

The crisis and national labour law reforms: a mapping exercise

Country report: Finland

1. Introduction

Finnish labour regulation reflects many of the central features of the so-called Nordic model of industrial relations. A high level of organisation on both the employee and the employer sides characterises the Finnish labour market, while collective bargaining plays a crucial role in labour regulation. The basis of the regulation, however, is comprehensive and detailed labour legislation, complemented by collective agreements. It is common for statutory rules to contain so-called ‘opening clauses’, which allow derogation by means of collective agreements, usually concluded between national federations of employers and employees.¹

Untypically for a country belonging to the Nordic model of industrial relations and usually ranked among the most competitive in the world,² during the crisis Finland has not been performing well. Labour law reforms carried out in recent times, especially during the second half of the past decade, show that the poor economic performance has been taken as an excuse to downgrade the level of labour law protection. In general, the reforms carried out in Finland since 2010 have to be seen in the context of the economic recession and also the current political climate.

Under the European Semester in 2011 the European Commission and the Council advised Finland to improve on active labour market measures (ALMP) for the long-term unemployed and young people, strengthen older workers’ employability and raise the effective retirement age, reducing early-exit options and coupling the statutory retirement age to life expectancy. These recommendations have been repeated annually since then. In 2012 the EU institutions recommended that Finland focus on strengthening productivity growth and external competitiveness and mandated the alignment of wages to productivity developments in the Country-Specific Recommendation (CSR) of 2012 and subsequent years. Since 2014, the Commission and the Council have additionally stressed the need to promote the effective implementation of the ongoing administrative reforms at municipal level, including social and health-care services.³ Finally, for 2016 the institutions recommended that Finland target ALMP measures on people with a migrant background and also to ensure that the wage-setting system enhance local wage bargaining and remove ‘rigidities’, with a view to improving competitiveness and exports.⁴

All these developments have led to clashes between the trade unions, employers’ organisations and the government.

¹ http://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158896/lang-en/index.htm (accessed 12 January 2016).

² <https://www.weforum.org/agenda/2015/09/the-worlds-top-10-most-competitive-economies/> (accessed 24 October 2016).

³ See the European Commission’s recommendations and consolidated versions for the years 2011–2015 at http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm; for an overview see Clauwaert (2015) at 82-83.

⁴ Clauwaert S., The country-specific recommendations (CSRs) in the social field. An overview and comparison. Update including the CSRs 2016–2017, ETUI Background analysis 2016.01, Brussels, ETUI (available at: <https://www.etui.org/Publications2/Background-analysis>). at 34.

In August 2011, the employers refused to bargain on a new general agreement, leaving sectors and businesses to regulate themselves without a national framework. This repudiated more than 40 years of collective bargaining practice. However, after the government declared its readiness to reduce income tax at the end of the 2012 spring bargaining cycle to maintain purchasing power, the social partners signed a national agreement in October 2011, which was later extended to several sectors.

In August 2013 the main Finnish employers' federations and central workers' organisations agreed on principles related to economic recovery – the so-called **Pact for Employment and Growth**. Finland's social partners thereby sought to restore a healthy trend of economic growth by increasing employment, equitably boosting the purchasing power and earnings of all employees and enhancing the prospects of businesses in global competition. The parties intended to ensure that improved cost competitiveness and employment growth be realised in an optimally equitable manner and that the economic operating environment be made more certain. They committed themselves to an attitude of restraint under the prevailing economic conditions with regard to all increases in costs that are significant from the point of view of competitiveness. Businesses were also required to show responsibility and moderation with regard to remuneration. The Pact represented a framework agreement that required approval of the contracting federations' and central union's member organs in order to fully enter into force. In autumn 2013, the national labour and employer confederations confirmed that sufficient coverage for the Employment and Growth Pact had been achieved after a sectoral bargaining round between trade unions and employer organisations that now covered 90 per cent of employees in Finland.⁵ The agreement on wage moderation for the following two years was considered the most notable consensus achieved in the Pact. The monthly wages of all employees were set to rise by 20 euros during the first year of the Pact, and by 0.4 per cent in the second year.⁶ Based on this Pact, the confederations also committed to reaching a settlement on pension reform, including a possibility to increase the retirement age, by autumn 2014. Finally, the Finnish government enacted a series of new social laws and regulations that came into force on 1 January 2014.

