



**EUROPEAN COMMITTEE OF SOCIAL RIGHTS  
COMITE EUROPEEN DES DROITS SOCIAUX**

21 February 2020

**Case Document No.6**

**Finnish Society of Social Rights v. Finland**  
Complaint No.172/2018

**RESPONSE BY FSSR TO THE GOVERNMENT'S  
SUBMISSIONS ON THE MERITS**

**Registered at the Secretariat on 22 January 2020**



**European Committee of Social Rights  
Comité Européen des Droits sociaux**

**Finnish Society of Social Rights**

**20 January 2020  
Case document no.**

**Comments of Finnish Society of Social Rights to Government  
Observations in Complaint 172/2018**

**Registered at the Secretariat on**

**2020**

**20.01.2020**

**Mr Henrik Kristiansen  
Vice Secretary General of the Council of Europe**

**Ref 204/2019 LV/KOG**

**Finnish Society of Social Rights sends you respectfully its comments to the Government submissions to the complaint 172/2018. PCOTMWM8-54 “Observations on the admissibility of the complaint”**

**Collective complaint due to Finnish legislation that violates the Articles 12.1, 12.3. and 13.1. in the European Social Charter (Revised)**

The person taking care of these comments in the Society is:

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With best regards

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**Secretary General of the Council of Europe**

**With Honour: Our Society comments the observations of the Government in**

**relevant points by repeating the observations and then adding our comments.**

**To clarify the difference the Government submission point are written in Times New Roman font and the Comments of our Society are written in Calibri font.**

**Our Society renews all we have said earlier in this case.**

## **General**

- (1) The Government reiterates its observations of 25 November 2018 and 10 May 2019 on the admissibility of the complaint where the Government stated its objections concerning the requirements of the admissibility of the present complaint.

*Comment of our Society:* The European Committee of Social Rights declared the complaint admissible.

- (8) In his connection The Government emphasises again that the Finnish social security system is a comprehensive set of services and social benefits. Instead of analysing an individual element of the comprehensive social security system, a broader look should be taken at the whole social security system, considering the overall situation of beneficiary person or family.

*Comments of our Society:* This view of the Government is not correct. Basic social insurance benefits are required to be on a level set by the committee of social rights in the Merits 88/2012 and 108/2014. The cutbacks between the years 2015-2019 have lowered the level and the living standard of Finnish citizens is worse now than in 2015 when the Merits 88/2012 became public. New cuts and freezing from raises for four years is the main reason to our Society to raise a new complaint. Finland does not take any account to the remarks in the committee in commenting the reports of Finland. Neither has Finland taken any account to the Merits 88/2012 and 108/2014.

## **Observations on the assessment of the adequacy of social benefits**

(11 - 16) The Government considers that the assessment of the adequacy of social benefits should take account of the different types of households and their median income as well as the impacts that possible increases have on the amount of the benefits. In (14) the Government shows a counting of various benefits which an adult living alone assumed to be unemployed for 12 months and the other to receive a child home care allowance for 12 months. Along the table (14) an adult living alone would receive 10,681 euros/year in living alone and 12,663 if there is a family with 2 adults and 2 children. The Government underlines (15) the importance of understanding that Finnish social security system is a comprehensive set of services and social benefits.

*Comments of our Society:* The Government view that the assessment of the adequacy of social benefits should take account of the different types of households and their median income as well as the impacts that possible increases have on the amount of the benefits is not correct. A threshold of minimum benefits has to be reached to cover up the requirements of the Social Charter (Revised). Social insurance benefits and social assistance or housing benefits, other benefits and services are not allowed to mix with each other. Decisive are the amounts of basic benefits which has to be at least 40 per cent of the equivalent medium income.

## **Observations on the applicant association's allocations concerning Articles §§1 and Article 13§1.**

### *General (17-23)*

The Government observes (22) that the Committee has previously considered that in order to be adequate within the meaning of Article 12§1, the amount of the social security benefit in question should be at least 40 % of the median income in the State concerned. Beyond this threshold other social security benefits can be taken account in assessing the adequacy of the benefits. The total amount of the benefits should not be below 50 % of the median income.

Further the Committee has held that, in assessing compliance with the obligations under Article 13§1 in terms of the adequacy of the benefits for basic subsistence and the labour market subsidy, account can be taken of the benefits paid in addition to the basic benefits. The total amount of the additional benefits must not be lower than 50 % of the level of the median income.

*Comments of our Society:* Our Society observes that the term. "median income" is not correct in measuring adequacy of the minimum social insurance and assistance benefits along Art. 12.1 and 13.1 of the Social Charter (Revised). A correct term is equivalent median income, which is counted differently as median income. The Complaint of our Society is based on the adequacy of equivalent median income compared to which basic minimum social insurance benefits and social assistance are not reaching the level preoccupied in the Social Charter and in the Merit of the Committee.

### *Taking housing allowance into account*

24. The Government observes that the Committee has previously found regarding Finland that recipients of a labour market subsidy may be entitled to both housing allowance and social assistance which also covers some housing costs, as the allowance does.

25. According to the Committee, however, the Government has not provided information on the amount of the housing assistance for housing costs paid to the them to supplement the housing allowance. Therefore, the Committee was not satisfied that the labour market subsidy combined with other benefits reaches an adequate level.

26. The Government notes in this connection that in 2018 60-65 % of all recipients of a labour market subsidy received also basic social assistance, a housing allowance or both a housing allowance and basic social assistance. Of the recipients of the minimum sickness allowance, 50-60 % received basic social assistance, a housing allowance or both a housing allowance and basic social assistance.

27. Of all recipients of the minimum parental allowance, 45-50 % also received basic social assistance, a housing allowance or both basic social assistance and a housing allowance.

28. The corresponding percentage among the recipients of the minimum rehabilitation allowance was the highest of all: 60-70 % of them received basic social assistance, a housing allowance or both.

29. In the Government's view, considering the above, an analysis of the benefits without taking into

account especially the housing gives an erroneous picture of the level of the means of subsistence available to the persons in question.

30. The Government underlines that the housing allowance is a central component of the Finnish social security system, and research has proved its positive role in reducing poverty. The housing allowance is a vital source of subsistence for the recipient's households.

31. Moreover, the housing allowance is linked with policies to reduce homelessness that are more comprehensive. Finland's strategy to combat homelessness is based on the "Housing First" principle, meaning that homelessness persons are first provided with permanent housing and then helped to solve their other problems. The prevention and reduction of homelessness constitute a comprehensive set of measures relating to such issues as housing production, services to support housing without problems and coping with everyday life, employment and individual's management of their finances and the well-being and integration families. Finland's long-term work to abolish homelessness has produced results; Finland is one of the few Member States of the European Union where the rate of homelessness is reduced.

The Government emphasises that the Finnish social security system is based on the prevailing societal conditions. For example, housing costs are very high in Finland. Especially in the Helsinki metropolitan area and the support for housing by means of the housing constitutes a clearly separate specific element in the overall social protection scheme. The separation of the housing allowance from the other forms of support for subsistence is intended to ensure that the support needed for living is not used for housing costs. As stated in the complaint, a total of 800.000 households in Finland receive a housing allowance, whereas for instance in 2018 the number of households receiving basic social assistance was 277,316.

33. The Government further notes that, for example most persons eligible for a guarantee pension are also entitled to a housing allowance for pensioners. The amount of the housing allowance for pensioners equals 85 % of the housing costs that are taken into account after deduction for the basic deductible and the additional deductible according to the earnings. Also amount of the spouse's earnings is taken account.

