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EUROPEAN SOCIAL CHARTER

Comments submitted by
the Central Union for Child Welfare,
Finnish League for Human Rights,
Finnish Society for Social Rights,
Mannerheim League for Child Welfare,
and SOSTE Finnish Federation for Social Affairs and Health

concerning the Ad hoc report on the cost-of-living crisis
submitted by

THE GOVERNMENT OF FINLAND

Report registered by the Secretariat

on 25 April 2024

CYCLE 2024

European Social Charter

Additional information to the Ad hoc report on the cost-of-living crisis submitted by the Government of Finland

24.4.2024

1. This is a joint report by five Finnish civil society organizations to the European Committee of Social Rights (ECSR), providing additional information to the Ad Hoc report on the cost-of-living crisis, submitted to the Committee by the Government of Finland on December 22, 2023. In this report, the civil society organizations focus on the questions 4-10 of the list of questions provided by the ECSR in its report request.
2. The following five civil society organizations have provided information for and participated in the drafting of this report: Central Union for Child Welfare, Finnish League for Human Rights, Finnish Society for Social Rights, Mannerheim League for Child Welfare and SOSTE Finnish Federation for Social Affairs and Health. The Finnish League for Human Rights has been responsible for compiling the text.

Question 4: Please provide information as whether the cost of living crisis has led to the extension of in-work benefits.

3. All of the benefit extensions mentioned in the report submitted by the Government of Finland, were of either temporary or one-off nature. Consequently, **none of them remain in effect after the end of 2023**. Instead, the current government has implemented measures in the opposite direction. Severe cuts have been made in the level of social security benefits taking effect during 2024. Additional cuts are being discussed. The cuts severely affect low-income workers, unemployed persons and groups outside the labour force, in a context of inflation rates that remain high.

Question 5: Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits

4. Instead of facilitating the cost-of-living crisis, the Government of Finland has undertaken **several major policy reforms that weaken the livelihoods and the standard of living of people with low income**. These include the following laws, passed by the Parliament in December 2023:
 - Act Amending the Chapters 5 and 7 of the Unemployment Security Act, 1301/2023 (*Laki työttömyysturvalain muuttamisesta annetun lain 5 ja 7 luvun muuttamisesta*)
 - o Includes several measures weakening the unemployment protection, such as stricter selectivity conditions, longer waiting periods, the abolition of the child increase granted to beneficiaries with children; and the removal of a 300 € monthly exemption for earned income.
 - Act Amending the Act on General Housing Allowances, 1241/2023 (*Laki yleisestä asumistuesta annetun lain muuttamisesta*)
 - o Includes tighter conditions as well as reductions in the level of housing benefits, including reductions in the share of costs compensated and the elimination of a 300 € deduction for earned income.
 - Act Amending the Article 7 a of the Act on Social Assistance, 1242/2023 (*Laki toimeentulotuesta annetun lain 7 a §:n muuttamisesta*)

- Tightens the treatment of housing costs under the social assistance scheme.
 - Act on the Index Adjustments in 2024–2027 of Certain Benefits and Monetary Amounts Tied to the National Pension Index and the Cost-of-Living Index, 1296/2023 (*Laki eräiden kansaneläkeindeksiin ja elinkustannusindeksiin sidottujen etuuksien ja rahamäärien indeksitarkistuksista vuosina 2024–2027*)
 - Freezes the level of benefits linked to the National Pension Index to the level of 2023, including unemployment benefits, child care allowances, sickness allowances and student benefits.
5. The civil society organizations consider positive that after a round-table discussion regarding the Report by the Government of Finland to the ECSR, some information about the negative impacts of the reforms of the social security system were included in said report. Yet, the report fails to account for the severity of the reforms. Furthermore, additional cuts included in the Government's programme¹ are currently under preparation.
 6. In the drafting process of the above mentioned four Acts, **the evaluation of fundamental and human rights impacts was all but non-existent**, which is against the existing guidelines of legislative drafting² and the principle of good governance. In addition to the Parliamentary Ombudsman (mentioned in the Government report), the failure to provide information regarding the human rights impacts was criticized by numerous other authorities, including the Chancellor of Justice³, the Ombudsman for Children⁴, the Council for the Evaluation of Legislation⁵ and finally, the Constitutional Committee of the Parliament⁶.
 7. Furthermore, **the combined and cumulative impact of the various law proposals implying simultaneous cuts to different social security benefits, were not duly assessed**. Evaluating the cumulative effects of cuts is essential when assessing whether they violate the core content of a basic social right, as has been emphasized by the European Committee of Social Rights. Even if certain benefit cuts are in themselves consistent with the revised European Social Charter, their cumulative effect may lead to a breach of obligations. A report on combined economic effects of the social security cuts⁷ was provided by the Ministry of Social Affairs only in November 2023, after the law

¹ Finnish Government. (2023). A strong and committed Finland: Programme of Prime Minister Petteri Orpo's Government 20 June 2023. Publications of the Finnish Government 2023:60. <http://urn.fi/URN:ISBN:978-952-383-818-5>