Despite these efforts, in 2015 Finland was the worst performing economy next to Greece.⁷ In 2016 Finland's economy stagnated in the second quarter, slowing down from 0.3 per cent growth in the first quarter.⁸ At present falling unemployment⁹ is encouraging cautious optimism, while the rising current account deficit reveals that weakness persists in the external sector.¹⁰ Finland's credit rating was cut from triple A to AA+ by Fitch in March¹¹ and to Aa1 by Moody in June 2016.¹² Government debt-to-GDP ratio, although it has increased significantly since 2008, remains at a modest 63.1 per cent.¹³ The population over 65 years of age is set to double during the next two decades and productivity has fallen behind Sweden and Germany.¹⁴ In sum, a country that has consistently taken a hard line toward the euro-zone crisis countries has been increasingly looking like a stressed economy itself.

Economic commentators¹⁵ and the country's centre-right coalition government consider the that the cause of the current problems lies in the lack of so-called 'structural reforms'

⁵ <http://www.borenius.com/2013/11/06/legal-alert-the-pact-for-employment-and-growth-confirmed/> (accessed 12 January 2016).

⁶ If the wage increase affected additional allowances due to the structure of a particular collective agreement, the additional allowances would increase in the same ratio as the basic wage.

⁷ In the third quarter of this year, Finland's economy contracted by 0.6 per cent, putting it on course for a possible fourth consecutive year of recession. Since 2008, its output has shrunk by 6 per cent, faring only slightly better than Italy's roughly 8 per cent decline over the same period. Also, the country did not experience a banking bust. Nixon, S. (2015). Finland's Problem Isn't the Euro. *The Wall Street Journal*, 25 November 2015, available at <http://www.wsj.com/articles/finlands-problem-isnt-the-euro-1448490636> (accessed 12 January 2016).

⁸ <http://www.focus-economics.com/countries/finland> (accessed 16 October 2016).

⁹ <http://www.tradingeconomics.com/finland/unemployment-rate> (accessed 16 October 2016).

¹⁰ *Ibid.*

¹¹ <http://www.bloomberg.com/news/articles/2016-03-11/finland-loses-aaa-rating-from-fitch-as-growth-prospects-weaken> (accessed 16 October 2016).

¹² <http://www.cnn.com/2016/06/04/moodys-cuts-finlands-last-triple-a-rating.html> (accessed 16 October 2016).

¹³ <http://www.tradingeconomics.com/finland/government-debt-to-gdp> (accessed 16 October 2016).

¹⁴ Crouch, D. (2015) Finland after the boom: 'Not as bad as Greece, yet, but it's only matter of time'. *The Guardian*, 15 April 2015, available at <http://www.theguardian.com/world/2015/apr/15/finland-boom-election-recession-oulu-miracle-timber-nokia> (accessed 12 January 2016).

¹⁵ See, among other things, <https://www.ft.com/content/6dbce67a-563c-11e5-97e9-7f0bf5e7177b> (accessed 16 October 2016).

