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To: Carsten Pillath, Director-General, DGG-Economic Affairs and Competitiveness General Secretariat of the Council of the European Union

Subject: Finland's Stability Programme 2014

Delegations will find attached the third part of Finland's Stability Programme for 2014.

5.3 Spending limits policies 2015–2018

Structural Policy Programme

Those measures of the Government's Structural Policy Programme about whose manner of implementation and effects precise information and reliable estimates are already available have been included in the spending limits decision. Partly the preparation of the measures is incomplete, in which case there is still insufficient information about their implementation to produce proper cost and impact assessments. In the expenditure estimates of the spending limits decision, the aim has been to be realistic, because in the spending limits decision the year 2015 falls within the scope of the current parliamentary term's spending rule and years 2016–2018 form the foundation for the decisions of the next parliamentary term (so-called technical spending limits). In practice, savings impacts sought in the Structural Policy Programme can be included in the spending limits and budget proposals as soon as sufficiently accurate information about the measures and reliable estimates of their impacts is obtained.

Structural policy measures budgeted in the spending limits decision increase central government expenditure in 2015–2016 by around EUR 70–90 million per year. At the 2017 level, the impact of the programme on central government expenditure will be effectively zero, because expenditure-increasing measures in 2017 total around EUR 240 million, the same level as expenditure-reducing measures.

Labour market and working careers

- Measures aimed at raising the employment rate are directed at extending working careers and reducing unemployment. In the adjustment of unemployment benefit, a EUR 300 protected component has been introduced and the adjusted daily allowance has been changed so that the allowance plus child increments together with earned income can be at most 100 per cent of the pay that is the basis for unemployment benefit. In addition, the waiting period for unemployment benefit has been shortened from seven days to five days.
- A EUR 300 protected component without any employment or fixed-period conditions will be introduced in the housing allowance. The reform will be implemented from 1 September 2015. Central government expenditure will increase in 2015 by EUR 8 million and thereafter by EUR 30 million per year. Central government social assistance expenditure is accordingly assumed to fall by around EUR 5 million per year.
- The offering of work and activation measures and the sanctions for refusing them will be comprehensively implemented in all the areas of Centres for Economic Development, Transport and the Environment.
- A number of measures relating to the implementation of employment policy and to labour legislation have been prepared in cooperation with social partners. These measures will contribute to the functioning of the labour market and are aimed at reducing the structural unemployment rate and boosting service efficiency. In

connection with the package of measures, a number of legislative amendments will be prepared, which will come into force on 1 January 2015. The reforms concern, for example, the long-term employment subsidy, social companies, Employment Service Centres, the wage subsidy and the municipalities' responsibility for arranging and funding the labour market support of the long-term unemployed. The measures relate in many respects to a larger package, with a longer time span, which will include the reform of the negotiation system and pension solutions.

- Conditions for access to job alternation leave will be tightened from the beginning of 2015.
- Funding will be allocated to the proposals of the working group promoting the employment of people with partial work ability, such that the central government's share of sickness insurance expenditure will increase by EUR 5.3 million in 2016, EUR 18.8 million in 2017 and EUR 29.1 million in 2018.
- To improve the employment opportunities of young people, the implementation of the youth guarantee will be enhanced and the age of compulsory schooling raised to 17 years from 2015, as a result of which central government transfers for general education and vocational upper secondary education and training will be increased by a total of EUR 5.6 million per year and funding allocated to transport aid for students by EUR 0.9 million in 2015 and by EUR 1.6 million from 2016 (for implementation of youth guarantee, see also Section 5.3.1 Administrative branch of the Ministry of Education and Culture).
- Pre-school education will be made compulsory.
- To accelerate the transition to tertiary education, the student selection system will be reformed and tertiary education starting places increased for a fixed term in 2014—2016. In the current year and during the spending limits period, funding directed at clearing the application backlog will total EUR 103.5 million and after the spending limits period EUR 20 million. The objective is to increase tertiary education starting places for a fixed-term by a total of around 3,000 in 2014—2016. Starting place additions will be targeted in line with forecasts at sectors where there is demand for labour and which are important in terms of future growth potential.
- To accelerate graduation times, universities and universities of applied sciences will be encouraged to arrange all-year-round study opportunities, and the significance of the proportion of students gaining more than 55 study credits per year will be increased in the criteria for determining the funding of tertiary education establishments.
- The right to day care will be limited to part-time for those children who have a parent at home on maternity, paternity, parental or child-care leave or home-care allowance. The home-care allowance will be directed to the parent caring for the child and the right to the allowance will be divided into half for both parents. In 2016 the central government transfer is expected to decrease by EUR 4 million and correspondingly in 2017 by EUR 15 million. The reform will be fully in force from 2018, at which time the central government transfer will decrease by EUR 19 million. Local government expenditure is expected to decline by EUR 64 million from 2018. The reform will increase day-

