties and political movements left outside the archiving system.

Science

Policy on the national research infrastructure will be promoted. Common forms of research cooperation will be created for higher education institutions for the purpose of collaboration with companies. Research cooperation supporting the differing profiles of various universities and polytechnics will be increased. The share of research and development activities in the funding of polytechnics will be strengthened from the current level.

The state sectoral research institutions will be combined into larger entities. The division of responsibilities in basic research activity between universities and sectoral research institutions will be clarified, facilitating the transfer of responsibilities from sectoral research institutions to universities, and cooperation between the organisations will be enhanced. The current administrative status of the Research and Innovation Council will be preserved, and the Council's coordinating role in the targeting of sectoral research and national research infrastructure policy will be strengthened. The targets of the state's sectoral research are coordinated by the Prime Minister's Office.

Research and evaluation activities concerning education will be enhanced. The official evaluation activity concerning education carried out by the National Board of Education, the Finnish Education Evaluation Council and the Finnish Higher Education Evaluation Council will be concentrated into an independent Education Evaluation Centre.

Adult education

Adult education is offered on an equal basis to the whole adult population. The Government will look into reform of public funding with the aim of supporting and meeting the individual training needs of citizens by adopting a system of personal training accounts for citizens. A tripartite investigation will be conducted on the utilisation of such accounts as part of working life agreements. As part of the SADe project (eServices and eAdministration) an

electronic centre of culture and education will be established, providing a service whereby citizens can access all the adult education and training offered in Finland.

The Government will promote liberal adult education to meet the educational needs of groups otherwise excluded from the supply of training and to further the integration of migrants. The role of civic and citizenship education in liberal adult education will be strengthened.

Access to adult education opportunities for people without qualifications, small-scale entrepreneurs, and other under-represented groups will be improved. Financial incentives will be created for training institutions to train adults with no qualifications, and they will be encouraged to engage in cooperation with workplaces and outreach activity. Tuition charges will no longer be payable for adults with no qualifications.

Access to further education for individuals with higher education degree will be improved. As part of the adult education system, universities and polytechnics will be encouraged to offer programmes covering a wide range of subject areas, degree modules, and other shorter education programmes than those leading to a degree, whilst offering standard degree-based education.

The system of competence-based qualification will be strengthened as an instrument for demonstrating competencies acquired through informal learning in work life. The funding of preparatory training for competence-based qualification is organised in such a way that it does not encourage the provision of unnecessary preparatory training. The resources of education and training committees will be scaled, taking account of the nature of these committees as official authorities.

Student financial aid

Student financial aid will be tied to the cost-of-living index on 1 September 2014. The student financial aid system will be reformed to support full-time study and the accelerated completion of studies. The shortcomings associated with student financial aid for secondary level students will be remedied, and the position of students with a family will be investigated as part of the reform. The costs of student financial aid reform will not surpass the positive impact of the reform on the national economy.

Culture

The Government's basic premise is that in building a society, culture plays a central role. Arts and culture are essential basic elements of social life, and its creative effect extends into every sector of life. The Government will develop a cultural policy which recognises cultural diversity and ensures that culture is available to every citizen. Special steps will be taken to enhance participation in culture of those groups currently excluded.

The support for culture will focus on the creation of artistic and cultural content and the effective dissemination thereof. The favourable conditions for non-institutionalised field of arts will be secured.

Support will be provided for cultural entrepreneurship and the generation of jobs within the creative sectors. Marketing skills within cultural exports and the creative sectors will be promoted. The role of cultural institutes of the Ministry of Education and Culture operating abroad as civil society actors and promoters of cultural exports will be enhanced. The status and responsibilities of the Institute for Russia and Eastern Europe will be investigated.

The system of fair compensation for private copying will be revised to secure the financial prerequisites for the activities within the sector under the circumstances of rapid technological development. Illegal use of creative material will be restricted by means of dissemination of information and by developing legislation and more effective implementation thereof.

Copyright legislation will be preserved under the Ministry of Education and Culture. The Copyright Act will specify more accurately reasonable terms and conditions and appropriate remuneration required for the transfer of copyrights. Various distribution channels will be taken into account in the development of the copyright system. Training, research and counselling will be increased within the sector.

In order to improve the status of people involved in the creative sectors, the need to reform employment, social security and tax legislation will be looked into cross-sectorally. The position of recipients of short-term grants will be clarified in social security legislation.

The importance of culture in the integration of migrants will be emphasised.

The right of all children to access arts and culture will be supported by strengthening the status and operating conditions of children's culture. The

availability of basic education in the arts will be promoted throughout the country.

The library system plays a central role in the maintenance and development of Finnish literacy and the advancement of reading as a hobby. The Government supports the development of library activity, and fosters cooperation between schools and libraries. Libraries will be developed to meet the challenges of the information society. The opening up of the libraries', museums' and public arts institutions' digitised material for free public access will be promoted.

The application of the principle of 'one per cent for arts' in public construction will be promoted.

The Documented Image Archive will be developed in connection with the Photo Archive.

Preparatory work on turning the Finnish National Gallery into a foundation will be launched.

The national design programme will be revised.

The Government will prepare world heritage and cultural environment strategies. Architectural heritage of cultural historic value will be preserved.

The Arts Council of Finland will be converted into the Arts Promotion Centre. As part of the reform, the status of peer evaluation in the decision-making process will be preserved.

The existing national monopoly betting system will be preserved. The Lotteries Act legislation related to revenue from betting and lotteries and the current transferred earnings system will be maintained. The status of the Finnish National Lottery and its beneficiaries within the scientific, cultural, sports and young person's activity sector will be secured. The reserve of the Finnish National Lottery will be dismantled more rapidly than originally planned in favour of the beneficiaries.

Sports

The Government promotes the maintenance of active lifestyles throughout life. The objective is above all to increase the number of people practising and participating in sport. The reasons for being excluded from a sport-oriented way of life will be examined, as will the opportunities created for increasing

physical activity for various age groups. The opportunities for everyday physical activity will be increased by developing the urban structure, and by increasing accessibility to sports facilities serving large groups of users.

Special attention will be paid to equality in leisure time activities, especially when it concerns children and young people.

The 'Schools on the Move' project, promoting child and young people's sports will be continued. Student sports activities will be supported. Good practice of health enhancing physical activity for workplaces will be established as permanent and incentivising working life practices.

The Government highlights pluralism and mutual respect in Finnish sports culture and its role in the integration of migrants. Integration of migrants through sport will be continued, taking account of the proposals made in the related development programme.

The development of low-threshold club activity and steps by which club and civic activities could be provided more effectively with local support will be promoted. The amendment of the Sports Act will promote the structural reform of the entire sports system. The operating conditions of ethically sustainable, equal and pluralistic top-level sports will be secured, including sports for persons with disabilities. Specific steps will be taken for promoting a long term athlete program.

The nature of the renovation of the Olympic Stadium as a national project will be taken into account in its funding.

Youth

The child and youth policy of the Government enhances the growth and living conditions of young people, supports active citizenship, empowerment and healthy lifestyles among young people, and fosters their growth and independence. Youth work is based on communality, equality, mutual respect, non-discrimination, and local, regional and worldwide solidarity.

The child and youth policy development programme will advance cross-sectoral cooperation and division of responsibilities. Management by knowledge will be enhanced by developing national indicators for child welfare.

In order to combat youth unemployment, inequality, and social exclusion, each young person will be provided with a workplace or a place in education,

rehabilitation or apprenticeship training. Outreach youth work will be promoted. Preventive substance abuse work as part of youth work will be supported. Workshop activities for young people will be further developed.

Each child and young person will be guaranteed the prerequisites for and access to participation in the information society. The opportunities of young people to participate in and influence decision-making will be promoted in collaboration with youth organisations. Initiative channels and hearing systems will be developed.

Youth services will be secured as part of local services provided throughout the country, taking account of the Language Act. Integration will be promoted by means of integrated and targeted youth work. Environmental education and nature schools for children and young people will be developed. Opportunities of children and young people to participate and be heard in decision-making relating to their own neighbourhood environment and decision-making in environmental policy will be developed.

The resources required by civil society organisations to provide peer and voluntary activities for children, young people and parents will be secured.

6 ECONOMIC, EMPLOYMENT AND INNOVATION POLICY

Steering Finland on a path to growth

Finland should be steered on a strong and sustainable growth path. Increasing exports, enhancing domestic added value and creating value will be highlighted as the key targets for this Government's term of office in order to generate new growth and jobs, and take better advantage of the high educational level of the Finnish population. The Government's economic policy aims at enhancing the conditions and creating opportunities for economic activity throughout the country. The objectives of the economic policy are renewal and diversification of the economic structure, business growth and internationalisation, and improvement of the operating conditions of small enterprises.

Growth and economic success require competitive industries, development of the service sector, and new, growth-oriented and eco-efficient businesses. Competent and happy people are the key economic success factor for Finland. Companies must be steered towards the maintenance and development of the competencies of their entire staff. Our strengths also include high-level infrastructure, a stable and safe business environment, and well-functioning, reliable and service-oriented administration. This Government's goal is to create in Finland the world's best prerequisites for expertise and the execution of business activities.

New innovations

An adequate level of funding for research, development and innovation activity will be secured. During this parliamentary term, the targeted share of RDI expenditure is 4% of GDP. The division of responsibilities between the actors dealing with public growth and RDI funding will be clarified. The focus of funding will be transferred to small and medium-sized, growth-oriented, internationalising companies providing jobs, and account will be taken of companies in various phases of development.

In the long term, the key elements for economic growth and the renewal of the economic structure are investments in basic research and applied research and development. Integrated development, commercialisation and the introduction of technological and social innovations will be accelerated.

During the past 15 years, Finland has significantly increased resources allocated to research and product development. It is justified to assess the results achieved on the basis of the made assessments and recommendations, and to reform support schemes to maximise their support for RDI activity.

The Government will investigate the possibilities of introducing tax incentives for R&D activity.

The operation of the Strategic Centres for Science, Technology and Innovation will be developed and the smooth running of the funding arrangements will be secured. Companies will take the biggest responsibility for the funding.

The implementation of the intellectual property rights (IPR) strategy will continue, and the action plan included in the strategy will be reformed on the basis of the changes that have taken place in the operating environment and the Government priorities.

Reforming financing

The effectiveness and appropriateness of business subsidies in the face of new domestic and international challenges will be reviewed, and the necessary changes and savings in subsidies will be made accordingly. The aid allocated through local and regional business subsidy schemes, national business subsidy schemes, and European Structural Funds will be examined in the same connection. Subsidies will be targeted more clearly at SMEs, internationalising growth companies, and increasing exports. Finland's challenges are the small number of growth-oriented companies, and a lack of long-term venture capital when transferring from product development to production and marketing.

The operating conditions and resources of export credits and state-owned companies entrusted with special financing duties will be secured to safeguard the competitiveness of domestic companies. Opportunities for risk-taking in export crediting will be increased, and a permanent and internationally competitive export credit scheme based on Finnvera Plc's fundraising activity will be introduced. The related fundraising activities enjoy free state guarantees provided by law. The concept of risk-taking will be expanded to cover also special situations, and economic and labour policy objectives.

Finnish Industry Investment Ltd will be capitalised as necessary, and Finnvera Plc's crediting and guarantee opportunities will be secured by means of sufficient authorisations and risk-taking capacity. Public capital investment activities will be particularly enhanced with the purpose of increasing the

number of growth companies and creating jobs. At the same time, a capital investment programme will be implemented to attract new investors to Finnish growth companies.

The importance of the creative sectors will grow as new business opportunities open up. Efforts will be made to encourage this activity by increasing financial contributions and recognising the special characteristics of the sector.

The growth and reform opportunities offered by the structural changes within the mobile phone sector will be exploited. Capital investments boosting the internationalisation of the Finnish capital investment sector will be promoted in collaboration with companies operating in the sector and other investors.

Export promotion measures will be increased, especially in developing markets. The Government will prepare a strategy for attracting foreign investments and capital to Finland. In this context, the role of Invest in Finland will be strengthened.

Russia is a growing market area for Finnish investment and export of investment goods and services. Finland will take active steps to promote the elimination of obstacles to trade and increase interest in investments. Russia's forthcoming WTO membership will enhance business opportunities. Innovation cooperation between Finland and Russia will be improved. Finland can act as an international business centre for Russia or between Russia and the rest of the European Union.

Strengthening entrepreneurship

Finland needs successful entrepreneurs. The Government uses various means to encourage growth and internationalisation of businesses. In its enterprise policy, the Government will target the generation of new enterprises and the promotion of growth and internationalisation of the existing businesses. This is especially important with regard to exports of, for instance, the IT sector, environmental and energy technology, the mining sector, natural resources and education. The corporate tax rate will be lowered.

The Government will foster business and export opportunities for the creative sectors.

Efforts will be made to increase interest in and preparedness for entrepreneurship by means of training at various levels of education. Entrepreneur training programmes will be intensified in order to find successors for businesses. To

foster growth entrepreneurship, the business skills of SMEs will be enhanced. Related to this, entrepreneur training will be developed all the way up to business training at a high international level.

The employment and entrepreneurship of educated young people will be promoted with the help of business incubator and accelerator activities.

The possibility of interrupting business activity will be clarified, for example, by alleviating the requirements to sell the equipment as a condition for eligibility to unemployment benefits after a relevant working group has made its proposals.

Problems related to debt settlement situations of entrepreneurs will be looked into. The position of self-employed persons and micro enterprises will be improved. The administrative burden on entrepreneurs will be alleviated, and the processes associated with payments and taxes will be intensified. Public and publicly-funded business services and transactions between businesses and the authorities will be brought together and operate on a one-stop-shop principle.

Competition benefiting consumers

To generate genuine competition, equal competition conditions for businesses of various sizes and well-functioning markets serving the interests of consumers will be safeguarded by means of competition policy. Efficient operation of the Finnish Competition Authority will be secured through the allocation of sufficient resources and powers. Penalties for violations against competition legislation will be increased. The Government will examine the possibility of imposing personal criminal responsibility on people found guilty of cartel violations.

As regards the provision of services, the rules governing competitive tendering and the granting of public support will be clarified. The impact of the Services of General Economic Interest (SGEI) rules, currently being prepared by the EU, on national competition legislation will be evaluated, after which a framework act on SGEI services will be introduced. This is one way of clarifying the position of the third sector as provider of services, and the opportunities of the Finnish Slot Machine Association to finance SGEI services. The policies will observe the regulations of EU competition legislation, and ensure the implementation of competition neutrality between the public and private sectors.

The Act on Public Contracts will be amended in such a manner that municipalities will have increased opportunities for the direct award of contracts. In addition, employment, health policy, social and other quality criteria and innovation and

environment policy viewpoints will be better observed in public procurement. The national tender threshold values will be raised closer to the level specified in EU directives, and the national tender threshold value for goods and services will be raised substantially close to the EU threshold value. The Act on Public Contracts practices will be simplified within the framework provided by EU legislation. In the organisation of municipal services, greater attention will be given to measures to fight the shadow economy. The joint Public Procurement Advisory Unit of the state and municipalities will be made permanent and its resources secured by an agreement between the parties involved.

The steering potential and operating conditions of consumer policy will be enhanced, and a new consumer policy programme will be prepared. The division of responsibilities between various consumer protection agencies will be clarified.

The reorganisation of the supervision of the safety of consumer services will be investigated. Market surveillance cooperation and coordination will be strengthened within central government administration to effectively implement the European Union's statutory requirements.

The Government will support projects for the enhancement of international norms and rules concerning corporate responsibility, and promote better observance of responsibility aspects in economic policy and public procurement. The objective is that Finnish companies act as forerunners in corporate responsibility matters.

Developing industries and services

The Finnish industrial policy must guarantee a competitive operating environment both domestically and in open international competition.

The operating model created for the anticipation and management of sudden redundancy situations will be continued and developed further. In case of extensive structural change situations, the Government will take special steps to support regions and business sectors to create new jobs. The responsibility of companies for preparing support packages and the promotion of re-employment will be emphasised. Local operating models will be developed with the aim of generating new permanent jobs for those who have lost their jobs. Regional and local contingency plans will be prepared for situations of change.

In addition to the industry, Finland's future success will be increasingly dependent on the effective operation of the service sector. The importance of service sector businesses will be emphasised as a growth factor in the national economy. The Government will observe the expanding role of service production in its economic policy. Sufficient research, development and innovation contributions will be directed at the development of employment and productivity in the service sector, and the enhancement of export opportunities within the sector. Measures required for increasing domestic and foreign demand within the tourism sector will be compiled into a tourism strategy.

The Government will promote the sustainable exploitation of natural resources on the basis of the National Natural Resource Strategy. The policies laid down in the strategy will be updated during this parliamentary term, including the development of the bioeconomy and the mineral sector.

Clean tech activity based on environmental and energy technology is one of the Government economic policy priorities. An environment-related business programme will be initiated under the Ministry of Employment and the Economy, promoting growth, business activity, innovations, and the internationalisation of the sector in Finland by bringing together the measures concerning the development of the sector as well as the actors involved.

A new strategic programme for the forest sector will be initiated. The targets will be revised on the basis of experiences gained from the previous programme. The objectives include increasing the degree of processing, enhancing the operations of basic forestry industry, increasing the use of wood and wood construction, and creating new entrepreneurial activities through new innovations and products. Any factors preventing or slowing down wood acquisition will be reviewed, and necessary proposals for measures will be made.

The state will strengthen its involvement in the value chain of the domestic mining industry. Domestic ownership within the mining sector and the acceleration of mining projects will be promoted, for example, by setting up a programme making investments in mining sector projects, an investment fund or an investment company. Mining sector training and research will be increased. The Government aims to increase the processing of minerals in Finland and develop the metal industry. The resources of the Finnish Safety and Chemicals Agency will be secured in order to accelerate the processing

of licences. Mining sector expertise will be made a priority of the Finnish EU policy, and active influence will be exerted on relevant EU decision-making.

In order to secure the future of the shipbuilding industry and the maritime cluster, the allocation of environmental and innovation investment subsidies for the building of new energy-efficient and environmentally friendly vessels will continue. Alongside subsidies, a wide range of instruments will be required, including national funding and guarantees, the continuation of EU shipbuilding subsidy decisions, and state orders from Finnish shipyards.

The energy taxation of energy-intensive companies will be lowered for improved competitiveness.

Energy policy

Responding to the global climate challenge and supporting sustainable economic growth lie at the heart of the Government climate and energy policy. Finnish high-level energy expertise will contribute to finding responses to the climate challenge. The introduction of new environmental and energy technology applications entails great potential for growth and new jobs both in the domestic market and in exports. The Government aims to improve material and energy efficiency throughout society. Investment in research, product development and the application of energy-efficient technology will enhance Finland's international competitiveness.