(notably, in the public sector, labour legislation and the welfare system) that allegedly hamper Finland's ability to compete in an open, global economy.¹⁶ In line with this ideological standpoint in 2015 the government proposed a wide range of labour law reforms aiming at addressing the so-called '*sustainability gap*'.¹⁷ Proposals included making two public holidays unpaid, reducing employers' social contributions, changing the rules on sick pay, reducing overtime rates, making it easier to use temporary contracts, shortening the maximum vacation entitlement and other changes.¹⁸ On a positive note the proposals also provided that companies employing more than 20 people should offer re-employment training and would be required to provide occupational health care for six months after redundancy.¹⁹ Unsurprisingly these proposals were rejected by the trade unions who argued that they breach freedom of association and collective bargaining rights as set out in ILO Conventions Nos 87 and 98.²⁰ This led to a year of on-and-off negotiations that resulted in the so-called **Competitiveness Pact**. It was signed on 14 June 2016 and replaced the government's intended reforms with less severe ones.²¹ Under the Competitiveness Act the government was obliged to revoke its mandatory legislation project, to cancel the additional package of 1.5 billion euros in expenditure cuts and tax increases and to implement the income tax cuts referred to in the government's programme. The Pact aimed to improve the competitiveness of labour and business, boost economic growth, create new jobs, support fiscal adjustment and promote local collective bargaining.²² The specific changes introduced by the Pact are reported in the following sections.²³ One of the main features of the Competitiveness Act was that collective agreements be extended by another 12 months and wages, accordingly, frozen.²⁴

In general, the Finnish labour law reforms throughout the crisis and in subsequent years have affected a wide range of matters and have been closely knit with reforms of the social protection system. There have been amendments concerning many areas of labour law (mostly individual labour law). The main 'waves' of reform took place in two periods between 2010 and 2014, and from 2015 onwards, and almost all areas of individual labour law have been affected: unemployment, undeclared labour and posting of workers, equal treatment, working time, atypical work, employee's rights to training and education, occupational health, privacy of employees, childcare and pensions.

2. Labour law reforms 2010–2014: Pact for Employment and Growth

As part of the Employment and Growth Pact, the Finnish government proposed a set of reforms that all came into force in 2013.

In order to tackle **undeclared labour** the government issued a proposal on a new Act on contractors' responsibility and obligation to provide information about the use of external labour and a new Act amending the Public Procurement Act (348/2007), Chapter 49. The proposal aimed to prevent the use of undeclared employment and other '*grey zone*' economic activities in the construction business. The amendments improved the possibility to ensure the reliability of the contracting party by stating that the party representing the employer has

¹⁶ 'Not as bad as Greece, yet, but it's only matter of time'. The Guardian, 15 April 2015, available at <http://www.theguardian.com/world/2015/apr/15/finland-boom-election-recession-oulu-miracle-timber-nokia> (accessed 12 January 2016).

¹⁷ <http://www.bna.com/finland-labor-market-n57982058854/> (accessed 16 October 2016).

¹⁸ <http://www.bna.com/finland-labor-market-n57982058854/> (accessed 16 October 2016).

¹⁹ Ibid.

²⁰ Ibid.

²¹ <http://heikkijokinen.info/trade-union-news-from-finland/1040-competitiveness-pact-signed-covering-86-5-per-cent-of-employees> (accessed 16 October 2016).

²² <https://www.sak.fi/english/news/the-competitiveness-pact-in-brief-2016-03-07> (accessed 16 October 2016).

²³ Ibid.

²⁴ Ibid.

to observe the minimum rules under Finnish labour legislation and the provisions of the applicable collective agreement.²⁵

The following year, in October 2014, the government proposed amendments (161/2014) to the Act on the Contractor's Obligations and Liability When Work Is Contracted Out (1233/2006) and the Posted Workers Act (1146/1999) with an intention to expand **the obligations of contractors**. These amendments apply to all subcontracts and agency work contracts coming into force on or after 1 September 2015. The amendments are among the measures included in the previous government's plans to reduce the shadow economy in Finland. The main changes applicable from 1 September 2015 included the broadening of the scope of the obligation to obtain information from the contracting party, a new obligation to obtain information on the social security of posted workers working in Finland, as well as standardisation of the applicable negligence fees.

The contractor also has to ensure that its contracting partner complies with its other duties as an employer, as well as the payment of taxes. Contractors must also ensure that *occupational health care* services are available before a subcontract is concluded with the contracting party. The Finnish Occupational Health Care Act applies to all posted workers working in Finland, as well as to all Finnish employees. Starting from September 2015 a contracting party also has to provide information on how the social security of any posted workers working in Finland has been arranged before the subcontracting work can begin.²⁶ Finally, from 1 September 2015 the maximum negligence fee will be 20,000 euros (up from 16,000 euros). Moreover, the so-called 'raised negligence fee' now applies to all government contracts under the Contractor's Obligations Act and its maximum amount has been raised from 50,000 to 65,000 euros.²⁷ The amendments were necessary to conclude the transposition of the EU Directive on Posted Workers 96/71/EC and Directives 2004/18/EC and 2004/17/EC.