care expenditure from 2018 by an estimated just over EUR 130 million, of which the central government transfer to local government will be EUR 39 million. In relation to the limitation of subjective day-care, central government transfers will be reduced by EUR 7 million from 2015. In addition, the maximum fee for day-care will be raised. Reform of the home-care allowance is expected to increase central government unemployment security expenditure by EUR 9 million in 2016, EUR 36 million in 2017 and EUR 45 million from 2018.

Competitiveness, renewal and growth of the economy

- The reform of business subsidies has taken into account environmentally harmful subsidies, which will be reduced. The key objective of business subsidies will be economic and industrial restructuring as well as the directing of business subsidies more strongly at activities supporting growth and internationalisation of enterprises and enhancing conditions for R&D&I activity.
- Housing construction will be supported with fixed-term start-up assistance related to the 20-year loan guarantee model in the Helsinki Metropolitan Area until the end of 2015. The cost to the National Housing Fund is estimated at just over EUR 2.5 million per year. In addition, a new 20-year interest-subsidy model will be implemented with site-specific restrictions outside the not-for-profit housing legislation.
- To improve conditions for housing construction in the Helsinki region, the central government will withdraw its activities from Helsinki-Malmi Airport, to enable the area to be taken into residential use by the beginning of the 2020s at the latest.

Productivity of public services provision

- The reform of social welfare and health care is expected to result in a clear improvement in the productivity of local government finances. A permanent slowing of the rate of increase of costs will require strong national steering, which is also included in the new system.
- A notional increase corresponding to index increases of premises expenditure will be made annually to agencies' operating expenditure appropriations. Thereafter, appropriation reductions representing 0.5 per cent productivity growth compared with the current level will be made annually to operating expenditure appropriations. Due to the Defence Forces reform, a reduction will not be applied to the Defence Forces' operating expenditure appropriations during the spending limits period.
- During the spending limits period, the development of the national service architecture will continue. The package includes the following items: a National Service Channel, a national electronic identification solution, national solutions for managing the roles and authorisations of business, other organisations and natural persons, common service perspectives (for citizens, companies and authorities) as well as steering and management models. The objective is that, at the beginning of the spending limits period, citizens will have the opportunity to examine their own key information

through the service channel and, at the end of the spending limits period, for the service channel to be widely used. The promotion of the information security culture and the implementation of the SecICT project will be continued.

- The clarification of information management structures will continue. The establishment of an Information Management Development Agency will be explored and the transfer of sector-independent ICT duties of central government agencies and institutions to the Government ICT Centre Valtori will be continued.
- The phased opening up of public sector information resources will be promoted. By extensively opening up different types of information resources, the Government is seeking to stimulate economic and social impacts and to improve the functioning of civil society, democracy and public sector productivity. In the spending limits period, the opening up process will continue with the partial opening of, among others, food composition data, cultural heritage data and Statistics Finland data, for example postcode areas. Through earlier decisions, terrain data, weather, climate and sea data as well as transport and communications data, for example, have been opened. A supplementary appropriation totalling EUR 1.2–4.2 million annually will be allocated for this purpose, and the funds will be directed to the Tax Administration, Statistics Finland, the Population Register Centre, to joint expenditure of tertiary education establishments, the Arts Promotion Centre Finland, the Governing Body of Suomenlinna, the National Audiovisual Institute, the Finnish Transport Safety Agency, the Radiation and Nuclear Safety Authority and the National Institution for Health and Welfare.

Programme to reduce local government duties and obligations

In accordance with the Structural Policy Programme, obligations prescribed on the basis of municipalities' statutory duties will be reduced, with the aim of achieving a total reduction of EUR 1 billion in the operating expenditure of municipalities and joint municipal authorities at the 2017 level.