² Ministry of Justice. Legislative Drafting Process Guide. <https://lainvalmistelu.finlex.fi/en/>; Ministry of Justice (2006). Bill Drafting Instructions. Ministry of Justice Publication 2006:3. <http://urn.fi/URN:ISBN:952-466-303-1>; Ministry of Justice (2008). The Impact Assessment Guidelines, Ministry of Justice Publication 2008:4. <http://urn.fi/URN:ISBN:978-952-466-439-4>

³ Chancellor of Justice. (2024). Oikeuskanslerin ratkaisu OKV/1772/10/2023.

https://oikeuskansleri.fi/documents/1428954/196899305/julkaistu_ratkaisu_saastolakien_kuulemisaika_oli_lyhyt_ja_vaikutusten_arviointi_puutteellista_OKV_1772_10_2023.pdf/f34e9a26-73f1-a4d2-3c77-1f78da306c73/julkaistu_ratkaisu_saastolakien_kuulemisaika_oli_lyhyt_ja_vaikutusten_arviointi_puutteellista_OKV_1772_10_2023.pdf?t=1706616731800

⁴ Ombudsman for Children. (2023). Lapsiasiavaltuutetun lausunto eduskunnan sosiaali- ja terveys-valiokunnalle julkisen talouden suunnitelman ja valtion talousarvioesityksestä sosiaaliturvan muutosten yhteisvaikutusten sekä hoitoon pääsyn (ml. mielenterveys-palvelut) näkökulmasta. LAPS/63/2023. https://lapsiasia.fi/-/laps_lausunto_stv_he412023vp.

⁵ Council for the Evaluation of Legislation (2023) Lainsäädännön arviointineuvoston lausunto sosiaali- ja terveysministeriölle hallituksen esityksen luonnoksesta yleisestä asumistuesta annetun lain muuttamisesta. VN/28066/2023-VNK-2. <https://valtioneuvosto.fi/documents/10616/151088408/Arviointineuvoston+lausunto+asumistukilain+muuttamisesta.pdf/a0c524df-53e5-d8cf-9c15-d7b5f927cd33/Arviointineuvoston+lausunto+asumistukilain+muuttamisesta.pdf?t=1697101566826>

⁶ See statements by the Constitutional Law Committee of the Parliament of Finland: Valiokunnan lausunto PeVL 14/2023 vp (https://www.eduskunta.fi/FI/vaski/Lausunto/Sivut/PeVL_14+2023.aspx); Valiokunnan lausunto PeVL 15/2023 vp (https://www.eduskunta.fi/FI/vaski/Lausunto/Sivut/PeVL_15+2023.aspxa); Valiokunnan lausunto PeVL 16/2023 vp (https://www.eduskunta.fi/FI/vaski/Lausunto/Sivut/PeVL_16+2023.aspx).

⁷ Ministry for Social Affairs and Health. (2023). Vuoden 2024 sosiaaliturvamuutosten yhteisvaikutusten arviointi. https://stm.fi/documents/1271139/148062577/V+2024+sosiaaliturvamuutosten+yhteisvaikutukset_muistio.pdf/24e8c11e-78cb-bf3e-6018-ad80359fb45a/V+2024+sosiaaliturvamuutosten+yhteisvaikutukset_muistio.pdf?t=1696842353098

proposals had already been finalized and submitted to the Parliament. Furthermore, the report failed to assess the human rights impacts of the proposals. Alarming, the law proposals showed all but a complete disregard of the recent decisions adopted by the ECSR⁸.

8. Based on the calculations by several institutions, **the individual and cumulative impacts of the social security cuts will be dramatic on individuals and groups that find themselves in a vulnerable socioeconomic position.** According to the above-mentioned report of the Ministry for Social Affairs, the share of the three lowest income deciles of the overall disposable income of households will decrease⁹. The largest increases in relative poverty will occur among young adults, single parents as well as elderly working-age people in single-member households. The relative change in disposable income is the largest in the lowest income deciles. The households with over 10 % loss of disposable income are concentrated in the two lowest deciles, particularly among working-age single-member households and single-parent households. According to the Ministry's calculation, the cuts can reduce the disposable income of a single-parent family with two children by 150-300 euros per month¹⁰. According to calculations by the Federation of Mother and child homes and shelters, the cumulative impacts on low-income families with children are particularly hard on single-parent families with small children, reducing their disposable income by up to 13 percent¹¹.
9. According to the Finnish Institute for Health and Welfare, **the cuts clearly weaken basic security and considerably increase income inequality and the risk of poverty.** By 2027, they will result in the amount of people living at risk of poverty increasing by 94 000, including 12 000 children¹². According to the calculations of SOSTE Finnish Federation for Social Affairs and Health, the cumulative impacts of the legal reforms will lead to a 68,000 increase in the number of people with low income in 2024, including around 17 000 children.¹³
10. All estimations thus point to a severe increase in poverty levels as well as inequality resulting from the cuts that target the lowest income groups. Instead of taking measures to counter the effects of the cost-of-living crisis on the most vulnerable groups, the Government is putting in place measures that severely reinforce its effects and contribute to increasing socioeconomic inequality and poverty.
11. As mentioned in the Government report to the ECSR, the social security cuts have severe impacts on families with children, in particular single-parent families and those with part-time working and low-wage parents. Nonetheless, other low-income groups are also severely hit. The Government has argued that the decrease of the level of diverse social security will be compensated by the possibility of the people to resort to social assistance (*toimeentulotuki*). According to the calculations of SOSTE Finnish Federation for Social Affairs and Health, the social security cuts and index freezes **will increase the number of persons recurring to social assistance** by approximately 65 000 in 2024¹⁴. The Finnish