Concerning *working time*, in this period the government undertook steps to recognise '*working hours*' as a hazard and risk factor for employees under the Finnish Occupational Safety and Health (OSH) Act (738/2002), chapter 4, section 10 and 14 and chapter 5, section 47. A proposal from February 2013, adopted by Parliament later that spring, was aimed at improving the occupational health of employees, especially those who perform shift work, and to reduce problems related to arduous working hours. The amendment specified, among other things, employers' responsibility to analyse and identify hazards and risk factors associated with work and, particularly, with working hours.²⁸ This facilitated recognition that more and more employees are working flexible or irregular hours.

Furthermore, the working hours of many workers are also not regulated by the Working Hours Act (605/1996). Therefore, following the amendment effective since 1 June 2013, employers must observe the impact of working hours on employees' health and safety, regardless of whether the Working Hours Act applies or not. It is also noteworthy that about a year later the Finnish legislator enacted amendments to the Annual Holidays Act (162/2005), chapter 3 section 10, chapter 4, section 17 and chapter 5, section 25. These were triggered by the jurisprudence of the Court of Justice of the European Union (CJEU). The purpose of the proposal was to introduce the *pro rata temporis* principle into legislation (*Land Tirol*²⁹) and implement the principles based on the *ANGED* case,³⁰ that is, to guarantee the employee's right to paid annual leave, even if they fall ill while on holiday. The adapted legislation entered into force in October 2013.³¹

Concerning *fixed-term work*, in early 2012 the Finnish government proposed amendments (Proposal 152/2012) to Section 4, Chapter 2 of the Employment Contracts Act (55/2001) and Section 6 of the Act on Contractor's Obligations and Liability When Work Is Contracted Out (1233/2006). The new provisions were aimed at improving the provision of information for fixed-term work relationships and to ensure that employees have all relevant information to determine whether a legal basis exists for concluding fixed-term contracts or not. The

²⁵ The amendment entered into force on 1 July 2013.

²⁶ Hannes Snellman, Employment Newsletter, Issue 3/2015.

²⁷ Ibid.

²⁸ The changes affected Sections 10 (Analysis and assessment of risks at work), para 14 (Instruction and guidance to be provided for employees) and para 47 (Appointing first aid and rescue personnel) of the OSH Act.

²⁹ Case C-486/08 *Zentralbetriebsrat der Landeskrankenhäuser Tirols* [2010] ECR I-3527.

³⁰ Case C-78/11 *ANGED* [2012] ECLI:EU:C:2012:372.

³¹ <http://www.hannessnellman.com/news-seminars/our-point-view/employment-newsletter-12014> (accessed 24 October 2016).

amendments required that the employer provide the fixed-term employee with details on the duration of the fixed-term employment contract in writing and justify the fixed-term working, even if the contract's duration is less than one month. The same procedural requirements would also apply to temporary agency workers. Additionally, the employer is now obliged to explain the reasons for using temporary workers to the employee representatives. The Act came into force on 1 January 2013.

In early summer 2012 the Ministry of Employment and the Economy and the labour market parties concluded an agreement on *employees' right to training and education*.³² The tripartite agreement served as a basis for the Ministry to formulate a proposal for a new Act on financial support for the development of professional skills (99/2013), submitted to Parliament in 2013. The primary objective of the new law was to guarantee the development of skills, especially for employees not yet entitled to training. As a result of these reforms, employees are now entitled to three days' employer-funded training a year to develop their professional skills. Employers, in turn, can get a tax rebate if the training meets certain criteria. Every company with 20 workers or more is obliged to develop a programme for the development of its employees' skills. Before adoption, this plan needs to be discussed with the employee representatives.