In connection with the preparation of the spending limits decision, the situation of the implementation of Structural Policy Programme measures and their cost impacts on central and local government finances have been assessed. Proposals made by the ministries can be divided roughly into two groups:

1. Proposals that can be implemented through clear legislative changes or by other central government measures that directly affect municipalities' activities and costs.
2. Proposals whose impact cannot at present be sufficiently reliably demonstrated due, for example, to the fact that with respect to these proposals there are no effective legislative changes or corresponding central government measures directly steering municipalities' activities.

The preparation of proposals in Group 2 are incomplete and/or, in respect of them, a real reduction of municipalities' costs will substantially depend on measures of municipal actors within the sphere of local autonomy, and whose implementation and impacts can only be assessed later.

Group 1 proposals have so far been included within the central government spending limits. According to a preliminary notional estimate, they cover a good third of the desired EUR 1 billion savings at the 2017 level. Government bills relating to the decided changes will be submitted to Parliament in autumn 2014. The following measures particularly concern the aforementioned Group 1 issues:

- The funding system and provider network for upper secondary education will be reformed. Determination of funding based on actual costs will be discontinued and the total amount of central government funding allocated to upper secondary education will be changed to be based on a budget, as is already the case for universities and universities of applied sciences. In connection with the reform of the funding system, additional funding for general upper secondary education's special needs educational role will be halved and central government funding of the working life development and service role will be abolished from 2015. From 2017 central government transfer funding for general upper secondary education studies with respect to those who have passed the matriculation examination will be stopped, central government transfer funding granted to educational providers for students seeking a general level upper secondary or vocational education and training qualification will be limited to a maximum of three years, central government funding for education, or part thereof, not leading to a vocational further education and training qualification will be abolished, and funding of specialised vocational education and training institutions in its present form will be discontinued. By amending statutes, those who have already gained an upper secondary vocational qualification will be directed to education preparing for a competence-based qualification. Funding of education leading to a qualification or part of a qualification arranged by the Finnish Aviation Academy and specialised vocational education and training institutions will be transferred to be part of the funding of vocational further education and training. The new criteria for determining funding will be applied for the first time when determining funding for 2017. The reforms will implement a reduction of public funding totalling EUR 260 million, of which EUR 8 million in 2015—2016 and EUR 100.5 million from 2017 has been taken into account in the spending limits as a reduction of central government transfers to local government.
- Special needs assistants will be partly included in the teacher-student ratio in central government funding criteria, and as a result of this local government expenditure will be reduced by EUR 10 million and central government transfers by EUR 3 million from 2017.
- The minimum group size for teaching of subjects other than Evangelical-Lutheran and Orthodox religion and ethics will be adjusted, which will reduce local and central government expenditure to some extent from 2015. Central government transfers will be reduced by around EUR 0.4 million from 2015.
- Central government funding of liberal adult education will be reduced by EUR 10 million from 2015 and by EUR 18.5 million at the 2017 level. To facilitate corresponding cost savings, a comprehensive reform of the structure and finding system of liberal adult education will be implemented.

- As a result of the structural reform of municipalities and regions, the number of regional libraries will be reduced from 1 January 2016.
- A municipality's obligation to arrange work opportunities for unemployed job seekers will be removed when a region's unemployment rate is higher than the rest of the country. Central government expenditure will be reduced by EUR 0.8 million and local government expenditure by an estimated EUR 2.6 million.
- The validity period of prescriptions and the interval between dental care checks for adults will be lengthened through limits to be determined at a later date, but as a rule at least to two years. The changes will be implemented by decree during 2014. At the 2017 level, local government expenditure is expected to decline by around EUR 18 million.
- Calculation and payment of basic social assistance will be transferred to become a duty of the Social Insurance Institution of Finland KELA from the beginning of 2017. Local government expenditure is expected to decline by EUR 79 million. The central government transfer to local government will be reduced by EUR 39.5 million per year. Reducing the under-utilisation of social assistance will cut the saving gained. Basic social assistance benefit expenditure is expected to grow, such that the central government transfer directed to costs will grow by EUR 20 million. In addition, KELA administrative expenses compensated by the central government will rise by an estimated EUR 20 million.
- Shelters will be transferred to the responsibility of central government from the beginning of 2015, in relation to which a separate EUR 8 million in central government transfer funding will be allocated to the administrative branch of the Ministry of Social Affairs and Health. Half of the additional funding will be implemented as a transfer from the central government transfer appropriation for basic public services.
- Based on the Government Programme, an annual appropriation of around EUR 13 million, of which EUR 4 million will remain unused as a savings measure, has been allocated in the spending limits decision to the development of social and health care services.
- The investment grant authorisation for special groups will be raised by EUR 20 million in 2016, EUR 40 million in 2017 and EUR 20 million in 2018. This will promote, among other things, the reduction of institutional care for the elderly by improving conditions for the elderly to live at home by increasing the supply of sheltered housing.