In the efforts to reduce emissions while securing energy supply, it will be necessary to reconcile the following: energy efficiency, security of supply, moderate pricing of energy, and increase in self-sufficiency. The share of renewable energy sources will be increased systematically and cost-effectively, in accordance with the EU target set previously. The Government will prepare a programme for the reduction of oil dependency as part of the new energy and climate policy strategy.

The Government will actively promote observance of the special characteristics of Finland in the EU climate and energy-related decision-making. Policies concerning energy and climate affairs are increasingly being introduced by the EU. Accordingly, a long-term national EU strategy on energy and climate affairs will be prepared. The goal is to enhance Finland's opportunities to influence EU decision-making. At the same time, adapting to climate policy requirements will be made easier, and opportunities to benefit from climate challenges, for example, through involvement in clean tech activity based on environmental

and energy technology will be increased. Finland will actively monitor the implementation of EU decisions in different Member States.

Energy technology is a growth sector, the growth of which is supported by means of innovation policy, research and product development and training. Innovations are also made, implemented and productised in solar energy, energy efficiency and energy savings. Finland will take proactive steps in the export of environmental expertise and technology, and actively seek new markets and create opportunities for operation in new market areas.

The Government will intensify measures for the promotion of energy efficiency and energy savings in accordance with the proposals made by the Energy Efficiency Committee under the Ministry of Employment and the Economy. The public administration will see to the implementation of these targets in construction, energy consumption of buildings, and steps for a more compact urban structure. Pilot projects can be promoted and climate goals furthered in the use and production of energy by means of public procurement, for example. Indicators will be created and improved, and supervision will be developed for energy and material efficiency in different sectors.

Energy efficiency and energy savings will be promoted in such a manner that the national economy will grow without a simultaneous increase in energy consumption.

Dissemination of information about decisions, subsidies and aid related to energy efficiency will be intensified. Subsidy schemes will also be developed with an aim to improve their effectiveness. Enhanced energy efficiency will also have an impact on energy prices of housing. The position of energy-efficient co-generation of electricity and heat (district heating and cooling) will be safeguarded. Energy subsidies granted for residential buildings will be developed in such a manner that even those on low incomes will have the opportunity to replace heating systems and carry out energy renovations. Outside the district heating network, small-scale house or real estate-specific solutions based on ground source heat and renewable energy sources will be utilised to an increasing extent. An investigation will be made as to whether the ESCO (energy service companies) service model used in businesses for the financing of energy efficiency investments could be applied to residential housing as well. With help of this model, the costs of the service and the investment are paid from the savings generated by the reduced energy costs.

The Government will set improved self-sufficiency in energy production as its target. This calls for investments in enhanced energy efficiency, renewable

energy and the replacement of polluting energy production with as low-emission energy production methods as possible. In addition, there is a requirement for new power production capacity and new investment to replace the ageing power production capacity and imports.

The Government will not grant permission principles for new nuclear power plants. The Government will process any applications concerning construction licences for nuclear power plants immediately. The Government will make decisions concerning the final disposal of spent nuclear fuel after the completion of necessary surveys by seeking a national solution in accordance with Parliament's decision.

Finland will participate in the EU stress tests and international cooperation for the promotion of safety of nuclear power plants. The Government will commit itself to securing the safety of Finnish nuclear power plants.

The national renewable energy targets will be adhered to. Renewable energy sources will be supported in a cost-efficient, transparent and technology-neutral manner. Readiness for feeding energy produced on a small-scale in a distributed manner to the network will be increased by investigating the opportunities offered, for instance, by net metering. The functioning and effectiveness of aid decisions for renewable energy will be evaluated by the end of 2012. The necessary decisions to improve the efficiency of the system and to reform it will be made in order to meet the targets set.

No compromises should be made on the agreed subsidy level for wind power so that the domestic projects within the sector can be secured and technological development and export opportunities of the sector advanced. Land use planning, permit procedures, environmental impact assessments and compensation practices will be clarified and accelerated, whilst paying due respect to the rights of land owners. The systematic placement of wind power facilities in the most appropriate areas with good wind conditions will be promoted in collaboration with land use officials, the business sector and land owners. The allocation of investment subsidies for renewable energy demonstration projects (including off-shore wind power plants) will be continued. Biorefinery projects based on the utilisation of domestic forest raw material will be supported.

Additional construction of hydropower facilities will be promoted in river systems that are already harnessed in order to increase regulating power. Hydropower production can be increased whilst observing the environmental concerns by increasing dredging work, raising the high-water level, and especially by

raising the generating capacity, which is brought about in connection with power plant renovations.

In the utilisation of wood, efforts will be made for the achievement of as a high life cycle degree of processing as possible. The use of forest raw material for energy production will be promoted, whilst observing the limits of sustainable growth and biodiversity. The utilisation of wood for energy will be supported, particularly in terms of local solutions. The impact of energy aid for small diameter wood will be monitored and the Government will ensure that the energy aid does not distort competition or the acquisition of wood raw material for a higher degree of processing.

Peat is utilised primarily as a supplementary fuel in plants producing district heating or co-generated heat and electricity, which utilise wood fuels and other biomass sources. The utilisation of peat will be reduced systematically due to emissions and other environmental damage caused in such a manner that peat will not be replaced by coal. Mires and peat lands must be utilised in a sustainable and responsible manner, reconciling environmental, social and economic objectives as effectively as possible. The classification of mires will be conducted by an independent research institute with a quick turnaround time. Taxation of peat will be raised by a moderate amount. The Government will observe the impact of peat and wood prices on the wood market and district heating. Peat has impacts on regional economies and it has an important role to play as a supplementary fuel in power and heat production.

In order to safeguard the competitive positions of energy-intensive companies, the energy tax burden on electricity will be reduced. The limits of energy tax cuts will be reviewed. At the same time, investigations will be made for a model that would reward energy savings measures taken.

When developing energy taxation, the prerequisites for co-generation of electricity and heat will be safeguarded.

A windfall tax suitable for Finnish conditions will be prepared and introduced.

Guidance will be provided for the pricing of energy and electricity consumption to offer consumers with solutions that encourage energy savings, curb consumption peaks, and thus reduce emissions caused by energy production.

The Government will make preparations for the establishment of an EU-wide electricity market, taking advantage of the experiences gained from Nordic countries, and will take active steps towards the cost-effective prevention of

a threat of carbon leakage caused by emissions trading. In connection with the development of the electricity market, the Government will endorse the increase and development of electricity transmission lines, more intelligent power grids, and the harmonisation of market rules. The introduction of intelligent power grids will be promoted in order to enhance the large-scale feeding of renewable energy and distributed energy production into the network. The Government will support the introduction of intelligent power grids, for instance, by reforming the regulations concerning national network industries. Security of the power supply will be preserved by securing sufficient investments in transmission and distribution networks.

Regional development

An economically, socially and environmentally sustainable Finland

In regional development, the objective is an economically, socially and environmentally sustainable Finland. As regards regions, cities and municipalities, the Government will support their dynamic vitality, development potential and competitiveness in the global economy. The reform and development of regional administration are closely linked with the next stages of municipal reorganisation.

in its decision-making, the state will take into account the associated regional development effects. In addition to promoting nationwide goals, the state's decision-making concerning regional and local government, steering, and targeting of regional development resources will emphasise the regional development approach, observing the special characteristics of each region. The role of the central government steering system vis-à-vis the local government will be clarified and harmonised. The responsibility of each administrative sector for regional development performance targets will be increased. The results and operating methods of the relocation of central government functions will be examined, and relocation will be continued accordingly.

Growth through regional strengths

The regional development approach will be taken into consideration, particularly in matters concerning economic policy, research and development, availability of social and health care services, sustainable development goals, and transport and communications infrastructure.

The state's transport solutions will be used to support the development of regional operating conditions. Fast communications connections will be extended to cover the whole country.

A regionally comprehensive education network will serve as the foundation for Finnish expertise. It will guarantee the employment of regional competence and talent resources as efficiently as possible, as well as the expertise needed in the regions. Cooperation between universities and polytechnics and with other key innovation actors within each particular region will be enhanced.

In addition to nationally and regionally networked innovation communities, strong regional hubs of innovation will be created in Finland. The innovation policy will support the rest of the R&D policy for its part.

Finland will become the leading country in terms of expertise in sustainable, economic and innovative utilisation of natural resources and materials, relying on the different sources of natural wealth of its regions.

The results and effectiveness of cohesion and competitiveness activity, and centre of expertise programmes will be analysed. In further development, close links with other innovation activity will be emphasised. At the same time, evaluations will be made of the use of regional development funds alongside other opportunities supporting the vitality of regional economies.

Regional differences and special features will be duly noted in this development. A separate development programme for East and North Finland will be prepared.

Proactive approach to structural changes

Predictive systems for structural change will be developed by enhancing collaboration between various administrative sectors and by introducing new risk analysis methods. Improved opportunities for development and the reform of activities will be developed for those places undergoing structural change.

The operating model for addressing sudden and extensive traditional structural change problems will be intensified. A proactive approach will be taken in reaction to new types of structural change, for instance in research and product development activities and in different sectors.

Towards an agreement-based urban policy

Urban centres should consist of a metropolitan area, strong urban regions and rural centres. Urban regions act as strong drivers of their region, as diversified and internationally competitive economic, innovation and expertise environments, and commuting zones. The regions will balance the regional structure and function as areas specialising in their own strengths in the division of activity across the country. The role and effectiveness of the core cities for the sustainable welfare and competitiveness of their respective regions will be enhanced.

Agreement-based urban region policy, through which the state, universities, polytechnics, urban regions and economic development companies agree on long-term development activities for the region, will be continued. Letters of intent and the growth agreement policy will be utilised in large urban centres throughout the country. The agreements will guide the land use, housing and transport solutions for a more compact urban structure and the promotion of sustainable development. The social coherence of regions will also be taken into consideration and special attention will be paid to the prevention of urban poverty.

The economic activities, competence base, service and municipality structure, and intelligent transport solutions of urban regions will be developed with the aim of finding functioning solutions for the regional urban hubs and to rural areas within their area of influence for the provision of basic public services and tackling the challenges posed by ageing.

Investing in a policy for the metropolitan area

Comprehensive development of the metropolitan area as the driver of Finland's national economy and as an internationally competitive metropolitan area will be further strengthened by means of developing services, land use, transport and communications networks, and business opportunities. The development of the region will be further strengthened by taking account of the European competitive situation, and the future prospects of the Baltic Sea region and the proximity to Russia in particular.

Rural policy

Rural areas will be developed relying on the strengths and resources of the local economy, including bioenergy, natural products, mining products, and the production of food, energy and services. The rural economic structure will

be diversified. The countryside will serve as an environment that embodies several factors related to wellbeing. These elements of the quality of life will play a growing role in recreation, tourism, cultural activities, the experience industry, and housing.

The resources of the countryside, their sustainable utilisation, and vitality of the rural areas contribute significantly to the success of the entire country. Rural policy will be developed in accordance with the principles of sustainable development. The Rural Policy Section in the Rural Development Unit of the Ministry of Agriculture and Forestry's Department of Agriculture will be transferred to the Ministry of Employment and the Economy's Regional Development Unit.

Policies for the forthcoming Structural Funds period

In the reform of the EU Structural Funds programmes, the opportunity to employ the resources will be secured throughout the country. Our peripheral location and the securing of the special status of sparsely populated areas are the key issues for Structural Funds policy for Finland.

The Government considers the themes the European Commission has outlined for the next programming period important from the Finnish point of view. They include the promotion of intelligent growth, the enhancement of wellbeing, the prevention of social exclusion, and sustainable development of the environment.

Finland will strive to ensure sufficient support for cooperation in all its border areas. Continuing the ENPI CBC programme work between Finland and Russia is of special importance. Structural Funds must be used to promote the Northern Dimension policy and in the separate strategies to be prepared for the Baltic Sea region, the Barents region, and other Arctic regions.

At the very beginning of this Government's term of office, the regional planning and decision-making system will be developed in such a way that the implementation of the national and EU structural policies are integrated into one efficient system.

Domestic goals for Structural Funds

The prerequisites of municipalities and regions for renewal and growth of the regional economy will be enhanced. Partnerships at the regional level will be encouraged. Clearer targets will be set for the allocation and use of funds

from the European Regional Development Fund (ERDF) and the European Social Fund (ESF). In the use of Structural Funds financing, emphasis will be laid on their permanent impact on industrial policy, growth and employment perspectives, and the development of regional economic structure and operating conditions in a sustainable manner. During the next programming period, project financing from the European Structural Funds will be channelled more strongly for the generation of new sources of livelihood, enhanced employment, growth-oriented entrepreneurial activity, and the reduction of emissions. The areas of priority for the European Social Fund include the employment of people in the most difficult labour market positions, and the development of the competencies of the labour force. The ESF funds are also utilised for the promotion of the employment and integration of migrants.

The functioning of the EU structural policy administration will be evaluated and its operating methods simplified.

Implementation organisation

The steering system of the Centres for Economic Development, Transport and the Environment, and Regional State Administrative Agencies will be enhanced, and their operations developed with their existing number and structure as the foundation.

In order to ensure the implementation of these steps, at the beginning of this parliamentary term the Government will adopt the guidelines for nationwide regional development and will appoint a Cabinet Committee on Public Administration and Regional Development.

Employment policy

Finland needs the work contribution of all its citizens. The employment, economic and education policy must facilitate proactive and rapid responses to situations of change in working life and structural changes in the labour market. An increasing number of citizens will face alternate periods of work, training and unemployment. To raise the employment rate, extend working careers and prevent the lengthening of the duration of periods of unemployment, the unemployed will be provided more opportunities to participate in training, subsidised work and other services. In addition, new measures are also needed to ensure there is capability to react rapidly to cyclical changes and reduce structural unemployment. The objective is that as many as possible of those who lose their job are able to find a new job or other employment opportunities quickly. This will prevent prolonged unemployment.

The Government will take active steps for the management of structural change situations. The employment-based investment allocations will be used to create replacement jobs. Simultaneously, new operating methods and financing models will be developed for managing structural change situations. The operating model for restructuring protection will be developed further to support employment of those who have been made redundant.

The participation of the unemployed – young and long-term unemployed people in particular – in training, pay-subsidised work and other services will be increased so that the activity rate of the unemployed will exceed 30%.

The Government will submit without delay a supplementary budget on employment aimed at increasing employment of young and long-term unemployed people.

A mid-term evaluation of the implementation of the employment targets set by the Government will be made, and the necessary steps taken.

Social guarantee for young people will be implemented

A social guarantee for young people will be implemented so that each young person under 25 and recently graduated people under 30 will be offered a job, on-the-job training, a studyplace, or a period in a workshop or rehabilitation within three months of becoming unemployed. The Government will launch a joint project between the Ministry of Employment and the Economy, the Ministry of Education and Culture, and the Ministry of Social Affairs and Health for the purpose of preparing and implementing the necessary measures for introduction of the social guarantee by 2013. A separate working group led by the three ministries will be set up for the project, along with representation from the working life parties, municipalities and other key actors.

Labour market and apprenticeship training for young people will be increased. New measures for enhancing the engagement of young people in working life by combining work and training will be investigated. Operating models of vocational education supporting the achievement of this goal and rapid employment will be promoted. The opportunities of SMEs to hire young people as apprentices will be improved. The outreach activity of youth work will be expanded to cover the whole country, and workshop activities for young people will be further developed.

Ground rules for the use of unpaid on-the-job training in employment services will be created in collaboration with labour organisations.

Improving the quality of employment services

An evaluation of employment policy structures and contents will be implemented. As part of this, the functioning of the employment and economic development administration and the effectiveness of the use of resources will also be investigated. The target is to improve the quality, efficiency, and effectiveness of employment measures.

The role of Employment and Economic Development Offices as providers of job finding services, entrepreneur services, and facilitating cooperation between employers and educational institutions will be enhanced. Services will be targeted with the aim of preventing prolonged unemployment. The employment plans will be made quickly and their quality will be improved to better observe the needs, functional capacity and employability of jobseekers. The need to develop employment service practices and the Act on the Public Employment Service will be studied from the client's point of view.

The operating conditions of the Employment and Economic Development Offices will be ensured in connection with regional administration reforms so that both jobseeker and employer clients have access to personalised service in the offices. The availability of vocational guidance and career planning services will be secured. The electronic employment services will be developed to accelerate employment and free Employment and Economic Development Office resources to serve people who are more difficult to place in work. Services will be developed and targeted to meet the needs of various client and occupational groups, including both the highly educated clients and those without training.

Quality criteria will be specified for employment services to ensure that the services, including training, are appropriate from the perspective of the unemployed, and to enhance their effectiveness. An assessment will be made of the functioning and effectiveness of employment trials that are underway or have already been completed.

As regards the unemployed, sufficient resources will be reserved to assess their ability to work, to direct them to the necessary services and to provide them with services related to vocational rehabilitation.

Labour market training must be capable of flexibly addressing the needs of unemployed jobseekers, persons under threat of unemployment, the rapidly changing competence needs of working life, and the requirements of the growth sectors. The procurement procedures of labour market training will be

reformed to better observe the quality and effectiveness of training and new operating models. Joint purchase training organised and funded in cooperation with companies will be developed, publicised and made use of more widely. Apprenticeship training will be increased, especially in SMEs. The wide variety of preparatory training courses will be harmonised on a national scale. Operating models which will allow the tailoring of training programmes from the personal starting points of each unemployed person, and the training offer from various sources, will be developed.

The employment of unemployed people in private companies with the help of pay subsidies will be increased. The operating conditions of the third sector will be secured in order to develop the permanent employment of those furthest away from the open labour market and enhance their life management skills. Pay subsidies will be changed into personal support for jobseekers, to compensate for their disadvantaged position in the labour market. The grounds for granting pay subsidies (*de minimis*) to organisations carrying out service and employment activities will be reviewed.

Municipal trial for the reduction of long-term unemployment

The participation of the long-term unemployed in pay-subsidised work, training and other services will be increased. In particular, the opportunities of the long-term unemployed to access labour market training as part of adult education will be improved. Services required from the viewpoint of a person returning to work after a long period of unemployment also include employment services, health care and rehabilitation services, and social services.

The operating model of Employment and Economic Development Offices, the Social Insurance Institution of Finland (KELA) and municipalities' joint labour force service centres will be expanded to cover the whole country. A law will be passed on the operating model of labour force service centres and their funding will be secured. The responsibilities of the authorities for organising services for the long-term unemployed will be specified so that, as a general rule, after a 12-month period of unemployment at the latest, jobseekers will be transferred from the Employment and Economic Development Offices to the service centres. The need for services will be assessed at an early stage of unemployment when the individual's employment plan is drawn up. Investigations concerning the unemployed person's eligibility for a pension will become the responsibility of labour force service centres.