Aiming to improve the functioning of the Finnish labour market, the government adopted a *Youth Guarantee* which became effective on 1 January 2013. In view of rising unemployment,³³ this measure represented one of the government's flagship projects. Under the Youth Guarantee, everyone under 25 years of age and recently graduated people under 30 years of age are offered a job (based on measures such as on-the-job training, a study place or a period in a workshop or rehabilitation) within three months of registering as unemployed. The educational guarantee included in the Youth Guarantee guarantees a study place for each young person finishing basic education. The skills programme for young adults, to be implemented as part of the youth guarantee, provided young people under 30 years of age who have completed only a basic education with the possibility of completing a vocational qualification. In addition to ministries, labour market organisations, the Association of Finnish Local and Regional Authorities and the Finnish Youth Co-operation Association Allianssi are committed to its implementation.³⁴

Furthermore, in line with the Pact for Employment and Growth, the government proposed changes to *childcare allowance*. Now people with children under the age of 3 can receive a 'flexible care' allowance if they work part-time and stay with their children the rest of the time. It amounts to 160 or 240 euros per month, depending on the number of hours worked. Both parents can receive the allowance at the same time if they both work and care for their children.

In addition, this period also saw some *sector-specific developments*. The Seamen's Employment Contracts Act and some regulation on seamen's working hours and annual holidays have been amended. In line with the country's international obligations,³⁵ the amendment means that the scope of the legislation has been expanded to cover some trainees and self-employed persons working on a vessel even though they do not work as employees. These workers will in many ways have similar protection to employees. Apart from that, the Act on the Evangelical Lutheran Church of Finland (1054/1993), Chapter 6, was significantly modified and modernised in 2012. It concerns the public servants of the Church and their offices and positions. Even though the Evangelical Lutheran Church is independent of the state (since 1908), Parliament decides on amendments to the Act on the Evangelical Lutheran Church. The amendments have first to be approved by the General Synod of the Church. The

³² While the parties' interpretations of this right differed considerably, they had already come to an early consensus on the need to implement rights to training and education for workers in the previous autumn, 2013.

³³

http://www.tem.fi/en/work/press_releases_employment/ministry_forecast_the_unemployment_rate_to_rise_in_2013.110387.news (accessed 16 October 2016).

³⁴ See

http://www.tem.fi/en/work/press_releases_employment/fulfilling_the_youth_guarantee_requires_new_thinking_and_cooperation_across_administrative_branches.110047.news. More information available online at www.youthguarantee.fi (accessed 16 October 2016).

³⁵ This concerns the implementation of the ILO Convention on Maritime Labour (2006) and the corresponding Directive 2009/13/EC implementing the Agreement concluded by the European Community Shipowners' Associations (ECSA) and the European Transport Workers' Federation (ETF).

origin of this system is partly historical and partly due to the fact that approximately 80 per cent of Finns are members of the Evangelical Lutheran Church. The new law made it much easier to terminate public servants for the Church, given that the previous rules made it virtually impossible to let vicars go. The new regulations will be very similar to those of the Employment Contracts Act.

3. Labour law reforms 2015 onwards: the Competitiveness Pact and beyond

Reforms in this period took place mainly in the context of the Competitiveness Pact. In addition, during this period there were some amendments also in areas not directly affected by the Act, often induced by EU legal developments; for example, the changes in regulations affecting posted workers, equal treatment and privacy.

Concerning *unemployment*, the Competitiveness Pact provided that the employee's unemployment insurance contribution will increase by a total of 0.85 percentage points between 2017 and 2018 and the average unemployment insurance contribution of employers will correspondingly fall by the same amount.

The Pact also included provisions to improve employees' rights when *the employment relationship is terminated* on production-related and financial grounds in companies with over 30 employees in cases where the employment relationship has lasted for over five years. Such employees now have rights to occupational health care for six months after the termination of employment.³⁶ Furthermore, the employer will have to recognise the right of redundant employees to re-employment training. The value of such re-employment training has to correspond to an employee's wage and be no less than their average monthly wage.