34. In 2019 a person with no employee pension and with a rent of 450 euros/month could receive a national pension amounting to 628,85 euros + a guarantee pension of 155,67 + a housing allowance for pensioners amounting to 318,37 euros = 1.102,89 euros. In 2015, the same benefits for the same person would have been as follows: The national pension 636,36 euros + guarantee pension 109,94 euros + the housing allowance 333,77 euros = 1.080,34 euros.

35. The Government further underlines that the housing allowance is an important part of social security for recipients of minimum social benefits and for other low-income persons, too.

36. Therefore, the Government considers that the housing allowance should be taken account in assessing the minimum social security benefits under Article 12§1 and the social security benefits under Article 13§1 of the Charter.

*Comments of our Society:* Our Society refers to the Merits 88/2012 and 108/2014 and to the numerous conclusions by the Committee and notes that housing allowance should be kept separate from basic social insurance benefits and social assistance benefits in assessing if the amount of them is enough to the requirements of the Charter. We have the opposite view to the point 36. of the Governments submission. The housing allowance should be taken account in

assessing the minimum social security benefits under Article 12§1 and the social security benefits under Article 13§1 of the Charter.

Besides our Society refers to the Complaint and notes that from the beginning of 2019 housing allowance was remarkably worsened when the index due which the raises to the maximum amounts of the housing allowances are annually raised was changed from rental index to the general price index (kansaneläkeindeksi). As a follow up the position of housing allowance will diminish in the future years because the rents raise yearly 2-3 times more than other prices. Even now the amount of housing allowance to those citizens living in the dependence of basic benefits is normally half of the amount of the housing costs (normally rent). E.g. if a single mother who lives in the dependence of labour market subsidy with about 500 euros/month netto + child benefit from two children around 170 euros together has a flat with a rent 700 euros/month, she's able to get around 400 euros as a housing allowance and the rest she has to pay from labours market subsidy and child benefits.

The maximums are already much behind from the real rental level and due to the change of indexes the difference will be growing yearly. The rents are rising without any control at least 3 per cent/year and much more in big cities. In Helsinki it is normal to demand over 1000 euros rent of the two room and kitchen flat and of these 400 euros as a housing allowance does not help much those living with basic benefits. The rents are high in all big cities in Finland. The housing allowance is not to be noted in resolving the complaint of our Society.

#### *Index adjustments and general increases of benefits*

37) The Government recalls that in their complaint applicant association appears to have incorrectly compared the level of minimum benefits of autumn 2018 to certain threshold values of median income of 2015.

*Comments of our Society:* There is no error in the Complaint. Our Society observes that the threshold with which the Committee assess the adequacy of the minimum benefits along 12§1 and 13§1 of the Charter (Revised) is equivalent median income, not median income. The absolute minimum is 40 per cent of the equivalent median income along 12§1 and 50 per cent along 13§1 (Merits 88/2012 and 108/2014). Our complaint is based to these facts and housing allowance has nothing to do with this measurement as is said above.

The latest figure of this equivalent median income in Finland was from 2015 in the time our Society has raised this Complaint. We based our complaint to this figure, but since there has come a new figure to Eurostat of equivalent median income in Finland which is from 2017. We come to this matter later in this document

The amount of basic minimum social insurance benefits is about the same in 2018 than it had been in 2015 due the freezing of index raises during those years. The economic situation of those citizens living in the dependence of minimum social insurance or social assistance benefits (12§1 and §13§1) has worsened.

38. The Government notes that the amount of benefits under the Health Insurance Act is usually calculated in proportion to the recipient's taxable earnings, which means an amount of approximately 70 % of his or her previous annual earnings. However, a person need not to be



employed or have previous earnings in order to be eligible for a sickness allowance or a parental allowance. What is essential is the realisation of a social risk, such as illness or childbirth. If the person has no previous earnings; the daily allowance is payable at the minimum rate.

39. The Government underlines that thus, under Finland's social security system, a daily allowance is also payable to a person who does not take part or has not even taken part in the labour market.

*Comments of our Society:* Due to the technical development and digitalisation permanent jobs have decreased sharply in recent years in Finland. Especially single mothers and older men over 50 years who have been laid off of "economical and productive reasons" are almost surely long-time unemployed who have to live on labour market subsidy. Minimum benefits are more and more important to hundreds of thousand citizens in Finland.

In 2015-2019 the Government has gone on cuts freezing to adjustments of indexes though as a full member of Council of Europe which has ratified art. 12 and 13. of the Charter (Revised) Finland should be obliged to raise basic minimum benefits. Hundreds of thousands Finnish citizens in the dependence of minimum social security have economic difficulties due to the violation of the Charter (Revised) in 2015-2020. The Government of Sanna Marin has done some positive amendments, but this complaint is still valid. The benefits are too low despite some raises.

40. The Government observes that in contrast, the decisions of the Committee have largely concerned systems that ensure benefits compensating for previous earnings of persons taking part on the labour market.

*Comments of our Society:* The Merits 88/2012 and 108/2014 and the conclusions from the Committee concern especially those minimum social insurance and assistance benefits. Those benefits the Committee has noted to be in too low level. Our Society has hoped that the continuing violations of Finland would have gone to the ministerial level of the Council of Europe so that the Merits and conclusions would get more impact in Finland. Unfortunately, this has not taken place.

41. The Government notes that as from beginning of 2018 the minimum amounts of the sickness allowance, the parental allowance, the special care allowance and the rehabilitation allowance were raised by a general increase from 593,25 euros to 616 euros per month. The purpose of increasing the minimum amounts was to raise the net minimum amount higher than the basic social assistance, in order to cover, in principle those entitled to the minimum amount under the right benefit system.

42. Furthermore, the minimum sickness allowance, parental allowance, special care allowance and rehabilitation allowance were also increased as from beginning of 2019. The minimum amount was increased from the 24,64 euros of the 2018 index to 27,86 euros, so that the monthly amount of benefits rose to 696,50 euros (the daily allowance is payable for working days so that also Saturday is counted as a working day).

43. The purpose of the adjustment was to raise the daily allowance and the rehabilitation allowance to the level of the labour market subsidy, in order to level out the differences between beneficiaries under different benefit systems, to make the benefit system consistent and to emphasise the primary benefit system instead of social assistance.

44. The Government notes that increases in the above-mentioned minimum benefits will continue.

To reduce inequality and to emphasise the primary benefit system, the Government has proposed on 7. October 2019 to Parliament that the level of basic social security be raised by 20 euros per month (Government Bill 39/2019). The Government proposes also to raise allowance and the rehabilitation allowance to 28.94 euros per day, so that the monthly amount of the benefits would be 723,50 euros. The increase includes an index adjustment. The said amendments are intended to enter into force and thus increase to take effect on 1 January 2020.

45. The Government notes that with the planned increase, the level of the minimum benefits mentioned above would rise by 22 % from the level of 2017.

46. The Government observes that in fact, the general increase (year 2020 pending approval of Government Bill 39/2019) have raised the minimum benefits more than the index adjustments so that in 2017 monthly amount was 593,25 euros/month and in 2020 the amount is 723,50 euros/month (brutto).

47. Furthermore, the 55 days qualification period for the minimum sickness allowance was abolished as of the beginning of 2019. For that period, no sickness allowance was paid at all, or if an allowance was paid, its amount was lower than the minimum. After the amendment of the Health insurance Act, everyone has the right for a minimum sickness allowance immediately after the waiting period. Moreover, as from the beginning of 2018, the waiting period for an entrepreneur's sickness allowance was shortened from the earlier four days to one day.