In order to reduce long-term unemployment, a fixed-term trial lasting until the end of the parliamentary term will be initiated. During the trial, the management

of employment will be transferred under the sole or joint responsibility of a municipality or municipalities after a period of 12 months of unemployment at the latest. The employment potential of each unemployed person will be mapped out and their progress will be monitored actively. The trial will be carried out in different types of municipalities, and sufficient resources will be reserved for them for this purpose. The organisation of active services must be incentivising so that the central government's funding contribution increases with the amount of services provided. The results of the trial will be evaluated, and based on the results, decisions will be made on the division of responsibilities between local and central government in terms of the promotion of employment. A separate assessment will be made on how municipalities in the Greater Helsinki Area could participate in such an operation model.

The opportunities of people who are partially capable of working or have difficult access to employment and rehabilitation will be improved. An action plan for promoting the participation of those who are partially capable of working in the labour market will be implemented in collaboration with various agencies. The operation of the intermediate labour market will be improved by enhancing the opportunities of municipalities, companies, social enterprises and the third sector to employ persons with partial work ability. The need to reform legislation regarding social enterprises will be assessed.

Permanent solutions will be created to keep those jobseekers who have been unemployed for long periods of time and have no realistic chances of being employed in the open market involved in working life. The aim is to create a permanent pay subsidy for people who are hard to employ and people with disabilities. The job bank trial will be extended to cover the whole country. Measures targeted for people able to work only part-time must not lead to the weakening of collective agreements or social security on the labour market in other respects.

Dissemination of information on support measures and other arrangements meant for employers will be increased among people with disabilities and people with partial work ability. Access to work coaches or tutors in the workplace to support migrants, people with disabilities, and those who are harder to employ will be explored.

The need to clarify the division of responsibilities in vocational adult education will be assessed between the Ministry of Education and Culture and the Ministry of Employment and the Economy.

Transport and communications policy

This Government's transport policy will secure smooth and safe mobility in accordance with the needs of the economy and the inhabitants of Finland. Finland is a country with long distances and, being dependent on exports, it also needs good and well-functioning connections to all parts of the world. Other priorities of increased importance alongside the functioning of the transport system include reducing transport-related emissions and promoting sustainable development also in transport policy. Commuter traffic, the functioning of public transport and traffic safety must be enhanced in order to secure fluent everyday mobility.

The challenges of public finances, improvement of national competitiveness, climate policy, changes in the economic structure, and the safeguarding of services all require more efficient and effective means for the development of the transport system. The importance of information and communications technology for the improvement of growth and productivity is decisive.

Transport policy

An efficient and effective transport policy and a well-functioning infrastructure are the prerequisites for competitiveness, economic growth, sustainable development, and smooth running everyday life. Finland needs a transport investment programme to boost the competitiveness of its economy. With regard to national and international competitiveness, securing economical, fast and safe transport is of vital importance.

Transport policy will be linked comprehensively and across administrative boundaries to the framework of economic, financial, employment and regional development. The transport policy report, to be prepared by a broad-based strategic ministerial working group, will outline strategic goals extending beyond this parliamentary term as a foundation for future project entities and key national transport networks. In this work, it must be ensured that the land use, housing, transport, service structure and sustainable development perspectives are taken into account, as well as the prerequisites of economic and regional development. As part of the report, the Government will investigate the bottlenecks and development needs of logistics in foreign trade. As an issue of central importance, the ministerial working group must assess the development needs of the logistics system in terms of national competitiveness. At the same time, the transport system needs related to travel-to-work areas and crossing municipal and provincial boundaries will be taken into consideration.

The Government will submit a Government report to outline medium-term transport policy projects and reserve funding for the projects mentioned in the report. Important projects include plans serving large volumes of traffic that also support economic growth, have the best cost-efficiency rates, promote traffic safety, reduce emissions, and are of regional importance. The Government will promote new intelligent transport services, financial steering, and innovations on the basis of the National Strategy for Intelligent Transport. Intelligent transport systems will support the development of transport efficiency. The introduction of GPS-based road user charges will be examined.

At the beginning of the parliamentary term, the Government will make decisions on which new development projects will be the first to be launched.

Finland's emissions reduction target for the transport sector will be taken into account in the development of transport policy. Transport-related emissions will be reduced, for instance, by supporting public transport, renewing the vehicle fleet and favouring low-emission vehicle technology. Vehicle taxation will be reformed, paying due respect to low emissions in accordance with the concept of technology neutrality. The use of biogas in vehicles will be promoted. Attention will be paid to the development of vehicle technology and biofuels and their emissions impacts over their full life-cycle.

Various budgeting and financing models for transport investments will be evaluated. The project evaluation of such investments will be renewed in such a manner that their economic, employment, emissions, and regional policy impacts will be taken into consideration.

The Government will secure the appropriations for basic transport infrastructure management at the current level, laying special emphasis on the basic maintenance of rail infrastructure. An investment programme of small projects furthering traffic safety will be launched as part of the enhancement of transport infrastructure management. The Government resolution on road safety will be updated, and new steps for improving traffic safety will be taken. The condition of the lower-class road network will also be addressed so as to secure the operating conditions for rural industries and forestry.

Special attention will be paid to increasing rail traffic and enhancing the standard of rail services. VR-Group Ltd will be preserved under state ownership within the standard of service steering system. Decisions on competition based on EU competition rules regarding passenger traffic cannot be made before a thorough macroeconomic evaluation on the benefits and drawbacks of opening up the competition has been completed. This requires that steps be taken to

ensure macroeconomic efficiency, rail safety, availability of services, and equal status of personnel.

The standard of public transport services will be improved with the aim of increasing passenger volumes and reducing the use of private cars. Efforts must be made to implement systematic urban structures. More park-and-ride facilities must be provided. A national public transport ticketing system will be introduced, facilitating travel on any public transport vehicle with a single travel card. A national schedule and route service for public transport will be implemented. The development of short-distance rail traffic in urban areas will be promoted. The public transport subsidy for large cities will be increased without compromising public transport acquisitions. Commuter tickets will be made easier and more attractive to use. Bicycle and pedestrian route networks will be developed systematically, and measures outlined in the Strategy for Walking and Cycling will be promoted.

In the preparation of legislation relating to transport and any transport projects, attention will be paid to accessibility and the impact of the activities on various population groups and equality, especially with regard to older people, children and people with disabilities.

The transport projects that were already underway at the beginning of the parliamentary term will be brought to a conclusion, including the Oulu–Seinäjoki railway, the Ring Rail Line, and the E18 motorway. A planning decision will be made concerning the City Rail Loop. In its planning, the Government will take account of the development needs of European transport networks, and ensure good transport connections from Finland in the direction of Russia. Planning of the renewal of the rail traffic management system in the Helsinki railway yard will be initiated with the aim of improving the management of rail traffic and reducing the vulnerability to nationwide disruptions.

Securing the prerequisites of maritime transport is of vital importance as Finland's foreign trade is highly dependent on transport by sea. The Government considers the reduction of emissions from sea transport important and will promote the development of and market access to clean technologies. The Government will take an active role in international negotiations in order to prevent environmental and climate requirements on sea transport from placing unreasonable burdens on Finnish businesses and leading to an unequal competitive situation within the EU and in relation to non-EU operators. The implementation and scheduling of any IMO and EU decisions will be ensured in a manner safeguarding the competitiveness of the Finnish exports industry.

In order to safeguard winter navigation of critical importance for Finnish exports industry, preparations will be made for the renewal of the icebreaker fleet. The Government will take active steps to prevent the transfer of vessels under a foreign flag and to ensure the competitiveness of the Finnish flag in international maritime transport.

The Government will support the continuity of Kvarken maritime traffic in the Gulf of Bothnia, and prepare in collaboration with Sweden and the Kvarken region representatives a joint long-term strategy to secure year-round passenger and goods transport across the Kvarken.

In order to enhance the safety of sea transport and reduce the risk of oil spill accidents, automatic risk detection and foresight tools will be developed for the guidance systems of maritime transport. Route plan checks for oil tankers will be introduced in the Vessel Traffic Service centre during this Government's term of office. All hydrographic surveys required for reliable electronic navigation will be completed on all merchant shipping routes. Finnish oil spill response capabilities will also be improved by the acquisition of a multi-purpose open sea patrol vessel.

The capacity of Finland's ports to receive wastewater from vessels will be improved. The Government aims for a cleaner Baltic Sea and a total ban on discharge of wastewater into the sea.

The prerequisites for the development of inland waterway transport will be ensured, including piloting activities to promote tourism and enhance the availability of bioenergy, among other things. The preservation of the present level of services in archipelago traffic will be ensured.

Securing air transport is justified as it concerns the operating preconditions of, for instance, Finnish businesses and the international exports industry.

The Government will assess the legislation concerning vehicle inspection in a manner that encourages competition in the field, taking due notice of consumer protection, safety, inspection charges and supervision.

Communications

The provision and use of high-speed broadband connections will be promoted to make Finland the leading European country in terms of broadband access. The introduction of high-speed broadband connections will be promoted throughout the country and the expansion of the freely-available wireless network will be

accelerated. Households will be ensured an opportunity to subscribe and use fast broadband connections at a reasonable price. The project 'Broadband for All by 2015' will be evaluated in an interim review in autumn 2011 and decisions on further measures needed will be made accordingly.

All citizens will be guaranteed barrier-free participation in the information society and the digital world regardless of their income level, health, financial status or place of residence.

Digital exclusion will be prevented by supporting the ability to use network services among the older population, and by developing service and technology innovations targeted at older people.

Information resources produced using public funding will be opened up for public and corporate access. The goal is to make digital data materials managed by the public sector available to citizens, companies, enterprises and organisations, authorities, and for research and education purposes in an easily reusable format via information networks.

The development of public on-line services will be placed under the management of a single agency with robust powers. Clear goals will be set for improved productivity. The interoperability of public information systems will be ensured through the use of open interfaces and standards. The introduction of open source software solutions will be promoted within the overall architecture of the public sector and on the basis of cost-benefit analysis.

The preparation process of public decision-making will be opened up to the public via information networks. The implementation and effectiveness of the project entities of the Electronic Services and Democracy Development Programme will be evaluated. The use of social media and other interactive information and telecommunication technology in the interaction between the public administration and citizens will be increased on the basis of client needs. All electronic services of social and commercial importance or that are important for the fluent running of everyday life must be made accessible so that they are also available for people with disabilities and for older people.

The introduction of intelligent solutions utilising information and communications technology across administrative boundaries will be promoted in all sectors of society. Each ministry will prepare an intelligent strategy, including targets and steering methods, at the beginning of this Government's term of office. The potential for reducing emissions with the help of information technology in

transport, building technology, energy networks, industry and teleworking will be investigated.

As part of the national strategy for attracting foreign investments, efforts will be made to attract investments in knowledge-intensive industries to Finland. Public research funding will be channelled for societal and social basic research concerning the digital economy.

The funding of the Finnish Broadcasting Company (YLE) will be reformed in such a manner that the role of YLE as producer of Finnish culture, mediator of pluralistic and independent information, and a forum for freedom of speech will be secured. The Government will reform the model and collection method of funding for YLE in accordance with the joint statement of parliamentary groups adopted in March 2010. Decisions on the reform will be made by the end of 2011.

The Government will prepare a communications policy programme for electronic media.

The availability of electronic media content services via all distribution channels of importance for citizens will be promoted.

Spectrum policy will observe the needs of Finnish culture and communications policy, while simultaneously aiming for efficient use of the frequencies, taking prior experience into consideration. The diversity and high quality of electronic communications content will be secured by means of legislation, spectrum policy, and network licences.

The Government will support provision of advanced digital services by clarifying legislation. A new code for the information society will be prepared, collecting together all key regulations concerning electronic communications and the provision of information society services.

The rapidly expanding use of remote identification technology (such as RFID) opens up new opportunities, but also calls for up-to-date legislation.

The cooperation between the authorities and businesses will be enhanced, in order to ensure the disruption-free operation of digital services in case of extreme weather phenomena.

When granting licences pursuant to the Postal Act, conditions will be imposed on all operators, thus also distributing the benefits resulting from more

open competition to consumers and small enterprises, and guaranteeing high-quality mail delivery at sufficiently frequent intervals. The continuity of postal operations and services will be ensured, giving due consideration to the changing needs of clients. Decisions on the development of a funding model ensuring the continued provision of universal postal services will be made on the basis of an evaluation by a working party set up to consider the funding of postal operations. The financial burden on society must remain predictable. Efforts will be made to influence EU level regulation accordingly. The development of communications services employed by citizens will be assessed as a whole.

Agriculture and forestry

Population growth, rise in the standard of living, food crises and climate change will have a significant impact on the world food markets. The increasing demand for food and renewable raw materials will open up new opportunities for agriculture, forestry, and rural industries. The objectives of the Government's rural policy are to ensure the vitality of agricultural production and the countryside; alleviate structural problems; enhance the sources of livelihood of the inhabitants and services and the functioning of the communities; and strengthen the competitiveness, good environment, and attractiveness of the countryside. Enhancing village activities will support the harnessing of resources of the local inhabitants for rural development.

From the perspective of the rural areas, it is of great importance that the infrastructure and road and information networks remain functional. A well-functioning rural water supply is one of the key conditions for the development of local economies and agricultural production.

The sustainable use of natural resources (including renewable resources) is steered by means of the National Natural Resource Strategy.

One of the key starting points is to develop and strengthen rural entrepreneurship seeking income from multiple sources. Rural development calls for strong cross-sectoral regional development and industrial policy development work. Entrepreneurship based on renewable natural resources of the countryside and activities such as tourism will be diversified and enhanced. The prerequisites of profitable agriculture will be improved by targeting research, advice and training resources at the acquisition of relevant business and entrepreneurship skills.

Food policy

The food sector is among the growth sectors of the future. Its competitiveness and cooperation will be developed in accordance with the guidelines defined in the National Food Strategy and the Food Policy Report. In the future, as now, food safety will be one of Finland's international strengths.

The right of consumers to know the origin, production methods and composition of food will be secured. Traceability of foodstuffs will enhance trust among consumers. Openness and transparency will be increased to enhance the smooth running and reliability of food production chains. In a well-functioning food production chain, the choices made by consumers steer the trade, industry, food catering services, and agriculture to adopt client-oriented approaches. In order to promote openness and transparency and to provide a basis for future measures, a survey will be made of the package labels of foodstuffs, including their provenance, production methods, freshness, composition, contaminants, additives, misleading labelling, and use of GMOs.

The Government will implement a development programme of the organic production sector and local food, aimed at diversifying and increasing production to meet the demand, developing organic food production chains, and raising the degree of processing of locally produced food. A strong increase in the share of organic and local food will be made a strategic goal of Finnish agricultural policy. In the development work, the attractiveness of, for instance, organic livestock farming will be emphasised. The proportion of organic and local food in public procurement will be increased by encouraging and strengthening the participation of small enterprises and local food producers in tendering for public procurement, for example, through improved procurement expertise and presentation of the qualitative criteria.

The Government aims to enhance the processing, marketing and export of Finnish foodstuffs and organic and special products. Opportunities for small-scale food processing and sale will be improved by legislative means.

The functioning of the steering of official control of foodstuffs and equality between the operators will be ensured. The possibility of bringing all food control activities under a single government authority, such as the Finnish Food Safety Authority Evira, will be examined.

The opportunities for raising Finland's self-sufficiency in vegetable-based proteins both for feed and human consumption will be examined.

Agriculture

The Government will strive to safeguard the production prerequisites of competitive, cost-effective and environmentally friendly agriculture, and family farms in particular. In accordance with the earlier conclusions by the European Council, Finland requires that the EU agricultural reform acknowledges Finland's special conditions, and supports the EU policy in which the prerequisites of agricultural production must be preserved in all regions of the Community, including the peripheral regions affected by harsh natural conditions.

The distribution of support within the EU is based on a production history of more than 20 years, and it no longer meets the demands of agricultural activity practiced in the changing markets of 27 different Member States. Accordingly, the Government's aim is to have it corrected in a more equitable direction, observing more effectively the special features of different Member States and regions and production conditions. A more equitable EU support system also enhances the acceptability and justifiability of EU and national support schemes. The reform of the Common Agricultural Policy and its funding base will ensure more balanced payment responsibilities for Member States and reduce bureaucracy, as well as allowing the setting of maximum limits for support payments. This must be implemented in a way that the general principles of support policy for the common market are also defined. The objective is to target EU and national support in a manner that takes account of the special features of Finnish agriculture.

Efforts will be made to ensure national possibilities for diversified agricultural production in accordance with the special needs of Finnish agriculture and the security of supply through the production of staple foodstuffs. The EU agricultural policy must further effective environmental measures throughout the Baltic Sea region. The agricultural support system as a whole and its better targeting according to the need will be assessed when the decisions concerning the reform of the EU's Common Agricultural Policy are known. The Government considers it important that the EU Member States have a right to declare their territory free of GMO cultivation.

The Government will monitor the profitability development of young farmers and active farms in dairy farming, for example, and will take steps to ensure their operating conditions, if necessary.

The profitability of agriculture will be improved on market terms. The agricultural support system will be simplified and clarified, and the grounds for granting support will be made transparent. Support payments will be channelled for

genuine active production. The access of products to shops and distribution channels will be promoted, and the dominant role of trade and the processing industry will be evaluated.

Agri-environmental support will be targeted regionally and at the farm level to the regions and parcels which burden the environment the most. The criteria for agri-environmental support will require better performance and must encourage to environmental and water protection. The support must be targeted at active farming, not ownership. The acquisition of additional farming land will be promoted among young farmers and farmers developing their farms. The productivity of agriculture will be supported by speeding up the reorganisation of arable areas. The support system must be simplified and the administrative burden alleviated on farmers. The Government will assess the possibilities related to the management of production costs of agricultural entrepreneurs with regard to feed and fertilizer expenses, for example.

The implementation and administration of farm relief schemes will be developed. The principles of social justice will be observed in farm relief schemes, particularly when concerning young families and wellbeing at work in labour-intensive agriculture. The lease option of the early retirement pension system will be dropped.

The functioning, structure and position of the Development Fund of Agriculture and Forestry (Makera funding system) as a channel of financing investments in its present form will be evaluated. At the same time, the impact of the present aid-oriented support system on agricultural costs will be assessed, and efforts will be made to curb the increase in costs in construction activities. The sufficiency of structural support for agriculture will be secured.

The management of traditional biotopes and local species and breeds will be encouraged.

Measures enhancing energy efficiency in agriculture and horticulture and the production and use of renewable energies will be promoted by means of research and development and the steering of investments.

