

A catalogue of Orpo-Purra Government cuts

Changes that the Government is already preparing **are shown in red below**. The Government aims to implement these within a year. This publication sets out the changes in greater detail.

Erosion of working conditions

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

Restrictions on the right to strike

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

**) Following a budget session, the Government announced on 19 September 2023 that it is seeking alternative measures.*

Cuts in social welfare

- ✘ Child supplements in unemployment benefit will be abolished
- ✘ The benefit portion that is protected in part-time working will be abolished
- ✘ Earnings-related benefit will already be reduced after two months of unemployment
- ✘ The waiting period for unemployment benefit will be prolonged
- ✘ A longer employment condition for earnings-related benefit
- ✘ The employment condition of eligibility for unemployment benefit will be based on prior earnings instead of working time
- ✘ Wage-subsidised employment will no longer count towards the employment condition for earnings-related benefit
- ✘ Eligibility for unemployment benefit will begin only after phasing of outstanding holiday compensation
- ✘ Job alternation leave will be abolished
- ✘ Adult education benefit will be abolished
- ✘ Benefits will be reduced for unemployed elderly workers
- ✘ The housing allowance portion that is protected during part-time working will be abolished and the allowance will be reduced
- ✘ Income support will be cut and made subject to tougher eligibility conditions
- ✘ The parental allowance increase payable for the first 16 working days will be abolished *)



What is #SeriousGrounds?

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

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

Erosion of working conditions

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

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

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

From the Government Programme

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

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

Current practice

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

Impact

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

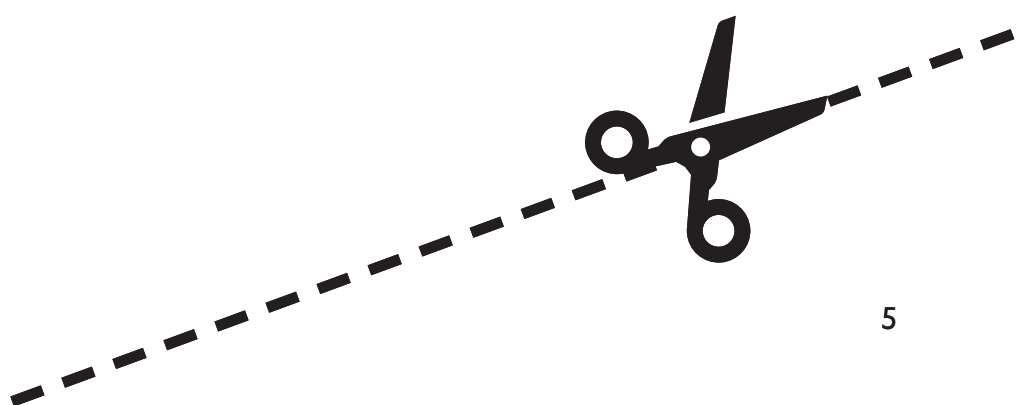
Restrictions on the right to strike

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

Restricting the right to strike has been a long-term goal of employers. A Government proposal on this subject will probably be ready by 15 October 2023.

While the trade union movement has been consulted in preparing this proposal, its ability to influence the content has been purely hypothetical.