48. In 2019, the amount of the guarantee pension is 784,52 euros per month and that of the basic unemployment allowance 32,40 euros per day, i.e. on average of 697 euros per month (21,5 x 32,40) without child increase. In 2020, the index adjustments of the benefits will be made in the normal order, in accordance with the legislation in force.

49. In addition to the index adjustments, the Programme of Prime Minister Antti Rinne's (Sanna Marin's) Government includes increases of the above-mentioned minimum daily allowances under the Health Insurance Act, the basic unemployment allowance, the labour market subsidy and the guarantee pension (Government Bills 39/2019 and 43/2019). The basic unemployment allowance and the labour market subsidy will be raised as proposed in the Government Bill by the index adjustment and an additional sum of 20 euros per month at the beginning of 2020.

50. At the same time, the basic unemployment allowance and the labour market subsidy will rise to 33,66 euros per day. As a result of the increase, the amount of these benefits would be 723,69 euros per month (21,5 x 33,66)

*Comments of our Society:*

*The Non-conformity*

Our Society observes that we have raised this complaint on 15.9.2018. At that date there was not knowledge that after many years of cuttings and freezing of basic benefits some positive amendments would come during the process of our complaint.

In the Government's submission the figures of the minimum social insurance benefits are in brutto sums. Our Society observes from earlier Merits and Conclusions of the Committee that net sums are decisive in assessing the violation or non-violation of those benefits. In our complaint our starting points are net sums.

Also the basis of our Complaint has changed during the process. In autumn 2018 our Society had to take as a starting point the figures of median equivalent income in 2015. No later figures were available at that time. Also in the Conclusions 2017 the Committee noted that *“According to Eurostat data median equivalent income in 2015 was €23 763 or €1 980 a month. The poverty threshold, defined as 50% of median equivalent income was therefore €11 881, or €990 on a monthly basis and 40 % of the median equivalent income corresponded to €792 monthly.”*

In 2020 new figures from Finland are available from Eurostat. Along the new statistics [www.ec.europa.eu/eurostat/statistics-explained/index.php](http://www.ec.europa.eu/eurostat/statistics-explained/index.php) median equivalent net income in Finland in 2017 is 23.987 euros. When this 2017 median equivalent income is divided with 12, the median equivalent income per month 1999 euros/month net and by dividing this sum with 21,5 the daily sum is 93 euros net. From these sums the 40 per cent set by the Committee as an absolute minimum, which is 799,60 euros/month net and daily 37,19 euros net.

Our Society observes that the raises that has been done to the minimum social insurance benefits in 2018, 2019 and 2020 have not compensated the cuts and index freezing that has been done in in 2015-2018 (index freezing up to 2020) because the minimum social insurance benefits (including labour market subsidy) are currently in 2020 723,50 euros/ gross. Reducing 20 per cent tax from that sum is the amount 578,80 euros/month net. The daily sums (dividing the monthly sum with 21,5) are 33,66 euros gross, and 26,93 euros net. Our Society observes that these net sums should be compared to the median equivalent income in 2017 available from Eurostat and the comparing shows there still is difference. The benefits are still too low. The level in Finland is not in conformity with Art. 12.1.

The difference in social insurance benefits per month is 220,80 euros/month and 10,26 euros/day net

In labour market subsidy the difference is larger because the threshold set by the Committee is 50 per cent of the equivalent median income. The 50 per cent threshold is 999,5 euros/month along the figures of Eurostat and 46,48 euros/day.

The difference in labour market subsidy is 430,70 euros per month is and 19,56 euros net per day.

In the Merits 108/2014 the Committee noted that labour market subsidy is manifestly too low in Finland.

Our Society emphasizes that the figures of equivalent median income are from 2017. Probably the difference would be bigger 2020 figure if we would know the amount of equivalent median income of 2018 or 2019 in Finland due to the salary raising in 2018-2019. The amount of median income in Finland in the year 2018 was 3 470 euros and the change from the year 2017 was 2,1 per cent.

#### *Conclusion of the non-conformity in social insurance benefits (Art. 12§1*

A conclusion from the development in Finland 2015-2020 is that there has been a continuing non-conformity in basic minimum social insurance benefits compared with the requirements in Art. 12§1. This non-conformity goes on in 2020 and in the future no corrections are to be seen.

In the Conclusions 2017 the Committee noted non-conformity in the level of basic minimum benefits in Finland. In spite of small raises to the benefits in 2018-2020 a real correction of benefits has not taken place till 2020. The Government of Sanna Marin may have plans to develop minimum benefits but the start has been cautious. Only 53 million euros were reserved in the state budget of the year 2020 in order to raise basic social insurance benefits. With this sum only small raises were carried out. Much larger inputs are necessary so that Finland would have chance to reach the level required in the Charter (Revised).

#### *Conclusion of the non-conformity in labour market subsid (Social assistance Art. 13§1*

Labour market subsidy is regarded as a social assistance. Due to that the threshold is 50 per cent of the equivalent median income. Between the years 2015-2019 there has existed a continuing non-conformity in labour market subsidy with the requirements in Art. 13§1. In 2020 this non-conformity still goes on despite in the Merits 108/2014 the Committee of Social Rights has noted the amount of labour market subsidy to be manifestly too low.

#### *The 55 days qualification period for the minimum sickness allowance*

The 55 days qualification period for the minimum sickness allowance was abolished as of the beginning of 2019. Our Society observes that his kind of rule was inhuman, and it is a positive move to abolish it. Before the change a citizen had to be sick 55 days before getting a minimum sickness benefit. Still after the change there exists 9 days waiting time before minimum sickness benefit is paid. The waiting period for an entrepreneur's sickness allowance is only one day as is said in the Government's submission.

#### *Guarantee pension*

51. On 6 November 2019, Parliament adopted the Government Bill 43/2019. The full guarantee pension has been increased by 50 euros as from the beginning 2020. The full guarantee pension will amount to 834,52 euros per month from the beginning of 2020.

*Comments of our Society:* The full guarantee pension is now 834,52 euros per month and the pensioner receives it almost tax-free. Still the the view of our Society is that there is still 165 euros/month difference to the 50 per cent threshold, 999,50 euros.

#### *Conclusion of the non-conformity in Guarantee pension (Art. 13§1)*

In spite of the raising of the guarantee pension in 2020 (from 784,52 euros in 2019 till 834,52 euros) there exists is still non-conformity with the Social Charter (Revised) Art. 13.1. The amount along Social Charter should be 999,50. The difference is 165 euros/month. The non-conformity has gone on 2015-2020.

52. In addition to the measures described above, the Government has proposed to dismantle the cuttings of the so-called activation model of the employment security system as from the beginning of 2020. The aim is to submit a Government Bill for repealing Chapter 6, Section 3 a and Chapter 7, Section 5 of the Unemployment Security Act (1290/2002) and for amending certain other Acts to repeal the cuttings and obligations under the activity model during 2019.

*Comments of our Society:* It is true that the activation model of the employment security system has been dismantled from 1.1.2020. Still it should be noted that in 2018-2019 over a half of those long-time unemployed had to live with an unemployment allowance or labour market subsidy which was 4,6 per cent lower than normal amount. Our Society refers what we have said of activation model in our complaint. Though it is now abolished the fact that it existed two years making hundreds of thousand citizens life even harder than otherwise and that most hurt were elderly long-time unemployed supports our claim in the Complaint that Finland has also broken Art. 12§3. We come back to this matter later.