Forestry

The economic base of forestry and forest industry must be reformed through the overhaul of forest legislation, securing both biodiversity and the multiple use of nature and the interests of the national economy, users of wood, and forest owners. The reform will promote sustainable and increasingly diversified forest

management and forest regeneration. In order to advance the achievement of seedling stands suitable for cultivation, the importance of scheduling and first thinnings is emphasised. The forest resources database will be developed, and the market for forest services will be strengthened by increasing their provision.

The availability of wood will be improved by reforming forest legislation in a manner that increases incentives and enhances long-term planning. The reorganisation of forest ownership and the application of legislation on jointly-owned forests will be accelerated. A trial project on the reorganisation of forest property will be launched with the aim of evaluating the appropriateness of such arrangements for improving the forest structure. The enhancement of wood market operations will continue by means of, for example, increased openness and transparency and enhanced trust between the parties involved.

A national wood construction programme will be launched and wood construction will be promoted within the EU.

An external assessment will be conducted on the operation of the forestry promotion organisations. The Forest Management Associations Act will be amended in a manner securing equitable competitive positions for various operators in the forest services market.

The implementation of the National Forest Programme and funding under the Act on the Financing of Sustainable Forestry (Kemera) will be secured. The Forest Biodiversity Programme for Southern Finland (METSÖ) will be continued.

The role of state-owned forests and Metsähallitus as the administrative agency in securing a stable supply of raw materials for industry and steady employment must be preserved, thus alleviating problems caused by cyclical fluctuations. The overall management of state-owned land and water areas will remain under Metsähallitus. The nature services and funding of Metsähallitus will be secured.

The Government will promote the diversity of Finnish energy production and encourage increased use of bioenergy. Efforts will be made to ensure that production subsidies do not distort the wood raw material market. Investments will be made in forest energy research and product development in order to strengthen new growth in the sector. Research, development and innovation activity will be targeted at the development of new methods, products and services within the forest sector.

Mires and peatlands must be utilised in a sustainable and responsible manner, reconciling environmental, social and economic objectives as well as possible.

The Government will submit a forest policy report to assess the impact of its forest policy.

Game and reindeer husbandry and fisheries

The viability of game species will be preserved, ensuring that the damage caused by game, such as moose, remains at an acceptable level. The maintenance of the stocks of large carnivores at a sustainable level must be secured while taking into consideration the security needs of people and production animals and biodiversity.

Poaching will be firmly addressed.

The development of reindeer husbandry will be enhanced and flexibility will be increased in the system for compensating for damages.

The economic operating conditions for commercial fishing will be secured. The Government will promote the increase in the consumption of commercially caught domestic fish. The Government will commit itself to the protection of wild salmon and the preservation of the viability of wild salmon and trout stocks, particularly in the Rivers Tornionjoki and Simojoki. In order to protect the original and endangered migratory fish stocks, the Government will implement the national fishway strategy prepared earlier. Damage caused by seals will be kept at a moderate level.

The system of free and chargeable general fishing rights will be developed and the position of leisure fishing as a nature interest for large population groups will be enhanced in a sustainable manner. The operation of fishing guides must be secured through an immediate amendment of the Fishing Act to allow the development of fishing tourism, giving due consideration to the status of the owners of the waters. The fishing licence system will be simplified.

Finland will support the EU fisheries policy, securing endangered fish species and sustainable fish stocks, taking due notice of the operating preconditions of commercial fishing.

Promoting ethical production

The key element of ethical food production is the wellbeing of production animals. Animal welfare control and its financing will be strengthened and targeted on the basis of potential risks. The post of Animal Welfare Ombudsman will be established in the Ministry of Agriculture and Forestry, and attention will be paid to the availability of veterinary services. The Animal Disease Act will be reformed in order to enhance the preparedness of monitoring and preventing animal diseases. The Government will continue to support the development of fur production as a responsible industry. The Government will investigate the possibilities of encouraging voluntary transfer from fur farming to other industries. Attention will be paid to wellbeing at work and job satisfaction among animal farmers.

The development of alternative testing methods for animal experiments will be promoted. Animal welfare legislation will be reformed in order to enhance the wellbeing of animals and clarify the related regulation.

Development of public administration

The administrative structures of the Ministry of Agriculture and Forestry and organisations in its administrative sector will be reformed to better meet the targets of modern rural and industrial policy. An external assessment will be made on improving the efficiency of research, training and advisory organisations within the Ministry of Agriculture and Forestry's administrative sector to serve as a basis for future measures.

7 WELFARE POLICY

The wellbeing of citizens, education, a high employment rate, comprehensive income security and effective social and health services are the basic requirements for the social and economic sustainability of the Nordic welfare state.

The primary emphasis in the development of social protection is on improving the quality, availability and effectiveness of services and in developing benefits so as to ensure everyone's livelihood. Social protection has its part in reinforcing communality and supporting people to improve their own wellbeing and take responsibility for themselves and for those closest to them.

The Government emphasises the significance of public services in guaranteeing equality and equal treatment. Municipalities will be supported to provide enhanced local services. Social and health services will be delivered as an integrated system, emphasising preventive measures and the role of the client.

The promotion of wellbeing and health as well as the reduction of inequality will be taken into account in all societal decision-making, and incorporated into the activities of all administrative sectors and ministries.

Poverty and social exclusion cause human suffering, health disparities, and inequality, among other things. The Government will determinedly act against poverty and social exclusion. This requires cooperation with the various fields and administrative sectors, the enhancement of employment, work ability and social inclusion, and ensuring the continued provision of social security. Working together it will be possible to take care of everyone.

A cross-sector action plan for reducing social exclusion, poverty and health problems will be commenced.

Comprehensive and incentive-based income security

Improving employment and raising the employment rate are essential to combating poverty, inequality and social exclusion. These are also necessary to ensure social protection funding.

Work is the best form of social security. Individual and family incomes are primarily obtained by means of work.

However, not everyone is able to work, due to a range of reasons, such as advanced age, sickness, unemployment, disability, rehabilitation, child-care responsibilities, or full-time education. That is why it is necessary to maintain adequate income security.

Basic social security must provide an adequate income and standard of living for everyone. Income security ensures the retention of reasonable consumption opportunities. The provision of basic social security and income security must encourage people to improve their life situation.

The livelihood of the most disadvantaged groups in society will be improved. The link between basic and income security in unemployment security will be retained.

The basic daily allowance and labour market support for the unemployed will be increased by EUR 100 per month as of 1 January 2012.

The basic amount of social assistance will be increased by 6% as of 1 January 2012. In addition, EUR 5 million will be allocated towards increasing the social assistance provided to single parents.

General housing allowance will be improved. The linear coordination of income and a total rent model will be adopted for housing allowance. The basic personal liability will be adjusted to start at the amount of the increased labour market support. Personal liabilities will be reduced by 8%, while permitted maximum housing expenditure will be increased by EUR 50 per month.

In order to improve the incentives for moving into work, methods for improving the coordination of work income and social security will be sought, with the ultimate aim of increasing the employment rate. The drive to reduce the levels of bureaucracy related to the application and payment of income security benefits will continue. The implementation of the processing guarantee of unemployment security and income security will be ensured. The possibility of giving up means-testing in regard to the spouse's income in granting labour market support will be assessed.

Discretionary social assistance will be developed as a preventive social work method. The social assistance guidelines will be specified, taking into account in particular the prevention of intergenerational poverty and social exclusion. In order to ensure appropriate support and help, the social assistance applicant must be provided help by a social work professional. Social work for families will be developed.

High-quality, effective social and health services

The key objective of social and health services is the promotion of the population's health and wellbeing. Basic public services and preventive work play a key part in this.

Citizens are encouraged to behave responsibly with regard to their health by, for instance, the good practices generated by the Policy programme for health promotion. Low-threshold social and health care services will be developed and introduced.

The provision of social and health services will be ensured in Finnish and Swedish alike.

Organisation and provision of social welfare and health care services

In order to ensure the equal availability of high-quality, effective and timely social welfare and health care services for all, the social welfare and health care service structure will be reformed as part of the restructuring of local government.

The responsibility for the provision and funding of social welfare and health care services will remain with the municipalities. In order to ensure the availability of high-quality social welfare and health care services and their funding, economically robust municipalities that are capable of assuming the responsibility for the provision and funding of social welfare and health care must be formed.

As an alternative to a strong municipality that is capable of assuming the responsibility for the provision and funding of social welfare and health care, the option of derogation may be granted where necessary. This option will allow a number of municipalities to jointly form social welfare and health care districts with sufficient population sizes that are capable of assuming the responsibility for the provision and funding of social welfare and health care. The restructuring of the social welfare and health care services will be assessed as part of the municipal and service structure review.

The responsibility for the provision and funding of social welfare and health care lies with the same organisation (municipality or social welfare and health care district). Municipalities and social welfare and health care districts are responsible for primary social welfare and health care services and certain specialised medical care services (primary specialised medical care, for

instance) and, similarly, for social welfare activities, the objective being the creation of the largest possible service bundle. Municipalities and social welfare and health care districts are jointly responsible for the specialised medical care and social welfare services determined according to an appropriate division of responsibilities. The service provision of hospital districts and districts for the special care of people with intellectual disabilities is used to complement the services provided by municipalities and social welfare and health care districts.

Five specific catchment areas exist for the common duties of municipalities and social welfare and health care districts. Their duties include demanding, centralised social welfare and health care services as well as certain duties related to research, development and education within these areas.

Basic 24-hour social welfare and health care emergency duty is part of the municipalities' or social welfare and health care district's responsibilities. Emergency duty is implemented in cooperation with the relevant specific catchment area. The catchment areas are responsible for the organisation of 24-hour specialised medical care emergency duty and, similarly, social welfare emergency provision, complementing the emergency duty services of the municipalities and social welfare and health care districts in their area.

The municipal health care system and health insurance system will be coordinated in order to alleviate problems in the multi-channel funding system. Cooperation and reporting among the various operators in the fields of health care, social insurance and rehabilitation will be enhanced by creating care and service chains that are goal-oriented and functional from the client's perspective and whose total costs are manageable by the parties responsible for their organisation. This improves the transparency of funding, while providing the means to monitor the effectiveness of the various functions and the entity they comprise. This matter will be assessed by a working group.

Psychotherapy and other rehabilitation services organised and funded by the Social Insurance Institution of Finland, Kela, are coordinated with other public services. The division of responsibilities related to medical rehabilitation and cooperation with specialised medical care, primary health care and the Social Insurance Institution will be clarified.

An act governing the provision, funding, development and supervision of social welfare and health care services will be introduced in order to implement the restructuring of services.

Comprehensive reform of social welfare legislation will continue. During the autumn of 2011, a schedule will be drafted for the legislative revisions to be introduced during the term of this Government.

In the reforms of social welfare and health care services, due consideration will be given to the diverse nature of different areas, such as the special characteristics of growth centres, sparsely populated areas, long distances, vast stretches of archipelago, and language-related conditions.

The services for which municipalities are responsible will be provided in a client-oriented, high-quality and cost-effective manner. Municipalities can provide these services on their own or in cooperation with other municipalities, or purchase them from another municipality or a private service provider (companies, civil society organisations, associations). Municipal services are complemented by the private and third sector. The know-how and experience of the third sector and parishes will be utilised.

Municipalities will be obliged to draft a service strategy that includes the services which the municipality is responsible for providing and ones which the municipality has taken upon itself to organise. The service strategy must implement, concretise and specify the guidelines provided for service development.

The application of the Act on Public Contracts in a more restrained manner in situations involving the organisation of long-term or rarely-required services for particularly vulnerable client groups (including people with disabilities, older people, children) will be investigated. The position of small-scale providers and language-related characteristics will be taken into account when reforming the Act on Public Contracts.

Construction of the electronic social welfare and health care data management system will continue apace, ensuring smooth access to patient data when necessary. The data systems of social welfare and health care will be rendered compatible, enabling the exchange of data. The electronic social welfare and health care services designed for citizens will be further developed while taking into account the varying opportunities the users of these services have to use electronic services.

Further development of services

Enforcement of the new Health Care Act will continue, ensuring, for instance, the bolstering of local primary health care, fulfilment of freedom of choice, and

the health promotion activities performed by municipalities. The EU's Patient Directive will be implemented in order to increase freedom of choice.

Primary health care will be strengthened. The smooth operation of care chains will be improved by the enhancement of cooperation between primary health care, specialised medical care, occupational health care and social services, for instance.

The project named 'An Effective Health Centre' will be continued in order to bolster the activities of health centres. This project focuses in particular on service quality, effectiveness and availability, the development of the treatment of people with chronic disease, and the wellbeing at work and availability of personnel. The development of dental services is a new area of emphasis.

Such resources as the Rohto network will be utilised in the development of the pharmacotherapy and treatment practices of primary health care. Cooperation between the National Institute for Health and Welfare and the Finnish Medicines Agency will be improved with regard to the promotion of rational pharmacotherapy.

Mental health problems will be tackled at an early stage. The availability of mental health services, and particularly low-threshold mental health services, will be enhanced by making revisions to the Mental Health Act. Reinforcement of the development programme for mental health and substance abuse services (Mieli) will continue alongside the embedding of practices created as part of the project to prevent depression and reduce incapacity for work caused by depression (Masto). Support will be provided for those partially capable of working with regard to their continued careers and access to work.

The client-orientation of multi-disciplinary rehabilitation (including vocational, social and medical rehabilitation) will be improved. The responsibilities for providing and funding rehabilitation and the rehabilitation process from the client's perspective will be clarified. A review of multi-disciplinary rehabilitation will be drafted.

The requirement for regulations concerning cooperation related to the Emergency Response Centre and Finland's Authority Radio Network (VIRVE) activities and the security network for the government sector (TUVE), currently in planning, will be assessed. The necessary legislation will be prepared, as well as the consideration of authorities' responsibilities in the municipal service system.

Continuation of the air ambulance service, as a part of emergency medical services, will be ensured. There will be a reassessment of the need for air ambulance helicopters in terms of region and their number.

Legislation concerning clients' and patients' right to self-determination and the limitations thereof will be drafted. The occupational safety requirements of social welfare and health care professionals and the requirements of the UN's Convention on the Rights of Persons with Disabilities will be included in the reform.

The need and possibility of granting social welfare and health care professionals the right to refuse to perform some procedures included in their work duties on ethical grounds, and the methods for ensuring safe treatment and services for clients and patients in this event will be investigated.

Services to promote reproductive and sexual health will be developed. The promotion of sexual health (including protection against sexually transmitted infections, sexual counselling, prevention of violence) will be integrated into family planning services. The national HIV strategy will be updated.

A reduction in the number of abortions being performed will be pursued. Counselling and support for women seeking an abortion will be guaranteed throughout the entire care chain. The need for changing the legislation regarding the time limit for abortions will be investigated.

The adequacy and quality of terminal care and hospice services, regardless of the place of treatment, will be improved.

Preparation of a law on professional practice for the social sector and regulations concerning the common registration and supervision of professionals in the sector will commence.

Development of the client fee system will continue in order to prevent social welfare and health care payments from becoming an obstacle to service use. Payment caps will be combined and revised. The objective is to create a unified health care payment cap system by combining the municipal health care payment cap and the patient's maximum annual co-payment for medication costs under statutory health insurance. Implementation of the unified payment cap requires an electronic data system suited to this application.

Service housing fees will be revised on the basis of proposals made by a Ministry of Social Affairs and Health working group, laying down provisions for

nationally unified determination criteria for the client fees related to housing services which municipalities are responsible for providing. The fees for service housing with 24-hour assistance will be harmonised, while a minimum disposable amount of money will be stipulated.

Social welfare and health care payment provisions will be combined into a single piece of legislation in order to improve the transparency of the fee system.

The crucial objective of pharmaceutical service is to enable efficient, safe, suitable and economical pharmacotherapy for all those requiring it. Good availability of medicines and a professional pharmaceutical distribution system will be secured under all circumstances for citizens.

The drug reimbursement system will be revised, focusing the most advantages of reimbursements on those requiring a great deal of medicines. At the same time, it will be ensured that pharmaceutical costs will not prevent people on low incomes from obtaining pharmacotherapy. The drug reimbursement expenditures of statutory health insurance will be cut sufficiently to arrive at savings of EUR 113 million by 2015 with regard to government finances.

In order to ensure the rational pharmacotherapy of patients, it will be assessed whether the funding responsibilities of municipal health care and health insurance should be further specified in circumstances in which the options are medication given under municipal health care and outpatient medication reimbursed by health insurance. Whether vaccines and other pharmaceuticals used for disease prevention will be reimbursed or not will be assessed.

Journey-specific patient's co-payment for the reimbursement of travel expenditure related to statutory health insurance will be raised to EUR 14.25.

The development needs of the national vaccination programme will be assessed.

The question of raising the age limit for entitlement to rehabilitation provided by the Social Insurance Institution from 65 to 68 will be assessed.

The possibilities of launching a national cancer centre will be analysed.

Legislation pertaining to private social welfare and health care services will be unified and clarified.

The capacity of third-sector organisations to create and promote conditions for health and wellbeing and channels of participation, and to provide various types of assistance and support for daily life will be reinforced.

The Slot Machine Association's grants to social welfare and health care organisations will be concentrated on targets that promote and support citizens' independence and wellbeing. These grants may not be used to support service provision for which municipalities are responsible nor distort competition between service providers.

The methods and resources of social welfare and health care supervision will be developed and reinforced. Supervision of the public and private sectors will be harmonised. The supervisory duties pertaining to social welfare and health care will be concentrated in the National Supervisory Authority for Welfare and Health (Valvira), while considering the division of responsibilities with the Finnish Medicines Agency (Fimea). In order to improve citizens' equality with regard to regional permit procedures and supervision activities, Valvira's coordinating and guiding role with respect to Regional State Administrative Agencies will be strengthened and increased by means of legislation and other procedures. In addition to its current duties, Valvira will serve as the competent authority in matters related to tissue and organ transplants.

The responsibility for health care services for the Defence Forces and prisoners will be transferred to the National Supervisory Authority for Welfare and Health. The possibility of transferring the provision and funding of health care services for the Defence Forces and prisoners to the Ministry of Social Affairs and Health will be investigated.

A biobank act will be introduced. The goal of this legislation will be to promote the use of human samples in research and enhance the efficiency of research activities. Valvira is responsible for the supervisory and inspection duties pertaining to biobank activities.

The position of state residential schools and state mental hospitals in central government administration will remain unchanged.

Implementation of the National Policy on Roma (ROMPO) will be initiated. Special measures will be aimed at improving the educational attainment and employment of Roma, at resolving their housing problems, and promoting the social inclusion of Roma children, young people and families.