In addition to these measures included in the spending limits, the Government will continue preparation of the measures relating to the reduction of duties and obligations decided on in the Structural Policy Programme. The changes will be taken into account in the justifications in the Act on Central Government Transfers. The required legislative proposals will be submitted to Parliament no later than the autumn session 2014. The following measures particularly concern the Group 2 issues still to be prepared:

- Arranging the centralised procurement of teaching materials in general education and shifting towards digital materials

- Easing eligibility requirements.
- Reducing institutional care in the care of the elderly; the goal is through various measures, particularly with the aid of a quality recommendation given to ensure good ageing and improve services and, if necessary, a revision of the Act on Care Services for the Elderly to accelerate the transition to appropriate home care in terms of conditions and services, such that local government expenditure declines relative to the now estimated spending limits by EUR 300 million in 2017.
- Reform of the emergency care system; the Ministry of Social Affairs and Health's Decree on criteria for urgent care and speciality-specific requirements for emergency care will be revised and, if necessary, Government decrees referred to in Sections 34 and 43 of the Health Care Act issued, such that the present basic health care round-the-clock emergency, maternity and surgical units are centralised into larger entities, with the aim of reducing local government expenditure by around EUR 60 million in 2017.
- Archiving of patient data in paper form will be discontinued; sufficient information technology capacity and the necessary support of municipalities will be ensured to implement the change.
- Reduction of planning obligations and norm-related recommendations and reassessment of supervision duties; survey and evaluation work will be continued, which will facilitate decision-making from 2014.
- For the easing of eligibility requirements, municipal actors will also be encouraged to check divisions of responsibilities and job descriptions particularly when public positions and jobs are filled. The aim is for more demanding duties than before to be directed to those possessing lower-level qualifications. To facilitate this, the Ministry of Social Affairs and Health will consider, by autumn 2014, proposals on amending the Act on Health Care Professionals and the Act on the Qualification Requirements of Social Services Personnel as well as on amending decrees issued pursuant of these acts, such that, for example, eligibility of nurses in respect of prescriptions is expanded to a limited extent. The easing of eligibility requirements will also be examined in the administrative branch of the Ministry of Education and Culture in accordance with the objectives of the Structural Policy Programme.
- Reduction of obligations to give public health care certificates only to those that are compulsory.
- Developing the integration of basic health care, specialised health care and social welfare. Reform work will be based on a model in which the responsibility to arrange social and health care services is centralised mainly in five specific catchment areas. This reform will bring to the local government sector significant potential for efficiencies and thereby significant costs savings for the whole of public finances without compromising quality of care and nursing.

Other measures in the Structural Policy Programme also fall within the sphere of the reduction of municipalities' duties and obligations. The Rescue Service will be reorganised, with the aim of saving EUR 7.5 million in local government finances. In addition, the

intention is to bring building supervision duties into larger, supramunicipal units, for environmental protection duties and operating practices to be reformed, and for food supervision to be eased, while at the same time increasing the charges levied for these activities. Preparation of these measures is also partly incomplete and/or the actual cost reduction in respect of them is significantly dependent on municipalities' own measures.

Local government finances are also discussed in Chapter 6, *Steering of local government finances 2015—2018*.

New central government expenditure savings

New adjustment measures included in the spending limits decision will reduce central government expenditure by a net amount of around EUR 1 billion in 2015. By 2018 the net savings will rise to around EUR 1.4 billion. The legislative proposals required as a result of the adjustment will be submitted to Parliament during autumn 2014.