### *Basic social assistance*

53) Social assistance is the last-resort form of financial assistance, intended to secure the indispensable subsistence protected by the Constitution. Social assistance is mainly intended as a source of short-term financial aid that helps recipients overcome or avoid temporary financial difficulties and promotes their autonomy and independence. The amount of social assistance is, in principle, determined based on the difference between the applicant's total available income, including other benefits, and his or her acceptable expenses, which are defined in more detail by law. However, for instance disability benefits, a maternity allowance, certain compensations for expenses and maintenance allowances payable from the social security system and an increase of unemployment security payable during participation in employment promoting services are not counted as income. Moreover, at least 20 % of the recipient earnings, up to the maximum 150 euros per month may be excluded from the calculation. In light of the above, the government thus considers that social assistance should not be assessed separately from other possible benefits.

54) Furthermore, the Government points out that social assistance consists of basic assistance, which is divided into a basic amount and assistance for other basic expenses and of supplementary and preventive social assistance.

55) The Government observes that in the complaint that applicant refers to the low level of the basic social assistance compares to the median income, which the Government considers as an insufficient benchmark.

56) The Government notes that the basic amount is equal to the calculated assumed average daily living costs of different person groups at their minimum consumption level. The costs covered by the basic amount of social assistance include food, clothing, minor medical expenses, costs for personal hygiene and cleanliness of home, public local transport, newspaper subscription, use of telephone and data communications, hobbies and recreation, and other comparable expenses of the recipient's and his or her family's daily living. In practice, in addition to the basic amount, social assistance is also granted for other basic expenses, i.e. the recipient's real ordinary expenses.

57) Examples of these include housing expenses, other medical expenses apart from those covered by the basic amount, costs of obtaining a necessary identity, residence or travel document, child day care costs and costs for before and after school programmes and, on certain conditions, if a child's parents live in separate households, costs incurred by the non-custodial parent for seeing the child. In euros, the social assistance granted for other expenses covers in practice a significant part of the recipient's ordinary living costs, especially housing expenses. Thus, analysing the level of the basic amount alone does not give the right picture of the level of the benefit as a whole.

58) A person's eligibility for social assistance is considered individually case by case. Thus, its amount varies between the individual households according to their other basic expenses defined by

law and their available income, instead of being based on the basic amount as such. In 2018, the average basic social assistance paid to one-person household amounted to 410 euros per month and for households of two or more persons it was 534 euros per month.

59) As an example: an unemployed person living alone in Helsinki pays a rent of 600 euros/month and needs also 20 euros per month for medication. This person's right to social assistance is calculated as follows: The expenses covered by the basic amount consist 497,29 euros + housing expenses 600 euros + medical expenses 20 euros = 1.117,29 euros/month. For this amount of expenses, the example person may receive at most the basic social assistance, if he or she has not for instance been granted other benefits yet or has no other income. The basic social assistance may also be granted for situations where a person's income for example other social security benefits together do not suffice to cover the above-mentioned costs. If the example person received a housing allowance (at most 80 % of the maximum housing expenses, which in Helsinki are 516 euros/month (i.e. 412,80 euros/month for a person living alone) and an employment benefit (648 euros gross/month – taxes 20 % = 518,40 euros/month) the social assistance payable to him or her would amount 1.117,29 euros – 412,80 euros – 518,40 euros = 188,09 euros/month in total. In total the benefits would amount to the same sum i.e. 1,117,29 euros.

#### *Comments of our Society:*

Our Society observes that it is correct to defend the non-conformity of social insurance benefits with the possibility of the client to receive basic social assistance in some cases. The citizen is entitled to social insurance benefits individually if he/she is sick, attends to rehabilitation, has a birth of a baby, spends paternal leave or is unemployed. It is not at all sure that the client is entitled to receive basic social assistance if the social insurance benefits are too low for reasonable living or even to the most basic living costs.

The entitlement to basic social assistance is based to a standard counting in which is taken account the total income of the domestic economy (family etc.) in which the applicant lives. All income and costs of the family etc. are included and not only that of the applicant's. If there are many applicants in the domestic economy (parents, children etc.) only one get full basic assistance and the others less. It is a big difference between the entitlement of social insurance benefit and social assistance. Social insurance benefit you have a right if you are sick, spend parental leave, or are unemployed etc. The entitlement is derived individually due to the risk which has occurred while he entitlement to basic social assistance is much more complex and applying it need preoccupies much clarification of your living situation and you have to have many documents to prove your claims to the Kela official.

In the counting to get the basic social assistance there are taken account all primary social insurance benefits (including labour market subsidy) and the income which has come to the whole domestic economy (family etc.) and its wealth (property). If the costs are bigger than the income and property which are available to the domestic economy (family etc.) social assistance may be delivered. Many costs are meant to cover with the basic social assistance (502,21 e/month in 2020). Only some other basic costs which are specifically defined (remarkable costs of the health care, housing costs if housing allowance does not reach enough and the cost of children day-care) may be delivered on top of basic sum<sup>1</sup>. Otherwise the applicant has to be content with the basic sum.

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<sup>1</sup> See more detailed [www.kela.fi/toimeentulotuki-mihin-menoihin](http://www.kela.fi/toimeentulotuki-mihin-menoihin)

Our Society observes that measuring social assistance benefits (including labour market subsidy) the social assistance should not be taken account. The basis to the entitlement of social assistance is so totally different. In most cases the applicant of minimum social insurance benefit due to illness, unemployment, paternity etc. is not entitled to complement the low level of benefit with social assistance.

In the submission of the Government (59) there is an example of social assistance. In it an unemployed person living alone in Helsinki pays a rent of 600 euros/month (very low, normally rents in Helsinki are 800-1000/month) and he/she needs 20 euros per month for medication. The Government sees that this person's right to social assistance is calculated so that the expenses covered by the basic amount consist 497,29 euros (in 2019) + housing expenses 600 euros + medical expenses 20 euros = 1.117,29 euros/month. For this amount of expenses, the example person may receive at most the basic social assistance, if he or she has not for instance been granted other benefits yet or has no other income.

Along the Government submission the basic social assistance may also be granted for situations where a person's income for example other social security benefits together do not suffice to cover the above-mentioned costs. If the example person received a housing allowance (at most 80 % of the maximum housing expenses, which in Helsinki are 516 euros/month (i.e. 412,80 euros/month for a person living alone) and an employment benefit (648 euros gross/month – taxes 20 % = 518,40 euros/month) the social assistance payable to him or her would amount 1.117,29 euros – 412,80 euros – 518,40 euros = 188,09 euros/month in total. In total the benefits would amount to the same sum i.e. 1,117,29 euros.

Our Society observes that it is not sure that the person in the example get the 188,09 euros as social assistance on top unemployment benefit and housing allowance. The person is entitled to get basic social assistance if he/she has no other income and is without any assets (property). The medical cost 20 euros/month may not be paid separately but is included to basic social assistance though it is not quite sure. The decision is made by the Kela official. 20 euros/month is not a remarkable health cost, but if the cost is of prescribed medicine Kela official may pay it separately. Also in this case housing costs may be compensated due to that 600 euros/month is reasonable, even cheap rent in the capital area and along the rules for Kela officials reasonable housing costs, which housing allowance does not cover.