Availability of services in the Saami language will be secured. Sign-language social and health care services will be developed. The interpretation services organised by the Social Insurance Institution will be developed.

The special needs of immigrants will be taken into consideration when developing social welfare and health care services in order to promote their integration.

Legislation pertaining to alternative medicine will be further prepared in cooperation with the Ministry of Employment and the Economy, with the objective of improving patient safety.

Research and product development related to social welfare and health care will be bolstered. Study into effectiveness will be increased. Research into social welfare and health care as well as research and education funding through specified government transfers will be revised as part of the service system reform. Cooperation with Tekes – the Finnish Funding Agency for Technology and Innovation will be fostered.

Assessment of health care methods (including medicines) and clinical treatment guidelines as well as unified criteria for treatment and use of harmonised work methods will be integrated as a regular part of planning and decision-making related to health care services.

Practical implementation of the Managed Uptake of Medical Methods (HALO) programme will continue.

The second National Development Programme for Social Welfare and Health Care (KASTE II) will be commenced, its points of emphasis falling on the prevention of social exclusion, development of informal care support services, general development of services, reduction of long-term homelessness, and prevention of interpersonal violence. The KASTE programme also focuses on the improvement of the availability, expertise and wellbeing at work of social welfare and health care personnel. The good practices created in development projects will be implemented across the entire country. Funding for the KASTE programme and projects will be reduced by EUR 5 million.

The appropriations for health promotion will be reduced by EUR 2 million.

The national action plan for combating damp and mildew in buildings will continue.

Implementation of the proposals of the working group on farmers' holiday and stand-in services will be continued as far as financially possible. A report on the experimental provision of temporary help in reindeer husbandry will be drafted, while also assessing the possibilities of adopting this experiment on a permanent basis. The availability, comprehensiveness and effectiveness of occupational health care services for agricultural entrepreneurs will be improved.

Assessment of the health hazards caused by the environment will be incorporated into all planning and decision-making activities. A national health protection programme, striving to assess and reduce the health hazards caused by the environment, will be drawn up. The Ministry of Social Affairs and Health will take the lead in drafting a national drinking water safety plan, aiming to ensure the safety of drinking water in all circumstances.

The authorities' ability in combating food and water-borne epidemics and drug-resistant microbes will be enhanced.

Services for older people and veterans

The health and independent living of older people will be aided by means of services promoting wellbeing and health. The gerontological expertise of personnel providing services to older people will be increased, while developing professional leadership skills.

Older people are valued and their right to self-determination will be safeguarded. The goal is to foster independent living and develop home-based services. Needs-based housing options and rehabilitation services will be provided for older people on the basis of the Ikähoiva working group's proposals. A cross-administrative housing development programme will be introduced. The availability of needs-based institutional care will also be ensured.

Older people's rights to high-quality, needs-based care will be protected by law (an act on services for older people). Provisions pertaining to the rights of older people to obtain care and rehabilitation as determined in the service plan will be laid down. A council for older people will be established in all municipalities; these organs will monitor decision-making and influence it with regard to matters relating to older people in the various administrative fields.

Elimination of the distinction between non-institutional and institutional care with regard to the determination of housing allowance will be continued.

The care allowance for pensioners will be further developed, with the emphasis on service acquisition and reimbursement of the costs of care.

Old-age services for disabled war veterans and other veterans will be protected. The benefits and services aimed at disabled war veterans and other veterans will be improved on the basis of the guidelines provided in the veteran policy programme created by the Ministry of Social Affairs and Health. Rehabilitation services provided in the person's home are a particular development target.

The amount of Slot Machine Association grants allocated to veteran policy will be assessed, the objective being to enhance the comprehensiveness, amount and quality of services and benefits tailored for the veteran generation.

The know-how gained at nursing homes for veterans will be utilised in the development of services for older people.

Support for informal care

Informal care will be developed in cooperation with municipalities and organisations. The equality of informal carers and care receivers will be improved by harmonising the criteria for granting support. The availability and comprehensiveness of support for informal care will be increased.

The wellbeing of informal carers will be promoted by creating support services, enabling respite, and establishing regular health examinations. The possibility of eliminating the taxation of financial support for informal care will be investigated.

Services for persons with disabilities

Reinforcement of the Disability Policy Programme (VAMPO) will continue. Particular emphasis will be placed on the preparation and implementation of legislative amendments to ratify the UN's Convention on the Rights of Persons with Disabilities, promotion of the employment of people with disabilities, increasing accessibility, and fostering research into disability.

The comprehensiveness of statutory personal aid for persons with disabilities will be secured. The availability of home help services will be improved. A comprehensive review of assistive device services, including a car acquisition system and aid dogs, will be carried out. The position of the disability deduction in taxation will also be assessed during this process.

The revision of disability legislation will continue as part of the comprehensive reform of social welfare legislation. The objective is to lay down provisions concerning the special services required by persons with disabilities in the reformed specific law that applies to all groups of people with disabilities equally.

Structural reform of the service system for persons with intellectual disabilities currently underway, will be continued, while also creating services that enable people with the most severe disabilities to live in the local community. The proportion of institutions for persons with intellectual disabilities as long-term living environments will be further reduced by targeting these for those who require very demanding care and treatment.

Substance abuse policy and services

The efficiency of measures to protect the entire population, but especially children and young people, from the adverse effects caused by alcohol, tobacco, other drugs and gambling problems will be enhanced.

Prevention of the adverse effects caused by alcohol use is based on the regulation of availability and price as well as the promotion of healthy lifestyles. The Temperance Work Act will be revised to improve substance abuse work carried out in municipalities. Implementation of the National Alcohol Programme will continue; the key measures included in this programme are the establishment of the regional coordination model, comprehensive reform of the Alcohol Act, and review of the taxation of alcohol.

Alcohol advertising will be restricted by prohibiting advertising targeting children and young people, and advertising methods striving to portray the role of alcohol in boosting one's social and sexual success. Permitted advertising times for television and radio will be reviewed. The monitoring of alcohol advertising regulations will be enhanced, and the need to revise the related sanctions will be assessed.

The effective running of mental health and substance abuse services will be ensured. Early intervention and use of effective methods will be improved to prevent excessive use of alcohol. The key objective is to improve the work ability and functional capacity of the population by reducing mortality rates, incapacity for work, reduced functional capacity as well as other adverse human and societal effects related to alcohol use.

The care and treatment of pregnant substance-abusing women and families with babies will be guaranteed by means of legislation. The development and provision of demanding and involuntary treatment will be concentrated in specific catchment areas. Care and treatment services provided by civil society organisations will be utilised.

The current retail monopoly will be retained in its current form, in accordance with the Alcohol Act. The ownership steering of Alko Inc. will be retained at the Ministry of Social Affairs and Health.

Implementation of the tobacco legislation will be ensured. An action plan will be drawn up to achieve the goals set out in the Tobacco Act.

The need to improve drug legislation will be evaluated. An action plan will be drafted to reduce drug abuse and its effects. Low-threshold services, medical counselling and outreach work for drug users will be increased. The efficiency of treatment referrals carried out by the police will be enhanced. Opportunities for the treatment of drug problems during imprisonment will be increased.

The current gambling monopoly will be enhanced by imposing restrictions on international gambling. The monitoring, research, prevention and treatment of gambling problems will be improved. Cooperation between the authorities, civil society organisations, gambling communities and research institutions concerning the prevention of gambling problems will be enhanced.

Wellbeing of families, children and young people

The three cores of family policy are services, social income transfers, and the reconciliation of work and family life. Finland's family policy fosters a safe living environment for children while also supporting parenthood. The services and benefits for families will be improved, taking into account the disparate needs of families.

The best interests of the child, reconciliation of work and family life, and seamless cooperation between early childhood education and care services and other basic public services will be promoted.

Services for children, young people and families will be developed in accordance with the good practices generated in the National Development Programme for Social Welfare and Health Care, i.e. the KASTE I programme. Family centre activities will be expanded in cooperation between families, municipalities,

organisations and other actors. The goal of family centres is to promote early intervention and the prevention of problems.

Home help services and low-threshold services for families with children will be developed and increased.

Support for parenthood and relationship counselling for children's parents will be improved and increased. Divorce arbitration will be developed to ensure the best interests of the child and the realisation of parenthood.

Measures to reduce the number of children taken into care by social authorities will be enhanced. Insofar as child welfare services are concerned, the emphasis will be shifted to prevention, early support services and the eradication of the prevalence of institutional care. Family-orientation is highlighted in child welfare services, while further developing family care legislation in a manner that takes into account the needs related to the ageing population. Shelter services will be increased.

Adoption-related services at the various stages of the adoption process will be improved in cooperation between the Ministry of Social Affairs and Health and the Ministry of Justice.

The regional inequalities in school health care will be reduced by ensuring the implementation of the Decree on child health clinic services, school and student health care services and preventive dental health care for children and young people. Particular attention will be paid to the development of health services for students in vocational education.

The equal position of university students with regard to obtaining health services will be ensured. The experiment in which the services of the Finnish Student Health Service were extended to students at universities of applied sciences will be continued.

Student welfare services will be developed in cooperation with the Ministry of Education and Culture.

Cooperation related to matters concerning children, young people and families in the Government will be improved by creating functional coordination between the relevant ministries (Ministry of Social Affairs and Health, Ministry of Education and Culture, Ministry of Justice, Ministry of Employment and the Economy). The expertise of the National Institute for Health and Welfare will be put to use in coordination and development activities.

The assessment of the impact on children will be increased in all decision-making.

Development of working life and extension of careers

The Government takes an active role in the development of issues related to working life. The objective is to promote the protection of workers and a higher productivity and employment rate. Some of the goals are to raise the average retirement age, increase change-related security, bolster equality, and improve the reconciliation of work and family life. The achievement of these goals requires, in particular, the improvement of the quality of working life, development of expertise, wellbeing at work, and good management.

The Government, in cooperation with the social partners, will prepare the guidelines and proposals for legislative amendments related to labour legislation, development of working life and labour-related social insurance.

Reconciliation of work and family life

The family leave system promotes the wellbeing of the child, while also supporting the opportunities of both parents to participate in childcare and working life.

The objective is to increase the amount of leave days earmarked for fathers, provide more flexibility to how and when fathers use their family leave, and enable home childcare for longer, supported by the parental allowance. Additionally, efforts will be made to put adoptive, multiple-birth and foster families on an equal footing with other families.

The goal is to continue to reimburse employers for the costs of parental leaves by increasing the compensation obtained by employers through statutory health insurance.

Moreover, it will be investigated how the legislation safeguards the rights of those returning to work from parental leave, while the levels of daily allowance under the family leave system, particularly from the perspective of its incentive to fathers to use their entitlement to family leave, will be reviewed.

The above matters, related to the development of the earnings-based family leave system, will be prepared in tripartite cooperation with the social partners. Going further, the development options for the funding of the earnings-

based family leave system and cost distribution will be assessed. Legislative amendments will be implemented once their funding has been determined.

In the future, smooth reconciliation of work and family life will provide an even bigger competitive advantage for businesses. The Government will promote, in association with the social partners, procedures based on good practices that make places of employment more family-friendly.

Operating models through which the parents of small children and those providing care for an older or sick person close to them can work shorter days or take unpaid leave more flexibly by determining the specifics with their employers will be promoted.

Employers will be encouraged to adopt operating models that lower the threshold of returning to work after childcare leave or other similar disruption to an individual's working life.

The opportunity for parents to work part-time will be increased. The possibility of raising the partial childcare allowance and making its use more flexible will be reviewed. The fee for part-time and part-day care will be adjusted so that it is determined on the basis of the care time agreed by the municipality and the service user.

The gradual return to work of individuals receiving the child home care allowance will be promoted by combining early childhood education and care services and financial support, the eligibility criteria and other terms for which will be assessed and decided on by the end of 2012.

Development of the earnings-related pension scheme and occupational health care

Issues related to earnings-related pension policy will be prepared in consultation with the major labour market organisations. On 11 March 2009, the Government and labour market organisations reached an agreement on raising the retirement age expectancy of those aged 25 and over to a minimum of 62.4 years by the year 2025. In 2010, this expectancy was 60.4 years.

In the last few years, life expectancy has grown more rapidly than expected, with this trend forecast to continue. The extension of careers is also necessary with regard to the balance between the dependency ratio and public finances. The earnings-related pension premium for the private sector has been set until

2014, after which it will still be subject to significant pressures to increase it. Funding of public sector pensions must also be ensured.

Considering the aforementioned facts, a common understanding regarding a long-term solution to extending careers, ensuring the funding of the earnings-related pension scheme, and ensuring sufficient pension provision, including index protection, must be arrived at. The labour market organisations have agreed to negotiate and carry out the measures necessary to achieve this set goal. Measures will focus on the first, middle and final stages of careers. Special attention will be paid to combating the causes of incapacity for work and developing people's professional skills throughout people's careers.

A working group will be appointed to assess the potential need to change the earnings-related pension index scheme. The group's work will encompass ensuring the purchasing power of earnings-related pensions, equality between generations, sustainability of the funding of the earnings-related pension scheme, and reasonable pension premiums. It will be ensured that pensioners are represented in the assessment process. The working group will consult with the interest groups essential to its work.

Incapacity for work is the single most significant factor shortening careers. Therefore, the Government will focus on preventing incapacity for work and providing more work opportunities for those partially capable of working with regard to the extension of careers. This will particularly require the improvement of the promotion of health, occupational health care, rehabilitation and working life. Special attention will be paid to enhancing the prevention and treatment of mental health and substance abuse problems, referral to treatment at workplaces as well as its realisation and the facilitation of people's return to work.

Occupational health care and statutory health insurance will be developed on the basis of proposals made by the Ministry of Social Affairs and Health's working groups on occupational health care and wellbeing at work.

Occupational health care plays an essential part in extending careers. Thus, the availability of high-quality occupational health care services must be ensured, while also refocusing occupational health care activities to better support the extension of careers. The comprehensiveness, effectiveness and quality of occupational health care will be increased. The occupational health care of entrepreneurs, agricultural entrepreneurs and those in short-term employment must be further improved. The opportunities of small-sized workplaces to acquire occupational health care services by forming joint acquisition

organisations will be looked into. The foundation of the occupational health care cost compensation system will remain unchanged.

A statement by occupational health care personnel will be set as the precondition for the payment of sickness allowance after 90 sickness allowance days. Occupational health care personnel must assess the employee's remaining work ability and the employer must determine the employee's possibilities of continued work in association with the employee and occupational health care personnel. Payment of the sickness allowance will not be suspended if the employee is not responsible for the failure to submit the statement, or if suspension would be otherwise unreasonable.

The health care services for the unemployed will be developed and increased on the basis of a proposal by the working group of the Ministry of Employment and the Economy. The main emphasis with regard to the development of health services for the unemployed must be on measures supporting their employment.

In order to foster increasingly successful rehabilitation, provision of timely rehabilitation without delays will be ensured. Particular attention will be paid to identifying the need for preventive rehabilitation in the early stages. Rehabilitation will be integrated as part of the process of treatment and returning to work. Cooperation between occupational health care, primary health care, specialised medical care and rehabilitation will be reinforced and streamlined with regard to supporting employees' work ability.

High-quality working life extends careers. Wellbeing and coping at work will be improved in cooperation between the management and personnel of workplaces, for instance. Nationwide and regional promotion of wellbeing at work, based on network activities, will be cemented by extending and developing the Forum for wellbeing at work, coordinated by the Ministry of Social Affairs and Health. The occupational wellbeing services and expertise of the Centre for Occupational Safety will be utilised in promoting wellbeing at work.

The opportunities to work part-time will be improved by promoting the use of partial sickness allowance, partial cash rehabilitation benefit and partial disability pension. Therefore, such variables as work and work times must be reorganised to better suit the employee's partial working capacity and rehabilitation. The capacity of and incentives for employers to hire employees with partial working capacity will be promoted and developed.

Reform of the solvency regulations applied to the earnings-related pension scheme will continue.

The relationship of the competition and cooperation between the authorised pension providers, i.e. employee pension institutions will be clarified on the basis of earlier competition-related reports. The development needs related to the regulation of employee pension institutions' wellbeing at work activities and the related funding models, aimed at improving the transparency of wellbeing services and remedying the competitive situation between employee pension institutions, must be assessed on the basis of proposals made by the Ministry of Social Affairs and Health's working group on wellbeing at work. The employee pension institutions' principles of good governance will be developed.

The provisions laid down in the Employee Benefit Funds Act and Pension Funds Act concerning earnings-related pensions will be compiled into a new employee pension fund act.

Responsibility for the preparation of legislation pertaining to the earnings-related pension scheme will be concentrated in the Ministry of Social Affairs and Health. This concentration of legislative drafting is not aimed at affecting changes in the implementation models of earnings-related pension provision, funding, investing activities, or other similar matters.

Other measures to improve income security

The unemployment security system will be revised through tripartite cooperation, the objective being the simplification and streamlining of the system on the basis of the current one. The ultimate goal is to help people find employment more quickly.

In order to clarify the collection and supervision of unemployment insurance payments, the responsibility for collection will be transferred from the accident insurance companies to the Unemployment Insurance Fund. Unemployment insurance payments will be included in the Payment Service for Small Employers (the palkka.fi service).

Improvement of the social security of entrepreneurs will continue, based on the proposals of the Ministry of Employment and the Economy's working group. The objectives are to eliminate unfounded disparities in the social security for entrepreneurs and wage and salary earners, support entrepreneurship, and help entrepreneurs to reconcile work and family life.

The best methods for ensuring equal social security for people receiving income from a number of different sources will be investigated.

Reformation of the accident insurance and occupational disease legislation will continue on the basis of the proposals of the Ministry of Social Affairs and Health working group.

Any potential shortcomings in the social security of professional athletes and people working in the creative sectors will be identified and corrected based on investigations.

Labour legislation and development of working life

The Ministry of Employment and the Economy will set up a working group to prepare a strategy for the development of working life, which will be completed in early 2012. The aim is to simultaneously improve the employment ratio, productivity of work, quality of working life, and wellbeing at work.

An extensive national cooperation project will be launched in public and private sector workplaces in order to implement the strategy. As part of the project, Tekes – the Finnish Funding Agency for Technology and Innovation will commence a separate development programme for work organisations. Moreover, a public sector wellbeing at work programme will be commenced.

The Ministry of Employment and the Economy will set up a permanent tripartite working group for this Government's term in office to monitor, evaluate and make any required proposals regarding questions related to the regulation and development of working life.

The Ministry of Employment and the Economy and the Ministry of Social Affairs and Health will jointly launch a cross-administrative investigation and development project. This project will look into change-related trends and structural changes in the labour market and business activities and assess their impact on the forms of employment, methods of using labour, and issues concerning work times. The investigations and assessments will be used as the basis for making tripartite decisions on further actions, which may also include legislative amendments.