On 18 June 2016 a new Finnish *Act on Posted Workers* (447/2016) replacing the old Act from 1999 and implementing Directive 2014/67/EU (Enforcement Directive on Posted Workers) came into force. It aims to safeguard posted workers' rights and strengthen the legal framework for service providers. The new Posted Workers Act includes provisions on (i) the minimum terms of employment to be applied to employees posted to work in Finland, (ii) the obligations of the sending party and (iii) of the contractor using the posted employee's services. The Act also includes provisions on (iv) the jurisdiction and collaboration of occupational safety authorities, as well as (v) the cross-border execution of financial administrative sanctions and fines.³⁷

The scope of the Act was expanded to include public procurements carried out by the central administrative authorities. One of the major amendments to the Act requires companies to inform the occupational safety authorities of all posted employees sent to work in Finland, at the risk of a fine. The target is for the authorities to be able to target supervision and resources more accurately. Moreover, the penalty system has been thoroughly revised. According to the new legislation a breach of the Act would result in a negligence fine, varying from 1,000 to 10,000 euros.³⁸ The former provisions on criminal liability were replaced with administrative sanctions. Individuals are no longer held personally liable for the negligence of the company they represent.³⁹

The new Finnish *Occupational Accidents, Injuries and Diseases Act* (459/2015) entered into force on 1 January 2016, replacing three older acts. The objective of the reform was to meet the needs of contemporary working life and to fulfil the minimum legislative requirements set by the Finnish Constitution. The basic structures of the previous mechanisms have not been altered; however, some established principles and practices have been now incorporated in the Act:

- The rights and obligations of an insured employee are now specified in more detail (for example, there is an exhaustive list of all circumstances in which an accident can be considered occupational). The amendments also determined that, where no causal

³⁶ Hannes Snellman, Employment Newsletter, Issue 2/2016.

³⁷ Ibid.

³⁸ Ibid.

³⁹ Ibid.

connection exists between an accident and an injury or disease, the accident or disease shall not be regarded as occupational.

- Insurance may be granted only to entrepreneurs with a pension plan and the definition of an entrepreneur has been harmonised with the definition established in the Finnish Employees' Pensions Act (395/2006), depending on the ownership of and position within the company.
- Insurance companies now have to issue a decision within 30 days of receiving a claim as opposed to the previous time limit of three months. The new act also requires more thorough reasoning for denying compensation than before. Another amendment is the new regulations relating to the supervision of insurance coverage for occupational accidents. There will be a new register to gather information on all companies that provide occupational health insurance; its purpose is to facilitate supervision and consequently to help combat the grey economy.⁴⁰

There have also been some changes affecting the *privacy of employees* and job candidates. The performance of background checks on employees is restricted by privacy law and available only in relation to specific positions (for example, jobs involving work with young people and children). This legislation was renewed and some amendments entered into force at the beginning of 2015. A new requirement was introduced for companies to inform applicants in advance, either in the job posting or by other suitable means, that due to the nature of the position, the candidate will have to undergo a security clearance, and advance consent from the employee/candidate must always be obtained.⁴¹ The law also specifies the grounds on which a security check can be obtained. The employers can also apply for some positions to be subject to a security check.⁴²

In addition, the Finnish government recently issued a legislative proposal on amendments to provisions regulating *trial periods, fixed-term employment and re-employment obligations*. It is planned that the proposed law will enter into force on 1 January 2017. It has to be seen as another action taken by the government to facilitate job creation and reduce long-term unemployment. One proposal is to increase the maximum length of trial periods to six months. An increase would also be possible if the employee during the trial period was absent from work due to a work disability or family leave. Following the amendments, a person who has been unemployed for the previous 12 months could be hired on a fixed-term contract without having to justify it. Finally, the duration of the re-employment obligation would be shortened to four months from the current nine months. If employment had lasted for more than 12 years, the re-employment obligation would continue for six months.⁴³

When it comes to sector-specific rules, in 2014 Finland ratified the *ILO Convention on Domestic Workers* (No. 189).⁴⁴ Ratification of this Convention requires several amendments to current labour legislation. The most important of these laws is the Working Hours Act (605/199), which presently does not apply to domestic workers.