Our Society emphasizes that the example in the Government submission is not very typical due to that the rent is very low ("reasonable") so that there is no problem to cover the costs from social assistance. If the rent would be e.g. 900 euros, the extra would be paid from social assistance some months, but the applicant would be suggested to search a cheaper apartment to him/herself. If the applicant does not find such cheap apartment what happens the is very difficult to say. It depends on discretionary decision making in the Kela. In any case the applicant has no subjective right to receive any extra.

It is possible that the person in the example is not entitled to receive unemployment allowance or

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Mihn menoihin perustoimeentulotukea voi saada? It is assumed that basic social assistance covers food, clothing, small health care costs, local traffic costs, order of a newspaper, costs of telephone and internet, hobbies and refreshment and all other costs related to normal everyday livelihood of a person or family.

labour market subsidy for some reason. If he/she is entitled the primary benefit is unemployment benefit or labour market subsidy and he/she is not entitled to basic social assistance and those (housing and medicine costs) on top of unemployment benefit are discretionary though, as we have emphasized above, the amount of minimum unemployment benefit or labour market subsidy is much too low compared to the requirements of the Charter (Revised).

If the person is not entitled to unemployment benefit or labour market subsidy (I.e. he/she has not working history long enough) he/she is entitled to basic social assistance (497,29 euros/month in 2019 and 502,21 euros/month in 2020)<sup>2</sup> He/she probably receives the housing allowance and he/she may receive some extra on top of housing costs from social assistance of the part the housing allowance does not cover, also he/she may receive the medical costs 20 euros/month.

Still the main point is that the amount of basic social assistance is much too low to cover the costs it is meant to cover. With this money the person in the example should cover food, clothing, small health care costs, local traffic costs, order of a newspaper, costs of telephone and internet, hobbies and refreshment and all other costs related to normal everyday livelihood of a person or family. In the submission of the Government is said that It is clear that 502,21 euros/month is not enough to all that in a country where prices are high. We can just see how far this sum is in one day by dividing 502,21 with 30. The result is 16,70 euros/day.

The food costs normally at least 200 euros/month, 6-7 euros/day if one is very keen in shopping and prepares meals at home. To the other costs which are covered with basic social assistance is only 300 euros left in maximum. One can ask, with which money the person in the example pays clothing, minor medical expenses, costs for personal hygiene and cleanliness of home, public local transport, newspaper subscription, use of telephone and data communications, hobbies and recreation etc. If the person has 300 euros/month to use, can he/she cover all these costs? Probably not and he/she is not able to get more as a social assistance. On top of basic social assistance can get assistance to cover only some specific targets like extra housing costs, big health costs, the day-care of children and to some minor costs. All other costs are meant to cover with basic social assistance.

There is also a possibility to apply completing or preventive social assistance from municipality<sup>3</sup>, but the delivering of those benefits are totally discretionary. Every municipality in Finland is independent and they are free to give assistance or reject the application. There are no nationwide rules how to admit completing or preventive social assistance. Every municipality can choose its own way and the applicants have no subjective right to get complete or preventive assistance. In Finland only basic social assistance has strict legal rules to which the applicant can refer and in conflict situation take the negative decision to the administrative court.

Along Art 13§1 the level of basic social assistance should be at least 50 per cent of the equivalent median income. As is said above this is 999 euros/month net 2017 (The last knowledge from Eurostat) The gap between 999 euros required in the Charter (Revised) and the current level basic social assistance, 502,21 euros/month is 496,70 euros.

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<sup>2</sup> See laki toimeentulotuesta 1412/1997 7 §, 7 a § and 7 b § [www.finlex.fi/laki/ajantasa/1997/1412](http://www.finlex.fi/laki/ajantasa/1997/1412)

<sup>3</sup> [www.finlex.fi/laki/ajantasa/1997/1412](http://www.finlex.fi/laki/ajantasa/1997/1412) Law on basic social assistance § 7 c)



### *Conclusion of the non-conformity in basic social assistance (Art. 13§1)*

There has been a continuing non-conformity in basic social assistance compared with the requirements in Art. 13§1. This non-conformity goes on in 2020 and in the future no corrections are to be seen.

60. The granting and payment of the basic social assistance were transferred from municipalities to the Social insurance institution on 1 January 2017. The consequences of the transfer are being studied and monitored carefully. One clear improvement is already visible: there is now more information with nationwide coverage available concerning relations between different benefits and different and different client groups and clientship. Statistics on the basic social assistance are now easily available and are easy to combine with other nation-wide statistics produced by the Social Insurance Institution. This makes the totality of the financial benefits of the lowest-income people visible in a new way. In future, register-based information will be available concerning the total amounts of social security benefits and social assistance paid to different person groups. This will also facilitate comparison with the median income. The transfer of the responsibility for the basic social assistance to the Social Insurance Institution was intended to facilitate applying for basic social assistance and to reduce the stigma of receiving such assistance. Another purpose of the transfer was to harmonise the granting practices at national level.

61. The Social Insurance Institution has, at the request of the Government studied registered benefit data concerning young people who received basic social assistance in 2017. The study showed that household one person with a long-term illness received 341 euros in basic social assistance. 215 in a housing allowance and 443 euros in other benefits (i.e. a sickness allowance or a rehabilitation allowance for a person with a long-term illness). – altogether an average total of 999 euros. For recipients of pensions, social assistance and a housing allowance, this average total amount of benefits was 1.254 euros per month.

62. The Government observes that in light of the study, the level of benefits of young persons with long-illnesses in 2017 compared to the median income in 2017 was exactly 50 % and for young persons receiving a pension the level of benefits was approximately 63 %, which exceeded the percentage limit level set by the Committee for the adequacy of a benefit in relation to the median income.

### *Comments of our Society:*

From Kela statistics one can see that quite a lot of Finnish people are living in the dependence of basic social assistance. In 2018 <sup>4</sup> there were 281.448 citizens who received basic social assistance and to 510.000 Finnish citizens over half of their income comes from basic social security.<sup>5</sup> A majority of those who live in the dependence of basic minimum benefits are single mothers and elderly long-time unemployed men. In all there are almost 900.000 poor people in Finland along EU standards. We refer to the “*Poverty Watch 2019*” where the figures of the poverty are described in detail.

Our Society refers to the “*Sosiaalibarometri 2019*”, ([www.soste.fi/sosiaalibarometri-2019](http://www.soste.fi/sosiaalibarometri-2019)).

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<sup>4</sup> [www.kela.fi/statsitics](http://www.kela.fi/statsitics)

<sup>5</sup> Source: Tulonjaon kokonaistilasto, Tilastokeskus, [www.tilastokeskus.fi](http://www.tilastokeskus.fi)

Especially in the pages 39-41, 45-55 and 70-73 one can see what kind of consequences too low benefits bring about. Social exclusion is threatening if the level of minimum benefits are not raised. Unfortunately in the submission of the Government is not referred to this research. In the conclusions of the Government no problems are to be found though almost half million citizens received basic social assistance in 2018.<sup>6</sup> Children poverty is a severe matter because 150 000 children live in poor families. These children have no chance to hobbies or school excursions. Many of them are bullied in schools due to their poverty. Teachers tell that many children come to school on Monday being hungry. On weekend there had been no food at home.