The investigation and development project will consider the effects of temporary and part-time employment on employees' positions and the quality of working life and careers, the principles and preconditions of the use of the working time banking system, and holiday periods for people working part-time. The

problems related to social insurance and labour legislation concerning the type of self-employment that occupies the middle-ground between employment relationships and entrepreneurship will be specifically identified.

The Ministry of Employment and the Economy will determine and prepare the amendments regarding equal treatment and the regulation of working life. The Non-Discrimination Act and the Act on Equality between Women and Men will remain separate acts.

Implementation of the Temporary Agency Work Directive will be completed by the end of 2011. The objective of this Directive is to eliminate restrictions related to temporary agency work, while also putting temporary workers on an equal footing with the employees of the customer business.

Full-time employment will be promoted. The norms of the current legislation will be used for developing 'substitute banks' within public sector organisations. The use of labour pools will be promoted.

Supervision of the terms of employment is important in order to bolster employee equality and combat the shadow economy, for instance. The sufficiency and appropriate targeting of occupational safety monitoring as well as administrative development needs will be assessed.

The continuous development and updating of expertise is required in order to improve adaptation to changing situations and the productivity of work. A functional adult education system enables alternation between work and learning. Therefore, it is necessary to foster the use of personnel and education plans as part of the systematic development of employee expertise.

The possibilities of reorganising the activities of the national Education Fund in such a manner that all employees would gain education entitlement through their employment relationships that could be used for developing professional expertise during employment or after its conclusion will be investigated.

The potential need for amendments to the legislation concerning study leave will be assessed in order to ensure the legislation matches the altered degree structure and meets the needs of working life.

Management and managerial skills have a significant impact on the quality of working life. With the Finnish Institute of Occupational Health assuming the organisational responsibility, a management development network will be established, discussing and disseminating managerial skills into workplaces. The

availability of management training will be improved. Quality criteria for good management will be created for the public sector, and their implementation developed.

Age management will be fostered as part of the development of management, meaning the consideration of age-related factors in daily management that ensures that young, middle-aged and older employees are given the means to achieve their own and the organisation's goals.

Improvement of gender equality

Gender equality is a significant societal goal. It must be taken into account in all aspects of public decision-making and activities. Both genders must have equal rights, responsibilities and opportunities.

An action plan for gender equality will be drawn up at the start of the parliamentary term. It will take into consideration the Government Report on Gender Equality, approved by Parliament on 21 October 2010.

The tripartite equal pay programme will be continued, with the objective of narrowing the pay gap between women and men to a maximum of 15% by 2015. Two extensive research projects will be initiated in order to specify the required measures. The first of these will investigate the impact of the structural changes in employment and changing needs in the labour market on both genders' employment, position in the labour market, engagement with the labour market, career development, remaining at work and sharing of care responsibilities. The second project will look into the influence gender bias and expectations have on educational and career choices.

Measures focusing on reducing the segregation of the labour market will be enhanced in various administrative sectors. The effectiveness of the Act on Equality between Women and Men and gender equality planning will be monitored in cooperation with the social partners.

Mainstreaming of the gender perspective in legislative drafting, budget preparation and other activities with major implications for gender equality will continue.

Goals related to the promotion of gender equality will be included in the planning and development work related to education and training policy. The Government will continue cooperation with its social partners in order to boost women's career development.

Measures will be created in cooperation with the various administrative sectors to prevent interpersonal and domestic violence, with the aim of reducing suffering as well as the costs of violence caused to the victims, employers and municipalities. Services for the victims of interpersonal, domestic and sexual violence will be enhanced. Implementation of the action plan to reduce violence against women will continue. The amount of shelter services will be increased to promote regional equality.

8 ENVIRONMENTAL POLICY

A clean environment, biodiversity, and high-quality living environments are the prerequisites of wellbeing. Global environmental challenges, including the sixth wave of extinction and the mitigation of climate change, pose challenges that Finland must meet. The objective of the environmental policy is to improve the condition of the environment and bodies of water, halt the degradation of biodiversity, prevent environmental pollution and ensure the effectiveness and fairness of climate change mitigation measures.

The Government's goal is to develop Finland into a carbon-neutral society and a forerunner in environmental expertise, clean technology, and sustainable natural resource policy. The objective is to create preconditions for ecologically sustainable growth and new jobs. The Government will advance the development, implementation and productisation of Finnish climate, environmental and water expertise and technology. Finland will pursue the creation of the preconditions for new markets in an anticipatory and active manner. The opportunities provided by new technology and IT will be utilised in enhancing material and energy-efficiency and cutting emissions.

Sustainable development goals are taken into account in all administrative sectors. The Government will revise the national strategy for sustainable development, determining its goals and principles. During this process, indicators used for monitoring the achievement of the goals in various administrative sectors will be created.

In order to promote sustainable development, subsidies that are detrimental to the environment will be identified and reallocated. Methods in which environmental commitments can be fulfilled more cost-efficiently by developing economic instruments will be investigated. The development of indicators to describe the state of the environment and sustainable development, and to complement GDP data, will continue.

Environmental education for children and young people as well as the position of nature and environmental schools will be enhanced. The opportunities of children and young people to participate in and be consulted with regard to the planning of their immediate environment and environmental policy decision-making will be supported.

The role of the environmental administration, including its capacity to perform cross-sectoral coordination, will be strengthened and its resources protected.

The Government will improve the operational conditions of environmental and consumer organisations.

Finland will actively engage in international cooperation in order to resolve environmental challenges. When participating in international cooperation at the UN level, Finland will pursue a binding and effective global climate treaty that aims at cutting off global warming to two degrees Celsius. Finland will support the EU's common emission reduction targets as part of a comprehensive international climate treaty.

The Baltic Sea and water protection

The Government will enhance protection measures to improve the state of the Baltic Sea both nationally and in concert with the other Baltic Sea states by implementing the EU Marine Strategy Framework Directive, the HELCOM Baltic Sea Action Plan, and the EU Strategy for the Baltic Sea Region, for instance.

The Government will set up a coordination working group for matters related to Baltic Sea policy. The expenditure related to the protection of the Baltic Sea will be coordinated during the discussion of budget proposals. A national marine environment management plan and action plan will be elaborated. Baltic Sea research will be organised to meet the existing challenges by ensuring the resources of marine research and compiling them into a multidisciplinary system.

Finland will continue its cooperation with St. Petersburg and towns in the Leningrad region to improve the state of the Baltic Sea, with the goal of reducing these communities' nutrient load into the water. Environmentally motivated agricultural cooperation in the Leningrad region will be continued to reduce agricultural discharges. Additionally, upgrading port reception facilities for sewage in ports in the Baltic Sea will be supported.

Improvement of the oil and chemical spill response capacity will be prepared for on a long-term basis by means of, for instance, fleet investments both nationally and in cooperation with the other Baltic Sea states. The increase in oil prevention charge will be extended on a fixed-term basis. Oil spill response expertise will be promoted.

The Government will encourage consideration of the goals of the EU Strategy for the Baltic Sea Region with regard to the preparation of new financial frameworks and common agricultural policy in the EU. The reform of the EU's

agricultural policy must promote effective environmental measures throughout the Baltic Sea region.

Finland will be fashioned into a forerunner in nutrient recycling based on the findings of the working group on nutrient recycling by promoting, for example, removal of fish to reduce the environmental load on sea and inland waters.

Agri-environmental aid will be revised to promote the water protection measures and biodiversity more efficiently than at present. Agri-environmental measures will be directed both regionally and farm and parcel-specifically on the most sensitive areas in terms of water protection. The goal is to markedly reduce nutrient discharges in these areas by employing new methods and research data and, if necessary, by reviewing the appropriateness of cultivation. More extensive implementation of the most effective measures in terms of water protection will be promoted, taking the results of the TEHO and TASO projects into account.

Implementation of the adopted water management plans will be ensured. Projects aimed at the remediation of water bodies will be launched on the basis of the remediation strategy, while the restoration of small bodies of water will also be promoted. The Government will support the implementation of wastewater regulations for sparsely populated areas by arranging the resources for information and counselling. The Government will closely monitor practical implementation of these regulations as well as their potential development needs. Particular attention will be paid to ensuring alterations in low-income households. The effectiveness of municipal wastewater treatment will be enhanced by drawing up a national sewerage programme, supporting transfer sewer projects, and intensifying nitrogen removal by means of environmental permits, especially in wastewater treatment plants near the coast. Preparatory work on introducing a ban on detergents containing phosphates in Finland will be initiated.

The Government will enhance groundwater protection and risk management by drafting protection plans ensuring their implementation. The knowledge base to prevent groundwater contamination will be improved.

The Water Act and the Rapids Protection Act will remain unchanged.

Biodiversity

The Government will enhance the protection of biodiversity, use natural resources in a sustainable manner and ensure adequate funding for

measures, with the aim of halting the degradation of biodiversity by 2020. Environmental protection appropriations will be allocated to implement the METSO programme, the biodiversity strategy, the complementary protection programme for threatened species, natural habitat types and marshlands, and other protection programmes.

The national strategy and action plan for conservation and sustainable use of biodiversity in Finland will be updated to correspond with the goals of the international Convention on Biological Diversity and biodiversity targets set in the EU. The cultural customs and traditions of the Saami people's use of nature will be safeguarded in the implementation of the biodiversity strategy.

The protection of threatened species and natural habitat types will be reinforced by drafting and implementing action plans. Protection of the Saimaa ringed seal will be improved by expanding the zone in which net fishing is prohibited according to what is appropriate to the survival of the species. An overall assessment will be made on the success of Finland's policy regarding large carnivores.

The Government will extend the Forest Biodiversity Programme for Southern Finland (METSO) until 2020 in order to achieve the conservation target of 96,000 hectares, determined in the programme, and ensure funding for the programme. To achieve the target, expansion of METSO conservation areas on land owned by the state, municipalities and other public organisations will continue by means of allocating 20,000 hectares in new areas to be conserved through the METSO programme. If any areas of land with conservation value are freed from the defence forces in connection with the reform of the defence forces, the inclusion of these areas into national nature conservation programmes will be investigated. Implementation of existing conservation programmes will be completed.

The protection of marshlands will be improved by expanding the conservation areas and increasing active restoration activities. The Government will create a resolution on the protection of marshlands and peatlands and the financial framework, taking the guidelines of the marshland strategy into consideration. Peat extraction will be focused on marshlands that have already been drained or where natural mire habitats have been lost. Measures will be undertaken to prevent the environmental burden of peat extraction on bodies of water and in the form of dust and to remediate existing damage to water bodies.

New innovative sources of funding will also be identified for the protection of biodiversity. Establishment of a protection fund for channelling private and

public donations to environmental protection will be investigated. Information will be provided regarding the possibility of assigning areas for protection also without compensation.

The network of national urban parks and national parks will be further developed. Sipoonkorpi National Park will be expanded by means of land exchange between the state and the local municipalities and the measures of the METSO programme. All interested parties' ability to be involved will be safeguarded when drafting plans for management and use.

Maintenance of national parks and other conservation areas will be ensured. Ecologically sustainable travel will be promoted, while protecting Everyman's Right. Although Metsähallitus will be undergoing organisational changes, it will be retained as its own unit. The development, funding and funding mechanisms of Natural Heritage Services will be secured. The position of the Ministry of the Environment in the management of experts and the strategy related to Natural Heritage Services will be protected.

Protection of biodiversity, opportunities for recreational fishing at the current level, and the operational conditions for commercial fishing will be guaranteed in connection with the reform of the Fishing Act (Ministry of Agriculture and Forestry). The measures necessary to protect migratory fish stocks will be implemented. Restoration of rivers regarding their living conditions for fish and overall ecology will be promoted, and the fishway strategy will be implemented. The continued permits of hydropower plants will be tied to the construction of functional fishways, or, according to the agreed transition period, to other measures determined in the fishway strategy. In the EU, Finland will work to revive fish stocks in the Baltic Sea and scale fishing quotas so as not to exceed the maximum sustainable yield for any species.

The acquisition of a knowledge base concerning underwater marine life will be ensured through the VELMU programme. A research programme aimed at assessing the financial impact of biodiversity and ecosystem services will be initiated. The prevention of the spread of invasive alien species will be enhanced on the basis of the national strategy for invasive alien species by improving the monitoring and reporting of observations.

Environmental protection and permit procedures

Comprehensive reform of the Environmental Protection Act and Decree will be carried out, with the objective of protecting environmental values, mitigating climate change, and enhancing material efficiency and the prevention of waste

generation. Certain other reforms for improving the effectiveness of the permit and reporting system of the Environmental Protection Act and the structural unambiguity of the act will be simultaneously implemented. Inclusion of the consideration of natural values in the Environmental Protection Act and the effects of this will be investigated. Cross-administrative cooperation between environmental protection, urban planning, agriculture and forestry, and industrial policy will be promoted.

The environmental permit system will be clarified by such means as eliminating overlap in land use planning, assessment of environmental impact and environmental permit procedures where possible, without undermining the good level of environmental protection and citizens' ability to influence decisions.

Implementation of the National Chemicals Programme will continue. The adequacy of the current measures in achieving the international goals regarding the minimisation of the environmental and health risks of chemicals by 2020 will be assessed. The need for additional measures required by new and upcoming subjects such as nano materials, materials affecting hormonal activity, and the interaction of chemicals will be evaluated.

Material efficiency and sustainable use of natural resources

Finland will seek to actively influence the formulation of the EU's material efficiency policy. A national programme for material efficiency and the sustainable use of natural resources will be drafted, and the possibilities for developing their measurement and assessment will be investigated.

The effects of an increase in forest energy use on biodiversity and the nutrient and carbon balance of forests will be assessed, while guidelines for the protection of biodiversity through the utilisation of existing recommendations will also be drafted. In the EU, Finland will set an example concerning the implementation of the sustainability criteria for biomass and energy wood harvesting. The Forest Act (Ministry of Agriculture and Forestry) will be revised, taking into account forest biodiversity and the versatile use of forests.

Actions will be undertaken to curb waste production, while reuse of waste material will be promoted to reduce its disposal in landfills. The preconditions for the utilisation of waste and by-products will be improved. National guidelines will be drafted for rock aggregate management in order to eliminate obstacles hampering recycling and to enhance and harmonise activities throughout the country. Utilisation of ash generated in renewable energy production in forest

fertilisation and earthworks will be supported. Implementation of voluntary material efficiency agreements will be promoted.

The Government will monitor the effects of the division of responsibilities pertaining to the organisation of waste management under the Waste Act, entering into effect in 2012, on the operational conditions of waste management companies and on municipalities' ability to perform their duties.

Energy-efficient construction and land use

The energy-efficiency of construction will be improved through decrees and other control mechanisms and by creating incentives. A road map for decrees pertaining to the energy-efficiency of buildings will be drawn up, the related goal being the achievement of zero- or near zero-energy construction by 2020. The road map will be used to pursue the implementation of regulations in larger groupings. Energy-efficiency requirements entailing cost-efficient implementation will be laid down with regard to renovation.

The real opportunities for reducing emissions related to the building stock will be determined, particularly regarding public buildings and the apartment stock. The achievement of these reductions in terms of schedules, funding and tendering models, and technical solutions will also be determined. Energy-efficiency will be stressed with regard to the construction of ARA rented buildings and the renovation system.

Dense urban structures that are located on public transport routes, commuting areas, energy efficiency, the impact of emissions, and the consideration of ecological networks will be stressed with regard to land use planning. New construction will be steered towards existing services and urban structure. The preconditions for sustainable plot-specific infill development will be created. The principles of land use planning and construction management of areas falling outside the local detailed plan, especially those in urban regions and growth areas, will be reviewed. The economic instruments that could be used for making urban structures more spatially compact will be identified. Methods for evaluating the environmental and energy-efficiency effects of land use planning through the use of good practice will be adopted. The primary measures of the ERA17 for an Energy-Smart Built Environment 2017 action plan will be implemented.

The joint letters of intent between the state and municipalities (MAL) will be extended and their utilisation in growth centres expanded. Letter of intent procedures will be developed to make them more binding. An increase in

housing production in the municipalities and areas that benefit from state infrastructure projects is required as part of the implementation of these projects.

An overall assessment of the Land Use and Building Act will be carried out. The swiftness and smoothness of the land use planning process will be improved, with consideration given to the adequacy of human resources and citizens' right to influence decision-making pertaining to their living environment. The administrative guidance of construction will be improved and the anticipatory and unified interpretation of building codes promoted by carrying out the measures determined in the joint norm project, for instance. The effectiveness of building supervision management pertaining to building quality supervision and the improvement of energy-efficiency will be reinforced. Building supervision will be revised, reducing the number of building supervision units, while increasing their size and restructuring them into larger regional units. Comprehensive maritime spatial planning will be developed as part of the planning of the use of other areas.

The openness of land use planning activities will be improved while utilising best practices by means of harmonising the online availability of plan proposals.

The quality of construction and design will be enhanced by emphasising the designers' qualifications and improving the education opportunities for people in the sector. Education in energy-efficient construction and renovation and research related to the sector will be increased.

The moisture and mould programme will be continued, and the transfer of the expertise generated in this project to education and construction sector operators will be safeguarded.

Wood construction will be supported, while the life cycle calculation model, which takes into account the manufacture of construction materials and products, will be promoted with regard to the energy-efficiency calculation of buildings. The favouring of options with the least harmful environmental effects will be adopted as a principle for public construction projects, and the promotion of these options in publicly funded housing production will be investigated.

Adequate resources will be allocated to guarantee the quality and smooth progress of planning related to plans controlling wind power construction, including the regional land use plan. Recommendations and guidelines will be

used for ensuring unified procedures and compensation criteria for landowners. Utilisation of renewable energy in the building stock will be increased.

The implementation opportunities for affordable housing construction will be developed. The supply of plots will be jointly improved with municipalities by increasing and expediting land use planning. Competition within the construction sector will also be improved. Ineffective regulations within land use plans and building codes that increase building expenditure will be developed where applicable, without undermining the quality of construction. The possibility of eliminating the general duty to construct bomb shelters will be investigated.

The health and disturbance-related effects of noise will be mitigated by developing indicators for land use planning, construction quality and noise. The adverse health effects caused by small particles in the air will be reduced. The need for creating improved guidelines for the reduction of light pollution will be investigated.

In order to reduce the unrepaired building stock, a comprehensive plan for increasing related repair activities will be drafted. New renovation construction practices and innovations will be promoted. The means for improving the opportunities of those on low incomes to perform basic renovations to their homes in order to improve their energy-efficiency will be explored.