The expenditure savings are permanent and are widely directed at the administrative branches of different ministries, for example at:

- Support for political party activities, a total saving of EUR 2 million, of which the party subsidy EUR 1 million and communications support EUR 1 million.
- Development cooperation, 2015 saving EUR 53 million, rising to EUR 101 million in 2018.
- Military and civilian crisis management expenditure, 2015 saving a total of EUR 9 million, rising to EUR 15 million in 2018.
- The Construction Establishment of the Defence Administration, whose premises management and maintenance activities will be reformed, such that a EUR 7 million saving arises in the administrative branch of the Ministry of Defence.
- Financing for the founding of educational establishments, in which the central government will not participate in future, a saving of EUR 12-22 million during the spending limits period.
- Discretionary government transfer for improving the quality of basic education, a EUR 57 million saving.
- Research appropriations of the Academy of Finland, annual funding authorisation will be reduced by EUR 20 million in 2015 and 2016 as well as by EUR 10 million from 2017.
- Index increase for universities and universities of applied sciences, which will be halved in 2015, saving EUR 16.5 million.
- Student grant and housing supplement, whereby the studies for a second same-level qualification in tertiary education will not be supported from 1 August 2015, saving around EUR 2 million in 2015, rising to around EUR 11 million in 2018.
- Rental subsidy for student housing foundations and Student Health Service, saving EUR 5.9 million.
- Art and culture, saving EUR 5–15 million.

- Agriculture and forestry, for example national aid and the small-sized thinning wood energy subsidy, saving EUR 21.3 million.
- Central government grants for water supply and environmental projects, which will be discontinued; the saving in the administrative branches of Ministry of Agriculture and Forestry and the Ministry of the Environment will rise to a total of EUR 10 million in 2017 and 2018.
- Transport infrastructure funding, saving EUR 100 million.
- Purchase and development of public transport services, saving EUR 5 million.
- Operating expenditure of (ELY) Centres for Economic Development, Transport and the Environment, saving EUR 5 million in 2016 and EUR 11 million from 2017.
- Support for research, development and innovation activity, EUR 25 million authorisation cut.
- Support for businesses' investment and development projects, focusing on abrupt structural change, EUR 17 million authorisation cut.
- Labour policy funding, saving EUR 50 million.
- Earnings-related unemployment security. Provisions will be amended, such that central government expenditure falls by EUR 50 million at the 2015 level. The amendments will be prepared in cooperation with social partners with the goal of directing the saving at those receiving the highest unemployment benefits.
- Regional development funding, which will be abolished, saving EUR 4.6 million.
- Energy subsidy, EUR 5 million authorisation cut.
- Child allowances, saving EUR 110 million, including impact on social assistance expenditure.
- Central government's share of Social Insurance Institution of Finland KELA operating expenditure, saving EUR 10 million.
- Central government's share of health insurance reimbursements, saving EUR 25 million.
- Central government's share of drug reimbursements, saving EUR 26 million from 2016.
- National pension (KEL) and employees' pension (TyEL) index increases made in 2015 will be mainly 0.4%, saving EUR 152.5 million. These increases correspond to the level of the increase negotiated in the agreed labour market solution. The reduced increase will apply to TyEL index-linked benefits, including earnings-related pensions.
- Central government compensation for costs of agricultural entrepreneurs' relief worker services, saving EUR 5 million.
- Renovation grants, saving EUR 15 million.
- In addition, central government wage drift will be limited to the average level of the labour market, which is expected to bring a saving of around EUR 21 million in 2015, with the saving rising annually in the spending limits period.

Investments in growth

Central government assets will be directed to more productive use.

Some of the central government property holdings managed by Senate Properties and Metsähallitus will be sold. Balance sheet management of the central government's company ownerships will be enhanced by expanding the ownership base of state-owned unlisted companies and, if necessary, withdrawal from company ownership. In addition, sales of shares of state-owned listed companies as well as other measures will be implemented to increase revenue transferred to central government. The total amount of dividends of unlisted companies will be increased. A Government bill will be prepared to amend the Act on the State Pension Fund, such that the fund's revenue recognition can be raised. In addition, a recognition of revenue will be made from the State Guarantee Fund. The additional revenue arising from the measures compared with that outlined earlier will be around EUR 1.9 billion in 2014–2015. Central government additional revenue has been taken into account in the spending limits decision, see for more detail Section 5.4 On-budget revenue and Section 5.6 Off-budget central government finances.