Many researches which are made in 2018 show that basic minimum benefits are not big enough to cover even the most necessary needs<sup>7</sup>. The *THL report of the adequacy of basic protection 2015-2019* shows that changes in social insurance and assistance laws in those years have weakened the level of basic protection. Especially basic the protection for unemployed has been weakened as the abolishment of index adjustments and “active model” had still lowered the level of benefits.<sup>8</sup>

Finland receives yearly 4 million euros food assistance from EU and that money is used in buying food to those citizens whose only choice is to fetch their daily food from bread queue. The food is delivered to the citizens by church, unemployment associations, Red Cross and many volunteers. In 2017 there were helped almost 300 000 citizens to get food. Still, though Finland as the only Nordic country receives EU food assistance the Ministry of Social and Health Matters sees no problem and need to change. When our Society has tried to negotiate with the Ministry about what should be done due to the Conclusions and Merits the Ministry has not seen any problems because services and cost ceilings in the social and health costs compensate low minimum benefits. Our Society disagrees.

The other research in which our Society refers is so called *Reasonable referring budget*. The reasonable priced budget clarifies what is the minimum level by which a person can live, uphold his/her health and is able to participate to social actions. What goods and services are needed to live, how much and what is their quality and what is their price? Example counting shows how much money is needed to acquire necessary goods and services in one month. The results showed that the whole cost of necessary goods and services in varied in the *capital area* between those about 1.380 euros/month (living alone) till 4310 euros/month (two parents and three teenaged children). *In elsewhere* Finland those figures were from 1.130 till 3.770 euros/month. Costs for inhabiting and food took the biggest part of the goods and services in the referring budget.<sup>9</sup>

Compared to the costs of living in minimum referring budgets to the amounts of minimum basic social insurance and assistance benefits one can see that minimum benefits are too low and not allow a person to live a reasonable life. The results in above-mentioned researches support the views in our complaint.

*Reducing the basic amount of social assistance on grounds of refusal or negligence, e.g. when the*

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<sup>6</sup> Source: Toimeentulotuki 2018, THL, [www.THL.fi](http://www.THL.fi)

<sup>8</sup> Perusturvan riittävyyden arviointiraportti 2015 – 2019 <http://um.fi/URN:ISBN:978-952-343-296-3>

<sup>9</sup> Mitä eläminen maksaa? Kohtuullisen minimin viitebudjettien päivitys vuodelle 2018 <http://hdl.handle.net/10138/261735>

*recipient refuses to accept work*

63. The Government observes that in the complaint the applicant association draws attention to situations where a person refuses to accept work or an employment service so that the basic amount of the social assistance payable to him or her may be reduced. According to the applicant association, such reductions can be made repeatedly in two-month periods if the refusal is repeated and then de facto available amount of money is further reduced.

64. The Government notes that the basic amount of the basic social assistance may be reduced by up to 20 % for example if a person without justifiable cause refuses to accept a job or a public employment measure that has been offered to him or her specifically and demonstrably and that would secure a living for the person for a reasonably long period. The basic amount may also be reduced, if a person defined in more detail in the Act on Rehabilitation Work (189/2001), without justifiable cause, refuses to participate in rehabilitate work, without justifiable cause, refuses to participate in rehabilitation work or interrupts it for a reason attributable to himself or herself.

65. Accounting to Section 10. subsection 4 of the Act on Social Assistance (1412/2007), the basic amount may be reduced only if the reduction will not endanger a living essential in providing security needed for a life of human dignity and cannot otherwise be considered unreasonable. According to Section 10 subsection 4 of the Act, the reduction cannot last more than two months at a time from the refusal or negligence concerned. Section 10, subsection 2 provides that when the basic amount is reduced, a plan on action to promote the client´s independent living must always be drawn up, if possible with the applicant for social assistance and, if necessary, jointly with the employment authorities and other authorities. The plan is made by municipal authorities to which the Social Insurance Institution must refer the client.

66. Even if the basic amount were reduced when all criteria set for the reduction is fulfilled temporarily, the person may, on the basis of the calculation made for him or her in connection with the decision, be entitled to have his or her housing and health care costs covered to the necessary extent as “other basic expenses”, regardless of the reduction of the basic amount and not, for instance, the total amount of the social assistance to be paid every month. In addition, the municipality may grant supplementary and preventive social assistance according to each individual situation.

#### *Comments of our Society:*

Our Society refers to the text in the original complaint dated 15.9.2018 where we emphasized that basic social assistances in Finland (art. 13.1, *income support, toimeentulotuki*) is not in conformity with the requirements in Art. 13.1. The Constitutional committee of Finnish Parliament has proclaimed in its statements that social security benefits should always be higher than social assistance benefits. Still the amounts of minimum social security benefits and social assistance benefits are currently very near each other. Both are behind the obligations of the Charter (Revised).

Our Society sees inhuman the along 10 § in the law<sup>10</sup> (Government submission 64-66) the basic social assistance may be reduced 20 or 40 per cent if the applicant refuses to accept a job offer but

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<sup>10</sup> See laki toimeentulotuesta 1412/1997 10§, [www.finlex.fi/laki/ajantasa/1997/1412](http://www.finlex.fi/laki/ajantasa/1997/1412)

does not receive any salary of the work of the offered work. As we have said in our original complaint document dated 15.9.2018 the unemployed may be forced to attend to a so. called “rehabilitative job actions”, where he/she has to work normally e.g. in the service of municipality but the only income is 9 euros/working on top of basic social assistance. When the person refuses of this “offer” his/her basic social assistance will be reduced 20 % when refusing second time 40 %. The decision of the reduction is allowed to last two months, but for the renewals there are no limits in the law.

As a follow-up of this legislation many thousand Finnish citizens, who are not willing to work full time free, live long times with an income about 300 euros/month (502,21 – 40 % = 301 euros). In the view of our Society the 10 § in the Act on Social assistance is inhuman and against the treaty of forced labour of UN. Compared to the obligations of Art13§1 so small sum for living is scandalously too low.

In the Government submission it is referred to the to subsection 4 of the Act on Social Assistance (1412/2007) 10 § where is said that the basic amount may be reduced *only if the reduction will not endanger a living essential in providing security needed for a life of human dignity and cannot otherwise be considered unreasonable*. Also when the basic amount is reduced, *a plan on action to promote the client’s independent living must always be drawn up*, if possible with the applicant for social assistance and, if necessary, jointly with the employment authorities and other authorities. The plan is made by municipal authorities to which the Social Insurance Institution must refer the client.

Our Society observes that in practice the rule in subsection 4 is “dead letter” because in practice. the reduction is made automatically when the client has emphasized that he/she does not want to work without salary. Due to that there is a big shortage of personnel in employment bureaus (TE-toimisto), there is no time to do this kind plans. After refusal the TE - bureau inform Kela and the reduction of the social assistance (20 or 40 per cent) for two months will be made automatically by Kela decision and there are no restraints to renew the punishment over and over again.

Along the Constitution of Finland 19 § 1 “Those who cannot obtain the means necessary for a life of dignity have the right to receive indispensable subsistence and care” Our Society observes that Act on Social Assistance 10 § is in contradiction to this constitutional rule. Still the Committee of Constitution in the Parliament of Finland has accepted the 10 § in 2017 though 300 euros/ month cannot be enough to “obtain the means necessary for a life of dignity”. The right to receive indispensable subsistence and care is an empty promise to those citizens whose basic social assistance is reduced.

#### *Conclusion of the non-conformity in reducing basic social assistance 20 or 40 per cent (Art. 13§1)*

The reduction of 20 or 40 per cent of basic social assistance of those citizens who do not want to work without salary means that the amount of basic social assistance is even more in non-conformity with the requirements in Art. 13§1. than the “normal” basic social assistance. By reducing the basic social assistance along 10 § Finland violates Social Charter (Revised).