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



Restriction of political strikes

From the Government Programme

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

Current practice

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

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

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

Impact

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

Sympathetic strike action to be restricted


From the Government Programme

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

Current practice

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

Impact

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

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

From the Government Programme

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

Current practice

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

Impact

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

A dramatic increase in union strike fines

From the Government Programme

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

Current practice

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

Impact

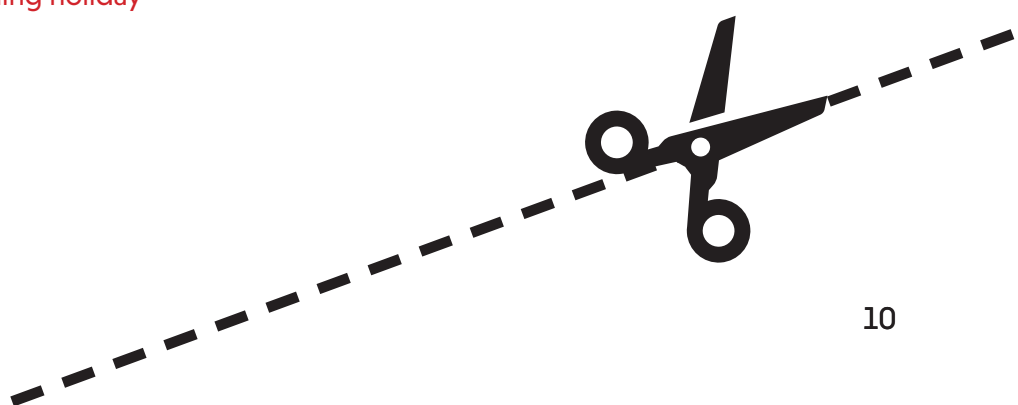
- ✘ The amendment seeks to prevent industrial action in practice. A compensatory fine of EUR 150,000 will already affect the work of trade unions. The lower limit of EUR 10,000 payable by union branches for such measures as brief expressions of opinion is a wholly unreasonable fine.

Cuts in social welfare

The Government Programme includes several proposals to cut unemployment benefit. While most of these cuts concern earnings-related unemployment benefit, some also affect the basic unemployment allowance and labour market support paid by the Social Insurance Institution (KELA). While the Government intends to implement all of these cuts during 2024, it currently appears that they will take effect gradually. The first Government proposal on this subject will be completed by 9 October 2023.

- ✘ Child supplements in unemployment benefit will be abolished
- ✘ The benefit portion that is protected in part-time working will be abolished
- ✘ Earnings-related benefit will already be reduced after two months of unemployment
- ✘ The waiting period for unemployment benefit will be prolonged
- ✘ A longer employment condition for earnings-related benefit
- ✘ The employment condition of eligibility for unemployment benefit will be based on prior earnings instead of working time
- ✘ Wage-subsidised employment will no longer count towards the employment condition for earnings-related benefit
- ✘ Eligibility for unemployment benefit will begin only after phasing of outstanding holiday compensation
- ✘ Job alternation leave will be abolished
- ✘ Adult education benefit will be abolished
- ✘ Benefits will be reduced for unemployed elderly workers
- ✘ The housing allowance portion that is protected during part-time working will be abolished and the allowance will be reduced
- ✘ Income support will be cut and made subject to tougher eligibility conditions
- ✘ The parental allowance increase payable for the first 16 working days will be abolished *)

**) Following a budget session, the Government announced on 19 September 2023 that it is seeking alternative measures.*



An example of multiple cuts affecting the same individuals or families

Employee, 1 child

Wages of EUR 2,500 per month

Earnings-related unemployment benefit of EUR 1,515 per month

+ child increase of approximately EUR 150 per month



Employment condition

12 months of work before unemployment

(previously 6 months)



Waiting period

- EUR 141 for 2 days



Earnings-related unemployment benefit cut after 2 months

- EUR 303 per month



Child supplement

- EUR 150 per month



Earnings-related unemployment benefit cut after 8 months

- EUR 379 per month

Changes in the employment condition

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

From the Government Programme


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

Current practice

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

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

Impact

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

Benefit cuts

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

From the Government Programme

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

Current practice

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

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

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




▶▶ CONTINUED ON NEXT PAGE

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

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

Though previously applied in unemployment benefit, phasing of outstanding holiday compensation was abolished in 2013 as part of a national framework agreement. Phasing of outstanding holiday compensation means that any holiday compensation paid in lieu of outstanding annual leave at the end of full-time employment prevents the payment of unemployment benefit for the duration of the phasing period.

Impact

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

Changes that undermine the status of the elderly

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


From the Government Programme

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

Current practice

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

Impact

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

Job alternation leave to be abolished

From the Government Programme

The job alternation leave system will be abolished.

Current practice

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

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

Impact

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

Adult education benefit to be abolished


From the Government Programme

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

Current practice

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

Impact

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

#SERIOUSGROUNDS

What can we do?

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

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

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

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

Find your own union and join at tradeunion.fi.