Finally, in this period in particular extensive amendments concerned the implementation of the equal treatment principle, working time and pensions.

3.1 Equality

In order to improve the implementation of the principle of equal treatment, on 1 January 2015 a new *Non-Discrimination Act* (Proposal 19/2014) was drawn up and replaced the earlier Act (21/2004).⁴⁵ Under the previous legislation, the employer's obligations regarding non-discrimination in the employment context depended significantly on whether the employer was a private enterprise or a public operator. The new law strives to promote equal treatment and prohibit discrimination in society and bring national legislation in line with Finland's EU

⁴⁰ Hannes Snellman, Employment Newsletter, Issue 1/2016.

⁴¹ Hannes Snellman, Employment Newsletter, Issue 1/2015.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/specific-categories-of-workers/WCMS_334914/lang-en/index.htm (accessed 16 October 2016).

⁴⁵ Some sections of the Act on Equality between Women and Men (609/1986) were amended as well, including certain regulations concerning the rights of transsexuals.

law obligations under the pertinent directives.⁴⁶ Its scope has been considerably expanded. The Act now applies to all public and private spheres of life, with the exception of private life, family life and religious practices. The definition of discrimination has been modified and further clarified and a new body, the Ombudsman for Equality, has been introduced. The law has furthermore introduced certain requirements in the service sector, for employers and in the field of training and education. Businesses with more than 30 employees are required to prepare an equality plan. The equality plan now has to be prepared at least every other year instead of every year.⁴⁷

The new Act also emphasised the employer's duty to make reasonable adjustments in order to promote non-discrimination of handicapped employees. The adjustments can focus, for example, on working conditions, work organisation, working methods and training.⁴⁸ The employer also now has a duty to draft a wage survey (*'palkkakartoitus'*) between male and female employees, which has to include information on the classification, wages and wage differences.⁴⁹ Finally, the maximum amount of the indemnity payable as compensation to the discriminated person according to the Non-Discrimination Act has been removed.⁵⁰

3.2 Working time

Concerning working time, on 1 April 2016 an amendment to the *Annual Holiday Act* (162/2005) entered into force. The objective of the amendment was to save public expenditure and reduce absences due to illness. Previously, employees accrued annual holidays during the entire duration of family leaves (excluding childcare leave). Now the provisions regarding the period equivalent to time at work have been amended in such a way that annual holiday is accrued for a period of a maximum of six months during maternity, paternity and parental leave.⁵¹ Previously the employee was entitled to postpone any annual holidays during which they had been incapable to work due to an illness or accident; however, following the amendment the employee is entitled to postpone their annual holidays only after six waiting days. At the same time the employee remains guaranteed at least four weeks of annual holiday if they have accrued at least 24 annual holidays during the holiday accrual year.⁵²

From 1 January 2016 the terms of *job alteration leave* have become stricter. According to the new terms, qualifying for an alteration leave requires a working history of at least 20 years (previously 16 years), the maximum duration of the leave has been reduced to 180 days (previously 360 days) and the amount of alteration compensation is 70 per cent of the earnings-related allowance for all alternators (previously, if the working experience exceeded 25 years, the compensation was 80 per cent). In addition, the option of having the alternation leave split into several periods has been removed.⁵³

In accordance with the Competitiveness Pact, from January 2017 the *annual working time* will be extended by an average of 24 hours for full-time work without an impact on earnings. Implementation of the working time extension was left to the trade unions and employers' federations in each industry. Another major provision of the Pact is that the holiday bonuses of public servants will be reduced by 30 per cent.

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⁴⁶ The purpose of the amendment was to transpose Directives 2000/43/EC, 2000/78/EC and 2004/113/EC. The Act was to enter into force on 1 January 2015.

⁴⁷ Hannes Snellman, Employment Newsletter, Issue 1/2015.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Hannes Snellman, Employment Newsletter, Issue 1/2016.

⁵² Ibid.

⁵³ Ibid.

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