### *Allegation of our Society about non-conformity with Art12§3*

There are no comments in the Government submission concerning our allegation of non-conformity with Art 12§3. In the Complaint 88/2012 our Society already made this allegation but in the Merits 88/2012 the Committee rejected this allegation. We think that it is time along this complaint to note also violation of Art12§3. To that there are many reasons. The Merits 88/2012 has had no impact to the policy of Finnish Government and since 2015 the Government has increased cuts to the basic benefits. Along the Merits 88/2012 the way should have been to totally contrary direction. Later in the Merits 108/2014 the Committee noted that labour market subsidy is manifestly too low, but still no impact. Besides all 2010's The Government has not taken account the negative Conclusions from the Committee and not done anything that the negative conclusions would not need in the future. The Government of Finland has chosen a very passive as a full member of Council of Europe.

There are many reasons on which the verdict of violation 12§3 can be based. In our response 10.2.2019 our Society has described the many cuts that Finland has made to social security benefits 2015 - 2019. These include many cuts in 2016 weakening amongst others child benefit, and in 2017 freezing of index adjustments so that benefits and social assistances have stayed in a low level and to bring "activation model in order to weaken the economic status of long-time unemployed. In 2019 weakening housing benefits by removing index adjustment of maximum amount from rental index to price (Kela) index.

Along this Complaint there is enough proof the Merits that the situation in Finland is in non-conformity with the Charter Art 12§3. Finland violates this rule and has not endeavoured to raise progressively the system of social security to a higher level. Instead Finland it has made many cuts and thus acted against the Merits and Conclusions of the Committee.

### *Conclusion of the non-conformity with 12§3*

Finland has violated the Charter all 2010's and not taken account of the Merits and Conclusions from the Committee. The cuts to social benefits have been a routine all decennium and the situation of those with least income has worsened all the time. has not endeavoured to raise progressively the system of social security to a higher level but acted completely to other direction weakening social security.

There exists a violation of Art.12§3 of the Social Charter (Revised).

### *Social security reform*

Points 67-69 in the Government submission concern the planned Social security reform in Finland. Our Society observes that the reform is planned to enter into force in 2030. The reform has no relation with this complaint, but we hope that the Government would activate to raise minimum benefits seriously. In the Program of Sanna Marin's Government is a short notice that basic security will be improved. It is not very concrete and the start of the new Government is not very promising. To the raises of basic minimum benefits were put only 53 million euros in the state budget 2010 and this money did not suffice far. We wait more activity from side of the Committee

and the Council of Ministers towards the Government of Finland so that violations of the Charter (Revised) will end in the future.

## **Conclusions**

70. The Government refers to its observations of 25 November 2018 and 10 May 2019 on the admissibility of the complaint and recalls its view that the applicant has failed to specify their allegations under the specific provisions of the Charter.

71. The Government reiterates that in the Government view, the applicant association ha failed to substantiate in what respect Finland has not ensured the satisfactory application of the Charter provisions.

72. Furthermore, the Government observes that the applicant association´s allegations are somewhat confused in their time-frame and their attempts to calculate the amounts of certain social benefits as well as median equalized income in a limited mathematical way provides a somewhat misleading, simplified and inaccurate view of the actual benefits provided by the social security system.

73. The Government underlines again that as Finnish social security system is complex, that includes different component which in different combination aim at providing necessary assistance in particular situations, attention to the combination of benefits and the system as a whole remains essential.

74. The Government further recalls that in its Conclusions 2017 (dated January 2018) the Committee noted positive developments in relation to Article 12§3 and found the situation in Finland to be in conformity with the Charter.

75. In conclusion in the Government´s view, the situation in Finland is in conformity with Articles 12§1 and 3 and 13§1 of the Charter.

### *Comments of our Society:*

Our Society refers to our complaint documents 15.9.2918, 10.3.2019 and this document recalling its view that there exists non-conformity concerning Art. 12§1, 13§1and 12§3 of the Social Charter (Revised).

We have proved in what respect Finland has not ensured the satisfactory application of the Charter provisions.

The Government´s view that the applicant association´s allegations are confused in their timeframe is not correct. In this complaint we have concentrated to what has happened after the Merits 88/2012 has become public in May 2015. The time-frame of the complaint are the years 2015-2020.

The Government says that our attempts to calculate the amounts of certain social benefits as well as median equalized income in a limited mathematical way provides a somewhat misleading, simplified and inaccurate view of the actual benefits provided by the social security system.

We have relied in this complaint to the latest equivalent median income which is to be found in

the pages of Eurostat.

We refer what we have said in all three documents we have made in this complaint and express our hope that in the end violation of Charter (Revised) will end in Finland.

**Cordially and With High Respect**

**Helsinki 20.01.2020**

***Finnish Society of Social Rights***

<https://suomensosiaalioikeudellinenseura.yhdistysavain.fi/>

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**Annexes:**

1. Eurostat Statistics [www.ec.europa.eu/eurostat/statistics-explained/index.php](http://www.ec.europa.eu/eurostat/statistics-explained/index.php)
2. Laki toimeentulotuesta 1412/1997 [www.finlex.fi/laki/ajantasa/1997/1412](http://www.finlex.fi/laki/ajantasa/1997/1412)
3. Toimeentulotuki 2018, THL, [www.THL.fi](http://www.THL.fi)
4. "Sosiaalibarometri 2019", ([www.soste.fi/sosiaalibarometri-2019](http://www.soste.fi/sosiaalibarometri-2019))
5. Perusturvan riittävyyden arviointiraportti 2015 – 2019  
<http://um.fi/URN:ISBN:978-952-343-296-3>
6. Mitä eläminen maksaa? Kohtuullisen minimin viitebudjettien päivitys vuodelle 2018 <http://hdl.handle.net/10138/261735>
7. Poverty Watch 2019 [www.eapn.fi](http://www.eapn.fi)



28 February 2020

Mr Henrik Kristensen  
Deputy Executive Secretary  
European Committee of Social Rights

Complaint No. 172/2018  
**Finnish Society of Social Rights v. Finland**  
FURTHER OBSERVATIONS ON THE MERITS OF THE COMPLAINT

Sir,

With reference to your letter of 28 January 2020, I have the honour, on behalf of the Government of Finland, to submit the following further observations on the merits of the aforementioned complaint.

### **FURTHER OBSERVATIONS ON THE MERITS OF THE COMPLAINT**

#### **General**

1. The Government observes that by its letter of 28 January 2020 European Committee of Social Rights (later, "the Committee") sent to the Government the Finnish Society of Social Rights' (later, "the applicant association") observations dated 20 January 2020, and invited the Government to submit a further response by 28 February 2020.
2. The Government reiterates its observations of 25 November 2018 and 10 May 2019 on the admissibility as well as of 15 November 2019 on the merits of the complaint.
3. The Government repeats again that the Finnish social security system is a comprehensive set of services and monetary benefits. Assessing the adequacy of social security through only one single component does not provide a realistic picture of the beneficiaries' situations. The adequacy assessment should take account of all benefits to which an individual is entitled, his or her circumstances and the structure of his or her household. Finland is among the best EU countries in terms of the poverty-reducing effect of social transfers<sup>1</sup>.

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<sup>1</sup> E.g. Eurostat Europe 2020 Headline Indicators or EU Social scoreboard.



4. Finally, as regards the applicant association's multiple allegations presented to the Committee, the Government emphasizes again that the fact the Government does not comment each and every allegation does not mean that the Government accepts them. Accordingly, all of their allegations are to be rejected
5. To this effect, the Government presents the following observations.