Housing policy

The Government's housing policy is aimed at ensuring a socially and regionally stable and balanced housing market, eradicating long-term homelessness, and developing the standard of living. The housing policy advances all population groups' opportunities for housing appropriate to their life situations as well as sustainable development, societal needs, the smooth operation of the labour market, and the ability of residents to influence decision-making.

A housing policy action plan will be drafted for this term of Government by the end of 2011. This Government programme's outline will provide the basis for the action plan.

Production of affordable housing for people on low and medium incomes as well as the renovation of the current housing stock will be increased by means of state financial support. Lending will be focused on areas where there is a need and demand for housing in the long term. Support will be primarily directed at the construction of housing intended for permanent rented use.

Grant and credit authorisations will be flexibly scaled, ensuring their adequacy to meet demand at any given time, considering the cyclical situation of the construction sector and the ensuring its price stability.

In order to improve the housing conditions of groups with special needs, the adequacy of investment grants will be ensured, retaining their current level at the minimum. Preventing social exclusion and homelessness among young people will be made one of the core objectives.

The National Housing Fund's position as a fund existing outside the state budget will be retained, with its financial position remaining healthy. The development funds of the Housing Finance and Development Centre of Finland will be retained at the current level, at the minimum.

Special attention will be paid to housing policy pertaining to growth centres and the metropolitan area, with an increase in the amount of affordable rented housing production in these areas. As part of the Government's policy for the metropolitan area, a sustainable urban structure and versatile supply of housing in the Helsinki region will be supported in order to ensure the supply of labour, preconditions for competitiveness and social cohesion.

In order to increase construction of affordable rented housing aimed at groups other than those with special needs, the deductibility of the interest of interest-subsidy loans for new rented apartments will be halved until the end of 2014, after which the effectiveness of this measure will be evaluated. Start-up assistance may be granted for projects in order to support the production of affordable rented housing in municipalities that are bound by letters of intent.

An investigation will be launched with the intention of creating a guarantee model that supports the opportunity of people that have become unemployed, fallen seriously ill, or undergone business bankruptcy to allow them to keep their homes that they own.

The adoption of undeveloped sites into use will be promoted. State owned land no longer needed by the state will be allocated to housing production at reasonable cost.

Various types of subsidies related to repairs, energy and investment are issued through the Housing Fund of Finland and the state budget. The expenditure, effectiveness and concentration of these subsidies will be re-evaluated, with the goal of creating a clear and simple subsidy system that entails sufficient resources and combats fuel poverty.

The legislation concerning not-for-profit housing will be developed on the grounds of the proposals of the working group that has investigated this matter. The basic social objectives of non-profit housing provisions and restrictions will be retained, while taking into account EU law and its requirements regarding national legislation.

Realisation of the legislation related to right-of-occupancy housing will be monitored in order to safeguard residents' opportunity to influence decision-making. The operational conditions of collaborative group construction will be improved, while a programme for the promotion of collaborative group construction and other new housing concepts, including production of affordable owner-occupied housing, will be initiated.

The development of housing in areas suffering from depopulation will continue based on the work of the AKKU working group, with the emphasis being placed on the most cost-efficient measures.

A housing development programme for older people will be introduced. The construction of lifts, renovation of apartments, and the safety and accessibility of the apartment stock will be supported. The adequacy of the renovation grants for the homes of older people and people with disabilities will be ensured.

The Government programme to reduce long-term homelessness will continue, and letters of intent will be prepared with city councils for the period 2012–2015. The funding of the investments and support services required for the programme will be ensured in cooperation with the Housing Finance and Development Centre, the Ministry of Social Affairs and Health, the Slot Machine Association, and city councils.

Implementation of the housing programme for mentally disabled people will be continued and accelerated.

Versatile residential areas will be promoted in housing policy. A new cross-administrative programme for enhancing the vibrancy of residential areas and preventing segregation will be introduced. Recipients of housing allowance will not be exclusively directed to state-subsidised ARA housing in the future either.

The Land Use and Building Act and building preservation legislation will be used for safeguarding the conservation of Finland's valuable building stock and old cultural environments.

9 CLIMATE POLICY

Finland will actively engage in international cooperation in order to resolve environmental challenges.

When participating in international cooperation at the UN-level, Finland will pursue a binding and effective global climate treaty that takes into account biodiversity and sustainable development goals, and that enables to restrict global warming to two degrees Celsius.

The effects of the EU's goal to reduce its greenhouse gas emissions to a level at least 30% below the 1990 level by 2020 will be assessed. The investigation will look into the cost effects, societal benefits and impact on competitiveness of the alteration of the goal and its compatibility with the two degrees Celsius target, while also considering the commitments of the other EU countries. The Government will decide by the end of 2012 to support the EU's switch to the 30% goal, provided that the investigation provides the preconditions for this.

The Government will determinedly pursue the achievement of the EU's energy-efficiency targets. In 2013, a mid-term review will be drafted on the achievement of the objective in Finland, and the potential additional measures required for its achievement.

The most economical route of progress towards the minimum 80% target for emissions by 2050 is to channel investments in energy production and use into the improvement of energy-efficiency and the implementation of renewable energy sources. The preparation and decision-making related to climate policy will entail an investigation of its effects on finances, employment and income distribution.

In order to achieve the climate targets, the Government will draft a long-term EU strategy for climate policy. Finland must influence the EU's policy decisions so as to ensure that the competitive position of actors under the European Union remains reasonable with regard to outside actors, while also making sure that the competitive situation within the EU is not distorted.

The Government will enhance Finland's chances of succeeding in and benefiting from energy and climate-related challenges in the future. By investing in the research, product development and application of climate and environmental technology as well as services and expertise in this sector, Finland will boost its

chances of becoming a forerunner in low-emission solutions. Nordic cooperation in climate policy will be enhanced.

The long-term goal is a carbon-neutral society, which can be achieved by following the roadmap towards 2050 to increase energy-efficiency and the use of renewable energy, drafted on the basis of the strategies.

In the EU, Finland will support the calculation method for carbon sinks that is based on monitoring actual changes in natural carbon sinks, while also ensuring sustainable economic utilisation of forests in Finland. The objective is a fair system for the global mitigation of climate change.

The Government recognises the uneven global distribution of the effects of climate change as well as the problematic relationship between climate change and poverty. Finland will participate in international climate funding in accordance with its commitments. The Government will support the coordination of climate policy with development policy, while investigating the possibilities of adopting innovative funding instruments for the implementation of climate policy.

The Government will set up a ministerial working group tasked with updating the national climate and energy strategy by the end of 2012. In accordance with the Foresight Report on Long-term Climate and Energy Policy, a multi-disciplinary, independent climate panel will be established to monitor the realisation and effectiveness of the strategy. The climate panel will prepare directive emission budgets for the Government which can be used to progress towards a long-term sustainable emission level. The climate panel will advise the Government with regard to the determination and review of emission budgets, while also monitoring their implementation and providing recommendations on measures to curb emissions. On the basis of experience and conducted investigations, the Government will prepare a proposal and make a separate decision on drafting a climate act to manage the reduction of emissions generated outside emissions trading.

10 POLICY APPROACH TO LOCAL GOVERNMENT AND DEVELOPMENT OF PUBLIC ADMINISTRATION

The objective of the Government's policy approach to local government is to safeguard high-quality municipal services throughout the country that are equitable and client-oriented, to create potential for initiatives to strengthen local government finances and promote cohesion of the structure of localities and to bolster municipal self-government and local democracy.

The Government's local government policy will pave the way for reducing the sustainability gap in public finances and will help prepare for the impending growth in demand for services created by the ageing of the population. To foster stability and sustainability in local government, action will be taken by bringing in reforms in municipalities and service structures, reinforcing the revenue base in municipalities, ensuring better productivity and effectiveness of local government activities, and curtailing the expansion of local government duties.

The Government will carry out reforms in municipalities across the country. The aim is to create a thriving municipal structure built on economically robust municipalities. Economically robust municipalities consist of customary commuter areas large enough to be able to provide basic public services, with the exception of specialised medical care and demanding social welfare services. Economically robust municipalities are capable of conducting successful policies in business and industry, development strategies, and preventing urban sprawl.

With municipal structures becoming stronger and more cohesive, the need for inter-municipal cooperation will diminish. This, in turn, will make administration clearer and simpler, and will bolster local democracy.

By reorganising municipal structures, it will be possible to create a service structure where the power and responsibility for organising services is allocated to a single authority equipped with a sufficiently large population and skills base. With the range of service provision methods becoming more versatile and in order to meet the growing demand for freedom of choice among clients, strong autonomous municipalities are best equipped to manage the markets.

The Government will specify the criteria and schedule for reforms in the municipalities by the end of 2011. The existing framework act will be replaced with a new legislative act.

New instruments to facilitate the reorganisation of the municipalities will be adopted in the legislative provisions governing the reform. The purpose is to eliminate from the legislation and from the financial systems in local government any factors that might be hampering municipal mergers.

The Government will oversee the progress being made in the reforms in municipalities and will launch a nationwide survey to establish what type of municipal and service structures are most expedient for each region.

In the reforms in municipalities and service structures, due consideration will be given to the diverse nature of different areas, such as the special characteristics of growth centres, sparsely populated areas, long distances, vast stretches of archipelago, and language-related conditions.

The ways in which the reforms in the municipalities and service structures are resolved have a significant bearing on the metropolitan area in terms of Finland's competitive stance and potential for growth.

The Government's aim is to reorganise the service structures in remote areas beyond the economically robust municipalities by bringing services together into sufficiently large units in a controlled manner, drawing on the service structures of the economically robust municipalities and applying a model where certain municipalities bear primary responsibility.

The possibility that the province of Kainuu might adopt an administrative model that differs from the rest of the country will be decided separately during the course of the reorganisation of the municipalities.

Both the content and schedules for legislative drafting related to the act on the provision of social welfare and health care and other legislation in different administrative sectors will be synchronised with the nationwide reforms in the municipalities.

Both Finnish and Swedish-speaking people's access to services provided in their mother tongue will be safeguarded.

Wherever restructuring processes are instituted, the position of staff members will be secured at the level determined by current legislation.

The reforms in the structure of municipalities serves as the basis for a comprehensive reform of the Local Government Act. From the point of view of new structures in local government administration and the evolving operating

environment of municipalities, the overhaul in the Local Government Act will examine the internal control of local government finances, leadership management systems, the position of elected officials, the relationship between the Local Government Act and *lex specialis*, municipal administration in different sub-areas, and the relationship between municipalities and the markets. A parliamentary monitoring group will be set up to aid in drafting the amendments to the Local Government Act.

The role of municipalities as a key actor in public administration and as a point of contact with citizens will be strengthened. The procedure of negotiation between central and local government will be developed so that the assessment of the costs and impact of any duties that might be transferred or allocated to municipalities is enhanced. With a view to achieving better foresight in local government finances, the long-term nature, binding effect and steering role of the Basic Public Services Programme.

Effort will be made to refrain from introducing any new obligations or broadening existing ones in municipalities, and over a half of the effective financial costs of the obligations will be funded from central government resources. Transfers of duties between central and local government will be executed in such a way that they remain neutral in terms of their cost effect. The resources for general funding for universities of applied sciences will be consigned to central government. Options will be looked into for reducing the duties and responsibilities of municipalities.

Action will be taken to foster the capability of municipalities to finance their duties and responsibilities mainly by means of their tax revenue. An increase of five percentage points will be made to the corporate income tax apportionments to municipalities in 2012 and 2013. To narrow the gap between the nominal and real levels of municipal taxation, the Government will seek measures to shift the burden caused by deductions in municipal taxation to be borne to a greater degree by central government. Any changes to local government revenues deriving from adjustments in taxation will be compensated in full. Compensation for deductions in municipal taxation will be made on an individual basis for each municipality, being channeled mainly through the tax system. The Government endeavours to a situation where the ratio of real estate taxes of overall local government tax revenue rises during this parliamentary term. Real estate taxation will be excluded from the tax equalisation system.

The system of central government transfers will be revised in connection with the reforms in municipal structures. The system will be made simpler and clearer, and incentives in the system will be improved.

The assessment procedure for municipalities in a particularly difficult financial position will be continued more effectively by empowering the Government to decide on measures if the assessment procedure fails to bring a solution for ensuring the availability and financing of basic public services in a municipality.

The position of Municipality Finance Plc as a credit institution that offers financing for municipalities and government-subsidised housing production will be secured.

Economically robust municipalities produce the potential for municipalities to provide services adequately and to manage the service markets in order to ensure access to equitable services and to make sure that services are provided in a cohesive manner. Action will be taken to ensure that the responsibility for organising and providing services in municipalities is clarified and differentiated. The private and third sectors complement municipal services within the parameters permitted by law. The choice of customised services for different local needs will be facilitated. The knowledge and experience of the third sector and parishes will be utilised.

The ground rules for public-sector business activities will be clarified. Clear parameters will be created for business activity by municipalities, joint municipal authorities, municipal enterprises and other units owned by local government that are in market competition with businesses. Developments in the welfare services market will be encouraged with a view to supporting the service needs of municipalities.

The Act on Public Contracts will be amended in order to increase direct award opportunities and to better take into account employment, social and other quality factors in connection with tendering processes. These amendments will help improve the functioning of the service markets. National thresholds will be raised closer to the levels specified in EU Directives. Effort will be made to combat the shadow economy when organising municipal services.

Together with various actors in central government, the municipalities and labour market organisations, the Government will launch a joint development campaign for municipal productivity and effectiveness. This includes the creation of a set of indicators for sustainable municipal productivity to be used in assessing the quality and effectiveness of municipal services. A shared knowledge base will be created to promote quality and effectiveness when assessing services. The sharing and adoption of best practices will be encouraged across municipal and sectoral boundaries.

To gauge real unit costs, to make them more transparent to service users, to improve cost awareness and to develop services, cost accounting in municipalities will be enhanced. The comparison and transparency of service costs and quality will be improved by identifying and promoting practices and trials supporting these goals.

It will be made easier for residents to choose to use municipal services across municipal boundaries.

An assessment will be made into whether there exists the need to revise the Municipality of Residence Act in such a way that it allows people in outpatient care and living on their own to choose their municipality of residence.

The policy for the metropolitan area will be further pursued and strengthened with a view to enhancing the area's competitive stance internationally, and to safeguard balanced development in order to promote favourable progress across the country and to mitigate the special challenges in the metropolitan area. The procedures for letters of intent will be strengthened to improve their binding effect. Special attention will be devoted to finding ways to prevent regional segregation and to devise new operating models to better integrate and find employment for ethnic minorities.

The letter of intent procedures of the state and large urban areas will be strengthened, especially with regard to land use, housing and transport. This fosters the cohesion of urban structures, sustainable development and social cohesion.

Development of public administration

The right of people to receive good governance will be safeguarded throughout the country, the administrative burden on citizens and businesses will be reduced and the transparency and effectiveness of public administration will be improved. Where administrative and regional boundaries are changed, both Finnish and Swedish-speaking people will be secured access to services in their mother tongue on an equal basis across the country.

Public administration is based on central government administration operating under the auspices of Parliament and on local government administration under the domain of municipal councils.

The need for a separate act related to the metropolitan area will be investigated.

Good human resources policy and a working environment that is stimulating and inclusive will help boost productivity, provide resources for employees to cope at work and promote wellbeing at work, thus ensuring a sufficient labour supply. Productivity will be promoted by fostering and improving the skills of senior management and by enhancing employee competence and allowing employees access to genuine participation. The availability, quality and effectiveness of services will be safeguarded in connection with reforms aimed at increasing productivity and effectiveness. Staff members will be given better opportunities to have an effect on their activities and on the costs generated by these activities. The competence on the labour market of public sector employees and their potential for intrapreneurship will be bolstered by providing incentives for taking responsibility and initiative and for being productive.

The existing central government productivity programme will be replaced with a new programme for effectiveness and productivity. The Government will formulate the new programme in connection with the decision on the spending limits for the parliamentary term. Effectiveness is generated by means of measures that genuinely increase productivity. The aim is to enhance job satisfaction and purpose for employees while at the same time improving service quality for clients and enhancing the societal effectiveness of the work being carried out. The magnitude of the goals that have already been set for boosting the efficiency of functions will remain unchanged in terms of their overall economic impact. The opportunities afforded by employee retirement and by the reassessment of the structure of duties will be put into good use in central government human resources policy. It will be ensured, within the framework of the new programme, that any decisions related to staff size will not under any circumstances lead to a drop in overall productivity in general government.

The objective underlying central government employer policy is to promote its competitiveness as an employer. The Government will endorse a resolution on the position of staff members in situations of organisational restructuring. It will be ensured that the labour market within central government will continue to operate well. The Act on Cooperation within Central Government Agencies will be overhauled and the State Civil Servants' Act will be supplemented with a view to strengthening restructuring protection.

Productivity in the public sector will be boosted through better utilisation of business intelligence, more compatible information systems, and by bringing together information management data and procurement resources data in

public administration. Shared use of public administration information will be facilitated.

A client-oriented approach will be taken to developing eGovernment and eServices in public administration. Accessibility to eServices will be ensured and the special needs of older people will be taken into account.

Public data will be brought into the public domain in a computer-readable format and available for further processing.

All functions of the State ICT service centres that are not restricted to a given domain will be brought together.

To promote interoperability of information systems, open source standards are used in public administration, which determine the compatibility of information content and IT interfaces. Enterprise architecture will be employed, utilising shared information platforms and shared eGovernment platforms and eServices.

In the context of procurement, a technology-neutral approach will be applied to open and closed source software.

With a view to fostering eServices, the procedures related to the disclosure of information will be made clearer and simpler without compromising privacy and data protection.

The information security of critical information content will be safeguarded by means of domestic solutions.

The use of e-invoicing will be promoted in the public sector.

The quality and cost-efficiency of the relocation of central government functions will be assessed. Based on the assessment, for overall macroeconomic purposes, relocation measures can be pursued when government functions are being reorganised or new ones are being allocated. Relocation measures will take account of the strengths of different regions and incorporate good human resources policy.

A project will be launched to assess the need for revamping central government administration.

Effort will be made to ensure that regional state administration operates uniformly in different parts of the country. The regions' own volitional state, as expressed in the regional strategic programmes, will be taken into account in the governance system.

Supervision of social welfare and health care activities will be handed over to the National Supervisory Authority for Welfare and Health.

A comprehensive network of Citizen's Offices will be created throughout the country at the local government level. The range of central government and local government services and services by other public authorities that must be available at least as a remote service in each Citizen's Office will be specified.

It will be reviewed whether municipalities could serve as the responsible authority for the Citizen's Offices and as the sole key link between clients and public services.

An action plan to improve and develop the language of legislation and the language of communication by public authorities and their services will be formulated.