Most of the additional recognition of revenue will be directed to the repayment of central government debt. As part of the reallocation of central government assets, significant investments in growth will also be made, totalling around EUR 600 million in 2014–2015. In the spending limits period, the cost of the investments will mainly be incurred in 2015, around EUR 300 million. The main investments will relate to investments in excellence and innovation creating new, future growth as well as in transport and construction projects that create jobs quickly.

A total of EUR 100 million for venture capital investments in industrial growth-stage and bioeconomy companies will be allocated to Finnish Industry Investment Ltd in 2014–2015. In addition, the First North marketplace for unlisted companies will be activated, with Solidium Oy acting as the anchor subscriber in share issues at an estimated annual level of around EUR 10 million.

Finnvera plc's funding authorisations will be boosted by increasing the share of loss compensation outside assisted areas from 40 per cent to 55 per cent. During the spending limits period, this is expected to result in central government on-budget expenditure of around EUR 4 million. To promote internationalisation and foreign investments, additional funding totalling EUR 20 million will be allocated to Team Finland activity in 2014–2015. In addition, Finpro grants will be raised by EUR 20 million in 2014 and EUR 5 million in 2015, focusing, for example, on enhancing the export capacity of industrial SMEs and attracting industrial investment into Finland.

The loan authorisations of the Finnish Funding Agency for Innovation TEKES will be permanently increased by EUR 40 million. Of this increase, EUR 20 million per year will be allocated to supporting cleantech and bioeconomy sector piloting and demonstration projects and EUR 20 million to promoting business activity based on digital value creation. New digital economy innovations will be supported by increasing TEKES' loan authorisations by an additional EUR 20 million in 2014–2015.

TEKES' venture capital investment appropriation for start-up companies will be increased by EUR 20 million in 2014–2015. The additional investment will be directed at

venture capital investment funds promoting the objectives of the cleantech and bioeconomy strategy as well as the digital economy and health sector growth strategy.

Provision will be made to increase the capital of universities by an amount equal to three times the private capital raised by universities, however up to a maximum of EUR 150 million. To strengthen the competence base of adults, a total of EUR 20 million will be allocated in 2014–2015 to targeted adult education for 30–50 year-olds without a post-basic education qualification.

During 2015–2019, a total of EUR 50 million will be gradually transferred from universities' basic funding via the Academy of Finland into competitive research appropriations. This will increase the Academy of Finland's grant authorisation by EUR 50 million from 2015.

Media innovation support will be allocated a total of EUR 30 million in 2014–2016.

Transport infrastructure projects will be allocated a supplementary appropriation of EUR 20 million in 2014 and EUR 30 million in 2015 to strengthen the transport infrastructure most critical for employment and growth. In addition, the spending limits decision has taken into account the expenditure timing changes arising from the bringing forward of the Highway 6 project. The Government will make a resolution on the implementation of the Pisara railway track and will initiate preparation of the related funding model as well as negotiations on funding contributions.

A central government grant totalling EUR 80 million will be paid in 2014–2015 for the renovation of the Olympic Stadium in Helsinki. When the grant recipient's planning-period and pre-delivery interest income is taken into account, the value of the central government's investment may rise to around EUR 85 million.

In 2014–15, a supplementary appropriation totalling EUR 10 million will be allocated to improve the infrastructure of Metsähallitus nature and cultural sites.

A supplementary appropriation of EUR 10 million in 2014 and 2015 from the National Housing Fund will be allocated to renovations supporting the living at home of the elderly and the disabled. The interest contribution payable on youth and student housing will be reduced from 3.4 per cent to 1 per cent up to the end of 2015.

Decisions relating to 2014 will be included in the 2014 supplementary budget proposals.

Comprehensive reform of research institutes and research funding

On 5 September 2013, the Government made a resolution on the comprehensive reform of central government research institutes and research funding. In accordance with the resolution, a number of organisational reforms will be implemented during the spending limits period. In the administrative branches of the Ministry of Education and Culture and the Ministry of Agriculture and Forestry, research institutes will be merged into larger research institutes entities (the changes are outlined in more detail in connection with the respective administrative branches).

The spending limits decision also includes a number of appropriation transfers. Funding of various research institutes' on-budget research appropriations has been brought into the administrative branch of the Prime Minister's Office to strengthen research and study activity that supports the Government's social decision-making.