*Taking housing allowance into account*

6. With reference to the applicant association's aforementioned observations (p. 5, 6, 13) the Government recalls its previous observations of 15 November 2019 and notes that in 2018, the number of households receiving general housing allowance was 376 529 and the number of households receiving housing allowance for pensioners 209 617. Approximately 15% of the population received general housing allowance during the year.<sup>2</sup>
7. In the light of statistics, in the Government's view, it is obvious that the housing allowance is an integral part of the Finnish social security system. According to the statistics presented in the Government observations of 15 November 2019, the majority of persons who received the minimum amount of daily allowance also received either basic social assistance or a housing allowance or both. Therefore, an analysis of the beneficiaries' situations without these benefits does not provide a correct picture.

*Development of the social security system*

8. The Government notes, as also noted by the applicant association in its said observations, that social security in Finland has been systematically developed in accordance with Articles 12§1 and 12§3 over the recent years, and Prime Minister Marin's Government will continue this work.
9. The Government further notes, as also clearly stated by the applicant association, that one of the essential development actions has been a systematic increase of several minimum benefits.
10. Against this background, the applicant association's allegation that the Government has not taken any measures in the matter, is in the Government's view clearly incorrect. Social security has been improved progressively, considering the fiscal and macroeconomic realities that set the framework for development. Furthermore, Prime Minister Marin's Government has launched an overall reform of social security where this development work will be carried on over the long-term. The reform will be prepared in a parliamentary committee during two government terms and all parliamentary parties will be committed to the preparation work.

*Equivalent median income*

11. The Government agrees with the viewpoint presented by the applicant association (p. 4) that the equivalent median income is a suitable indicator of monitoring practice. In this respect, it should be noted that the equivalent median income was lower in 2017 than the median income presented in the Government's earlier observations, meaning that the arguments presented by the applicant association do not change the situation described in the Government's earlier observations.

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<sup>2</sup> Housing allowance statistics 2018 of the Social Insurance Institution.

*Use of reference budget*

12. The Government observes that the applicant association has sought to justify the inadequacy of basic social security by means of a reference budget (p. 16 of its observations).
13. The Government considers that this kind of examination would be a better way to assess adequacy than the equivalent median income. However, the Government underlines in this connection that comparing one individual benefit with the reference budget is not appropriate as the key objective of the reference budget is to comprehensively describe the needs of a person which the Finnish social security system seeks to satisfy by means of certain monetary benefits and services.
14. The Government further observes that research literature referred to by the applicant association in its observations has compared the level of social security to the reference budget as a whole, *i.e.* as a total of all benefits to which the person in the example is entitled and not only in respect of one benefit.
15. Furthermore, the Government points out that in this context the examination of adequacy in relation to the reference budget does not provide further support for the arguments presented by the applicant association as, according to the monitoring practice, the assessment of adequacy is carried out in relation to the equivalent median income.

*On certain allegations presented by the applicant association*

16. The Government notes that the applicant association' observations include certain speculative allegations that are not supported by statistics or research.
17. For example, it is argued on page 7 that due to technical and digital development, a considerable number of permanent jobs have disappeared in Finland. The Government notes that this allegation is not correct on the basis of statistics; instead, the number of permanent employment relationships has remained pretty much on the same level since 2006 onwards<sup>3</sup>. The amount of part-time work has increased over the same period, but at the same time, the employment rate has clearly risen, which means that many persons who were outside the labour force have probably started working part-time.
18. Further, on pages 12 and 13, the applicant association claims that there is no guarantee for receiving the basic social assistance in accordance with the calculations for basic social assistance. The Government notes in this connection that according to an audit conducted by the National Audit Office of Finland, the transfer of basic social assistance under the responsibility of the Social Insurance Institution improved equality. At the same time, more and more persons entitled to the benefit applied for it, which was one of the objectives of the transfer<sup>4</sup>.

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<sup>3</sup> Source: Statistics Finland, labour force survey.

<sup>4</sup>Audit report 1/2020 of the National Audit Office of Finland.

19. On page 13 the applicant association alleges that a monthly rent of 600 euros is not realistic in Helsinki. As a result, the calculations presented in the Government's observations of 15 November 2019 are questioned. The Government notes that this speculative view can be concluded to be incorrect by examining an apartment rental website where approximately 100 apartments are available in the private market with a maximum monthly rent of 600 euros.<sup>5</sup> Rents are high in the capital region, and in addition to housing allowance, people apply for basic social allowance to cover their housing costs. However, this does not mean that the housing allowance would not be relevant in the assessment of adequacy. Neither does the argument concerning high rents prove that the Government's example calculations would be incorrect.

## Conclusion

20. The Government recalls that the applicant association filed the present collective complaint with the Committee on 17 September 2018. In its complaint, the applicant association considers that Finland has violated Articles 12§1, 12§3 and 13§1 of the Charter between 2015 and 2018.
21. The Government observes that however, in its observations of 20 January 2020, the applicant association now states that the present complaint concerns the time period between 2015 and 2020.
22. In the Government's view, the applicant association thereby acts against the *ex post facto* principle by supplementing its complaint while the process is pending, and even after the admissibility decision of 11 September 2019 by the Committee.
23. The Government also reminds that the Revised European Social Charter requires that the Parties accept as the aim of their policy, to be pursued by all appropriate means, the attainment of conditions in which the rights and principles under the Revised European Social Charter may be effectively realised.
24. Based on the above, the Government emphasises that social rights are such that their effective realisation takes place gradually.
25. The Government further stresses that it is taking active measures to increase basic social benefits since increments facilitate the life of the most disadvantaged people. The Government observes that in its aforementioned observations, the applicant association in fact admits that the situation has improved in respect of several benefits during the term of the Government concerned.
26. The Government refers to its observations of 25 November 2018 and 10 May 2019 on the admissibility of the complaint and of 15 November 2019 on the merits of the complaint, and recalls its view that the applicant association has failed to specify their allegations under the specific provisions of the Charter.

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<sup>5</sup> <https://asunnot.oikotie.fi/vuokrattavat-asunnot?pagination=1&locations=%5B%5B64,6,%22Helsinki%22%5D%5D&cardType=101&roomCount%5B%5D=1&price%5Bmax%5D=600> Accessed on 19 February 2020. If the search is extended to cover Helsinki, Espoo and Vantaa, the number of available apartments is 140. In addition, cities offer reasonably-priced rental apartments which are not advertised on public apartment rental websites.

27. The Government reiterates that in the Government's view, the applicant association has failed to substantiate in what respect Finland has not ensured the satisfactory application of the Charter's provisions.
28. Furthermore, the Government recalls that the applicant association's allegations are somewhat confused in their time-frame and their attempts to calculate the amounts of certain social benefits as well as median equalized income in a limited mathematical way provides a somewhat misleading, simplified and inaccurate view of the actual benefits provided by the social security system.
29. The Government underlines again that as Finnish social security system is complex that includes different components which in different combination aim at providing necessary assistance in particular situations, attention to the combination of benefits and the system as a whole remains essential.
30. The Government further recalls that in its Conclusions 2017 (dated January 2018), the Committee noted positive developments in relation to Article 12§3 and found the situation in Finland to be in conformity with the Charter.
31. In conclusion, in the Government's view, the situation in Finland is in conformity with Articles 12§1 and 3 and 13§1 of the Charter.

Accept, Sir, the assurance of my highest consideration.



Krista Oinonen  
Agent of the Government of Finland  
before the European Committee of Social Rights  
Director, Unit for Human Rights Courts and Conventions