11 OWNERSHIP POLICY

Ownership policy will be further developed and state ownership steering reinforced. The state commits to boosting long-term growth in the shareholder value of state-owned companies. Ownership policy aims at a socially and financially sustainable result. The objective is to reinforce and consolidate domestic ownership in companies of national significance.

Active state ownership policy supports growth and employment, thus promoting the overall interests of society. Ownership policy can be used to support controlled reform of the economic structure and socially sustainable development, while also safeguarding the position of employees during changes.

The operations of the state-owned holding company, Solidium, are significant when striving for long-term ownership and flexible response capacity. The goal is long-term ownership that yields an annual profit for the state. The structure of Solidium's share portfolio will be remodelled in order to bolster and ensure domestic ownership and increase the shareholder value. The revenue from potential sales of shares will be used for projects and investments that are necessary to generate new growth.

In broad terms, the state ownership policy covers the promotion of new growth sectors and the maintenance of infrastructure that is key to transport and other business activities or is otherwise significant. In order to ensure the implementation of long-term infrastructure and transport investment, new funding solutions and opportunities for cooperation will be assessed.

When viewed as a whole, the total amount of state assets is very significant. To ensure proper management and steering, measures enhancing the coordination and decision-making related to the entire portfolio of state assets will be identified.

The operational conditions of strategically significant state-owned companies operating on market terms will be ensured.

The management and steering models of companies entrusted with special state assignments will be developed. When shares in state-owned companies are sold, due consideration will be given to private citizens where possible.

The state owner promotes long-term HR policies that value personnel and pursue effective cooperation with personnel organisations. Listening to staff and engaging them in corporate decision-making in accordance with valid practices enhances corporate development and productivity. State-owned companies must be open and comply with ethical principles with regard to personnel and environmental issues. The starting point should be compliance with best practice in the sector. The state will promote gender equality in state-owned companies, systematically striving to ensure sufficient female representation on the boards of state-owned companies.

As an owner, the state's principles in the remuneration and rewarding of corporate management are to follow criteria based on long-term results, the overall success of the company and moderation. Rewarding must be accomplished fairly so that in addition to the management and other key persons, the rest of a given company's personnel will also be motivated and rewarded either through personnel funds or otherwise.

State-owned companies entrusted with special financing duties safeguard export funding and support the launch of companies and their growth, while being able to take larger risks than private actors in their business activities. In the event of market distortions or economic downturns, the state's counter-cyclical financing has great significance. The state arranges ownership steering of its corporate financing companies in a manner that ensures smooth and internationally competitive financing.

With regard to its ownership steering activities, the state adheres to the division of responsibilities and duties between a company's organs and owners determined in the Companies Act. The Government resolutions on State Ownership Policy will be reviewed. The division of responsibilities related to ownership policy will remain unchanged, and, in compliance with this, ownership steering of companies operating on market terms has been concentrated in the Ownership Steering Department at the Prime Minister's Office.

APPENDICES

Appendix 1 Changes in taxation, effect on tax accrual

INCOME TAX

Labour taxation will not be increased during the parliamentary term.

Basic deduction in municipal taxation	- EUR 200 million
Earned income deduction	- EUR 200 million
Mortgage interest relief: In 2012: - 15%, in 2013-2014: - 5% per year	+ EUR 150 million
Credit for domestic work: Maximum amount EUR 2,000, and compensation per cent 45%	+ EUR 150 million

CORPORATE TAX

Reduction of the tax rate from 26% to 25%	- EUR 200 million
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An increase of 5% will be applied to the corporate apportionments to municipalities in 2012 and 2013.

TAXES ON CAPITAL, INHERITANCE, GIFTS AND DIVIDENDS

Capital income: Increase of tax rate from 28% to 30%	+ EUR 100 million
Differentiated taxation 32%, over EUR 50,000	+ EUR 50 million
Taxes on inheritance and gifts: New threshold 16%, over EUR 200,000	+ EUR 40 million
No changes to tax relief in the event of intergenerational transfers.	
Dividend tax for unlisted companies: Lowering of the dividend cap to EUR 60,000	+ EUR 50 million

VALUE ADDED TAX

Newspaper and magazine subscriptions: 9% + EUR 83 million

ENERGY TAXATION

Moderate increase in the tax on peat + EUR 20 million

Change in the energy tax refund system for agriculture + EUR 20 million

Windfall tax + EUR 170 million

Adjustment of the energy tax schema for refunds to comply with the EU minimum value. - EUR 120 million

TRANSPORT TAXATION

Car tax:

Low emissions will be considered in a technology-neutral fashion.

Extending the tax base to motor caravans. + EUR 30 million

Vehicle tax, emphasis in taxation on vehicle use + EUR 70 million

Gradual increase in tax on transport fuels. + EUR 250 million

OTHER EXCISE DUTIES

Levies on alcohol and tobacco + EUR 150 million

Excise duty on sweets and soft drinks:

Broadening of tax base and increase in tax level. + EUR 100 million

ADDITIONALLY

Waste tax + EUR 20 million

Lottery tax:

Tax increase of 2% and elevation of Fintoto to the same level of taxation with other betting companies. + EUR 34 million

Fight against the shadow economy. + EUR 300 million

Bank tax + EUR 170 million

Revoking tax exemption for Kembra support. + EUR 20 million

The experiment for lower social security contributions for employers will be abolished. + EUR 7 million

An evaluation into the taxes on sugar, packaging, mineral aggregate and uranium will be conducted, and decisions on their implementation made in connection with the mid-term review.

TOTAL + EUR 1.26 billion per year

Appendix 2 Changes in expenditure

REALLOCATION OF EXPENDITURE

Prevention of youth and and long-term unemployment

1. The social guarantee for young people will be implemented, ensuring that all young people under 25 and all recently graduated people under 30 are provided with a job or training, study placement, workshop or rehabilitation placement no later than three months into the period of unemployment.

In addition to employment measures, appropriations may be used on study placement, apprenticeship training, workshop activities and/or youth outreach work in the Ministry of Education and Culture's administrative sector.

An increase of EUR 60 million per year is allocated to measures promoting youth employment.

2. The quality of basic education will be improved by reducing class sizes, increasing morning and afternoon activities, establishing after-school club activities, improving study counselling and student care, and promoting the supplementary training of teachers.

Total increase of EUR 34.6 million per year in addition to the additional resources due to smaller age groups.

3. In order to reduce long-term unemployment, a fixed-term pilot programme lasting until the end of this Government's term will be launched. In this pilot, the primary responsibility for the management of an individual's employment support will be transferred to the municipality or municipalities after a 12-month period of unemployment. All unemployed people's personal chances of employment will be assessed and their progress actively monitored. The experiment will be conducted in various types of municipalities. Adequate resources will be allocated to municipalities for this experiment. The organisation of activation services must provide incentives, with the share of central government resources increasing hand in hand with the services. Decisions on the division of responsibilities between central government and local government authorities for promoting employability will be made on the basis of the results of the experiment.

EUR 20 million of annual appropriations will be reserved for the experiment.

4. The participation of the long-term unemployed in wage-subsidised work, training and other services will be increased.

Expansion of the labour force service centre model across the whole of Finland.
The job bank experiment will be expanded across the whole country.
Increasing of other employment measures.

EUR 20 million per year in total.

The specifics of the allocation of appropriations and measures for 2012 will be decided upon in the budget session.

Improvement of basic social security

1. The unemployment security basic allowance and labour market support will be increased by EUR 100 per month.

EUR 227 million per year in total.

2. Revision of general housing allowance: including the raising of income thresholds, lowering of deductibles, and the raising of approved maximum housing expenditures.

EUR 48 million per year in total.

3. An increase of around 6% in the basic amount of social assistance, with special assistance being targeted for single parents.

EUR 44 million per year in total.

4. Index-linking of student financial support as from 1 September 2014.

EUR 15 million in 2015.

EUR 334 MILLION IN TOTAL IN 2015.

Development of social welfare and health care services

Statutory development of social welfare and health care services:

including the services for older people act, services for people with disabilities, family care, child welfare, development of the service structure, enhancement of primary health care, student care, and home help services for families with children.

EUR 145 million per year in total.

Measures promoting employment and growth

Fight against the shadow economy: EUR 20 million per year.

Border guard ship: around EUR 10 million per year.

Rail traffic: EUR 35 million per year.

Investments in growth, EUR 35 million per year, distributed as follows:

Reinforcement of Finnvera's risk-taking capacity, EUR 18 million per year.

Green economy, EUR 8.5 million per year.

Research infrastructure, EUR 8.5 million per year.

In addition:

Investment in a mining fund through Finnish Industry Investment (EUR 30 million per year, non-recurring).

Halving the deductibility of the interest of interest-subsidy loans for new rented properties until the end of 2014.

Measures promoting environmental and nature protection:

Protection of the Baltic Sea: EUR 5 million per year.

Metsähallitus Natural Heritage Services: EUR 3 million per year.

Acquisition and compensation expenditures for nature conservation areas:

Extension of the Metso programme, existing conservation programmes and the protection of marshland, EUR 15 million per year.

EXPENDITURE SAVINGS

Impact on state expenditure on an annual level in 2015.

MAIN TITLE 23: GOVERNMENT

Government subsidies to political parties - EUR 2 million

The remuneration for members of Government will be cut by 5%. The Government will provide Parliament with a proposal on a fixed-term amendment of the legislation concerning ministers' remuneration.

MAIN TITLE 24: MINISTRY FOR FOREIGN AFFAIRS

Foreign service - EUR 6 million

Cooperation between neighbouring areas - EUR 8 million

Development cooperation:
level will be frozen for 2013 and 2014. - EUR 115 million

At the mid-term point, revenue obtained from the trading of emission allowances will be directed to climate funding and development cooperation. In this context, the objective is to raise development cooperation's share of GNI during this Government's term in office.

MAIN TITLE 26: MINISTRY OF THE INTERIOR

Police - EUR 10 million

Border guard: Automation of border control - EUR 2 million

Enhancement of immigration policy,
processing by authorities will be expedited - EUR 20 million

MAIN TITLE 27: MINISTRY OF DEFENCE

Defence forces and material procurement - EUR 200 million

MAIN TITLE 28: MINISTRY OF FINANCE

Public administration ICT reform	- EUR 110 million
Promoting joint procurement	- EUR 55 million
Facilities efficiency in public administration	- EUR 10 million
Savings in operating expenses throughout central government and revamping of operating methods in central government	- EUR 60 million
Subsidies to organisations and membership fees throughout central government	- EUR 10 million
Reforms in sectoral research (incl. R&D units in the social welfare and health sector and Finnish Institute of Occupational Health)	- EUR 4 million
Central government transfers: temporary adjustment in central government transfer percentage	- EUR 631 million

MAIN TITLE 29: MINISTRY OF EDUCATION AND CULTURE

Reform of administrative sector structure	- EUR 15 million
Founding projects related to basic education, high school education and basic art education	- EUR 20.3 million
Reduction in the number of general upper secondary schools	- EUR 30 million
Vocational education	- EUR 28 million
Additional vocational education	- EUR 8 million
Apprenticeship training	- EUR 21 million
Reform of the network and funding system of universities of applied sciences	- EUR 51 million

Freezing of the university index for 6 months	- EUR 27 million
Supplementary funding for Aalto University and other universities	- EUR 58.2 million
Academy of Finland	- EUR 28.6 million
Restriction of the maximum period of student benefits in upper secondary education	- EUR 1 million
Veikkaus: The expenditure of the Finnish National Gallery after its establishment as a foundation and some funding of youth work will be paid from Veikkaus profits	- EUR 19.5 million - EUR 6 million
Raising of the maximum limit of the reserve fund to EUR 200 million	

MAIN TITLE 30: MINISTRY OF AGRICULTURE AND FORESTRY

Savings from items allocated for agricultural support	- EUR 40 million
Savings from other items than those allocated for agricultural support	- EUR 50 million
Increasing of Metsähallitus revenue	EUR 20 million

During the parliamentary term, EUR 20 million in additional savings targets, included in frameworks, that have no immediate effect on the income level of farmers will be allocated from the main title of the Ministry of Agriculture and Forestry.

MAIN TITLE 31: MINISTRY AND TRANSPORT AND COMMUNICATIONS

Transport infrastructure construction projects, 2014 and 2015	- EUR 20 million
Shipping subsidies	- EUR 20 million
Abolition of TV licence inspections	- EUR 11 million

MAIN TITLE 32: MINISTRY OF EMPLOYMENT AND THE ECONOMY

Enhancement of regional administration - EUR 10 million

Business subsidies - EUR 110 million

Subsidies for renewable energy - EUR 25 million

Achievement of emission targets will be ensured by means of more effective solutions than those determined in the current decisions.

Budgeting of the domestic funding share of EU structural funds - EUR 20 million

During the parliamentary term, EUR 8 million in additional savings targets, included in frameworks, will be allocated from the main title of the Ministry of Employment and the Economy.

MAIN TITLE 33: MINISTRY OF SOCIAL AFFAIRS AND HEALTH

The system of adult education allowances will be reviewed.

Reduction of the benefit level of job alternation leave, - EUR 7.5 million state's share

Additionally, retention of the job alternation system while reducing the state's share of funding will be investigated.

Cutting of the drug reimbursement expenditure of health insurance - EUR 113 million

Travel allowances related to health insurance:

Raising of journey-specific patient's co-payment to EUR 14.25 - EUR 20 million

KASTE and other project activities - EUR 5 million

Promotion of health - EUR 2 million

MAIN TITLE 35: MINISTRY OF THE ENVIRONMENT

Renovation subsidies - EUR 10 million

With regard to energy subsidies, the possibility of changing the subsidisation of heating method alteration to a means-testing basis will be investigated.

Repair subsidies for old lifts - EUR 15 million

SAVINGS SEPARATELY DETERMINED DURING THE BUDGET SESSION - EUR 100 million

SUPPLEMENTARY BUDGET PROVISION EUR 200 million per year

TOTAL EUR 1.25 billion per year

Appendix 3 Consensus on the management of the euro area crises

Finland will take a new, tougher stance on the management of the economic crises in euro area countries. Finland total responsibilities in the euro area country salvage operation will be restricted in the future.

This policy outline determines Finland's guidelines with regard to the issue, comprising four matters: The terms for the acceptance of the rescue loan programme for Portugal, temporary amendment to the European Financial Stability Facility (EFSF) agreement, and amendment to the rules of the European Stability Mechanism (ESM) and financing system.

1. The Portugal rescue loan programme

Finland emphasises the systematic promotion of investor responsibility with regard to the aid arrangements. Finland accepts the Portugal rescue loan programme, provided the following conditions are met:

- Finland requires Portugal to initiate negotiations with its private creditors regarding them not leaving the country in exchange for the programme, in accordance with the terms of the European Stability Mechanism (ESM).
- Finland requires Portugal to ensure repayment of the loans from EU countries by selling some of its assets.

2. European Financial Stability Facility (EFSF)

Finland's stance on the renewal of the EFSF Framework Agreement, particularly with regard to ensuring the EUR 440 billion actual lending capacity:

- If a euro area country requests loan support from the European Financial Stability Facility following Portugal's request, Finland will only be prepared to consider this on the condition that the country provides guarantees to Finland for its share of the bailout. This will restrict Finland's actual responsibilities to the level of the acceptance of the Portugal programme and previous programmes.
- Finland will require more comprehensive assessment of debt tolerance at the stage when EFSF arrangements are being determined.
- Finland's goal in connection with loan support packages is to ensure that the owners and investors of banks capitalised by the state bear their responsibility.
- The smooth running of the financing system in all circumstances must be safeguarded. Finland is of the opinion that the reinforcement of banks'

balances must be primarily continued by means of private measures. Any public support must be open, transparent and required.

- Under the above terms, the amendments to the Framework Agreement can be accepted.

3. European Stability Mechanism (ESM)

Finland considers it necessary to have mechanisms for the international management of finance market crises both at the global (IMF) and European (ESM) level.

Finland accepts the establishment of the European Stability Mechanism (ESM), provided the following terms are met:

- Collective action clauses supporting the debt arrangement are accepted in connection with the establishment of the ESM.
- ESM loans are prioritised over private-sector loans.
- The ESM comprehensively meets the specifics related to bank and investor responsibility as laid out in Finland's previous statements regarding ESM.
- The ESM may not be structured so that euro countries would be allowed to switch to joint responsibility with regard to state debt; instead, states must bear the responsibility for their own public finances and debt.

4. Alteration of the ground rules of the financing system

Finland is of the opinion that a response on multiple fronts is required to tackle the financial crisis, which began in 2008, and the current problems of Portugal as well as those experienced earlier by Greece and Ireland, in order to prevent these crises from happening again in the future.

Consolidation of the financial market in a sustainable manner requires an open financial market and swift development of crisis management measures, including the restriction of risk-taking by banks and the preparedness to levy international taxes on the financial sector.

Finland will strive to expedite the implementation of an international financial market tax aimed at combating speculation activities in a geographically comprehensive manner. The objective should be a global tax, but in the initial stages, a system implemented at the EU level is also acceptable.

It is similarly important that the financial market regulation projects being prepared in the EU are also expedited:

- For its part, Finland will encourage the Commission in submitting all proposals related to the correction of financial market operations for handling by the Member States and the European Parliament as soon as possible, instead of gradually over the long-term, which is what current plans call for.
- Finland is of the opinion that stress testing of banks should be conducted on realistic terms, emphasising the role of European banking supervision authorities in the implementation and assessment of tests.
- Of essential importance is the implementation of a bank tax, which collects funds in advance for the management of possible crises. If this cannot be agreed on at the EU level, Finland may implement such a tax domestically.

Appendix 4 Steering Group for the negotiations on the formation of the Government, minutes 17 June 2011

Reform of election legislation

A commitment will be made to amend the Constitution, bringing the maximum number of electoral districts in Mainland Finland to 6 -12.

A political working group will be established. By the end of 2011, this working group will draft a unanimous Government proposal on the Election Act. In the Government proposal, the electoral districts will be made more evenly sized than they are currently, clearly improving proportionality:

- 12 electoral districts in Mainland Finland.
- The electoral districts in East Finland will be reorganised.
- The reorganisation of electoral districts may also be performed by dividing the current electoral districts.
- The d'Hondt Method is used in the determination of the election result.
- The reform will be carried out prior to the 2015 parliamentary elections.

Government subsidies to political parties

10% of the party subsidies will be allocated to the activities of women and party district organisations instead of the current 12%.

Think tanks

Think tank activities will be continued.

Value added tax of communication subsidy

The Tax Administration's new general guidelines and the formation of case law are expected. If necessary, possible taxation implications will be handled in the form of technical changes to spending limit levels.



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