The establishment of a funding instrument for strategic research in connection with the Academy of Finland will be implemented by amending the Act on the Academy of Finland and so that the Academy of Finland can make its first funding decisions from the funding instrument for strategic research in 2015. Around EUR 57 million will be available annually in grants for the funding of strategic research projects, taking into account the decided adjustment measures and including administration costs.

5.3.1 Policy outlines for the administrative branches

Structural policy measures directed at the administrative branches, additional savings decided and investments in growth are examined in Section 5.3.

Prime Minister's Office

A resolution made by the Government on 5 September 2013 concerning the comprehensive reform of central government research institutes and research funding will impact all of the years of the spending limits period. In accordance with the Government Programme, a EUR 4 million saving directed at research activity will be implemented by deducting EUR 1 million from items transferred to the Prime Minister's Office from 2015.

In the spending limits period, the Government will allocate funding for the arrangement of events in 2017 marking the 100th anniversary of Finland's independence.

Ministry for Foreign Affairs

In accordance with the Government Programme, resources will be concentrated in countries and regions of growing economic and political importance, taking into account, for example, the priorities of the Team Finland strategy. At the same time, work will continue to reform the structure and administrative practices of Finland's representation abroad.

The appropriations take into account the Security and Defence Policy Report (2012), the National Strategy for Civilian Crisis Management (2008) and the Peace Mediation Action Programme (2011). From 2015 onwards, a reduction in the number of operational personnel has been taken into account in the appropriations for military crisis management.

With respect to development cooperation appropriations, the Government is committed to progressing towards the target of 0.7 per cent of GNI target as well as managing its growing climate funding obligations. Revenue accrued from the auctioning of emissions allowances will be directed to development cooperation and at the same time, as part of Finland's official development aid, also to climate funding as such revenue accrues. The level of development cooperation appropriations for 2015 is around EUR 788 million. In the following years, the share of GNI will be around 0.5 per cent.

Ministry of Justice

The main projects of the judicial system in the planning period relate to the Administration of Justice Reform Programme up to 2025 and the associated policy outlines. The objective is to ensure a high level of legal protection despite the difficult economic situation. The reform programme proposes the establishment of a National Courts Administration to attend to the administration of the courts. The advantages and disadvantages as well as the cost impacts of establishing a National Courts Administration will be studied.

In 2014 the advantages and disadvantages of the organisational merger of the supreme courts will be studied. Based on the study, possible further measures will be decided and also whether an evaluation of the advantages and disadvantages relating to the merger of the separate court lines should be initiated.

In the activities of the Prosecution Service, it is essential to enhance pre-trial investigation cooperation, promote the introduction of accelerated legal proceedings and increase the consistency of judgment activity.

In the criminal sanctions system, community sanctions are a particular area of development. Where possible, the focus will also be shifted to sanctions performed in open institutions and on monitored conditional release.

In connection with the Effectiveness and Productivity Programme, the intention is bring together into the Ministry of Justice the ombudspersons (Ombudsperson for Equality, Ombudsperson for Children and Ombudsperson for Minorities) of different administrative branches. Supplementary funding of EUR 540,000 per year has been allocated for the implementation of an amendment to the Equality Act.

Ministry of the Interior

A supplementary appropriation of EUR 7.1 million for 2015 and 2016, EUR 6.7 million for 2017 and EUR 6.2 million for 2018 will be allocated for additional costs arising from the provision of central government security network services as well as for the additional costs of network services purchased from State Security Networks Ltd.

Every effort will be made to maintain the current standard of police services and operational quality in emergency callouts and the solving of crimes as well as in licence administration and transport safety work. The Ministry of the Interior will continue the implementation of the restructuring of the police administration (Pora III) in order to adjust police finances through operating efficiencies and streamlining the organisation.

The Board Guard will prepare, in cooperation with other authorities operating at border posts, for significant growth in cross-border traffic by developing operations at border-crossing points.

During the spending limits period, the number of refugees and asylum seekers arriving in Finland is expected to develop such that the annual number of asylum seekers in 2015–2018 will be 3,300–3,500 people. In 2013 the average number of asylum seekers per month in the reception system was 3,536, of whom around 2,500 were accommodated in reception services. To ensure the efficiency of asylum decision-making and enhance it further, the technical competence of the electronic cross-administrative immigration case processing system (UMA) will be developed.