⁸ European Committee of Social Rights: Decision on the merits: Finnish Society of Social Rights v. Finland, Complaint No. 172/2018. <https://hudoc.esc.coe.int/eng?i=cc-197-2020-dmerits-fr>; Decision on admissibility and the merits: Finnish Society of Social Rights v. Finland, Complaint No. 108/2014, <https://hudoc.esc.coe.int/eng?i=cc-108-2014-dadmissandmerits-en>; Decision on the Merits: Finnish Society of Social Rights v. Finland, Complaint No. 88/2012 <https://hudoc.esc.coe.int/eng?i=cc-88-2012-dmerits-en>.

⁹ Ministry for Social Affairs and Health. (2023). P. 17.

¹⁰ Ministry for Social Affairs and Health. (2023), p. 48.

¹¹ Ensi- ja turvakotien liitto. (2023). Laskelmia hallituksen esittämien etuusleikkausten vaikutuksista lapsiperheisiin. p. 4.

<https://ensijaturvakotienliitto.fi/sosiaaliturvaetuksien-leikkaukset-kohtuuttomia-etenkin-yksinhuoltajille/>

¹² Finnish Institute for Health and Welfare. (2023a). Hallitusohjelman mukaisten sosiaaliturvan leikkausten vaikutukset vuoteen 2027. Working paper 45/2023. p. 23. https://www.julkari.fi/bitstream/handle/10024/147877/URN_ISBN_978-952-408-229-7.pdf?sequence=1&isAllowed=y

¹³ SOSTE. (2023). Liite 14.11.2023 – Laskelmia maakunnittain hallituksen esittämien leikkausten vaikutuksista.

<https://www.soste.fi/wp-content/uploads/2023/11/Liite141123.pdf>

¹⁴ SOSTE. (2023).

Institute for Health and Welfare¹⁵ estimates that the number of people receiving social assistance will increase by around 100 000 (27 %), by the year 2027. According to the estimate provided by the Ministry of Social Affairs and Health, social assistance expenses will increase by 25–30 percent¹⁶.

12. This is alarming, because in the Finnish social security system, social assistance is meant as a temporary last-resort support to help people in acute crises. It is a very bureaucratic benefit. Reinforcing its role as a permanent support goes against the case law of the ECSR¹⁷ regarding the development of the social security system. Furthermore, the Government has launched a reform of the last-resort assistance, and government representatives have made references to assessing the possibility of decreasing its level.
13. The Government of Finland has justified the social security cuts by claiming that they will encourage labour market participation and increase employment rates, thus contributing to raising the standard of living for poor families. However, poverty and child poverty also exist in families with working parents, and low-income workers will be severely affected by the cuts. No significant measures or services to support the access to employment and to reduce the obstacles faced by unemployed persons, including in physical and mental health, have been introduced.

Question 6: Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.

14. While most social security benefits are indexed to the cost-of living (National Pension Index), Act 1296/2023, passed in December 2023, **freezes the level of several social security benefits to the level of 2023, until the end of 2027**. Index freezes concern, for example, the minimum amounts of unemployment benefits, sickness benefits, parental leave benefits, rehabilitation allowances, child home care support and private care support, as well as student allowances and the reception allowance granted for asylum seekers.
15. The impact of the index freezes is particularly severe because of its exceptionally long, four-year duration. The Act limits the effect of the freezes on the real level of benefits to a maximum of 10.2 percent. Based on actual and projected inflation rates, this limit is likely to be reached, which suggests that the **real value of each benefit will decrease by over 10 percent**. In the text of the law proposal, the government estimated that the index freezes would increase the amount of low-income persons by 41 600, including 3 900 children, by 2027¹⁸. Yet, the combined effects of the freezes and the other Acts listed under Question 5 are considerably higher, hitting particularly those requiring long-term support or several benefits.
16. Unlike most social security benefits, **the level of the child benefit is not linked to an index, which has resulted in the weakening of its purchasing power** over the years, with the increase of living costs. The current average real value of the child benefit is about 40 percent lower than in 1994¹⁹. The targeted increases issued by the current government as amendment to the Child Benefit Act,

¹⁵ Finnish Institute for Health and Welfare. (2023a), p. 28.

¹⁶ Ministry for Social Affairs and Health. (2023a), p. 38.

¹⁷ European Committee of Social Rights. (2018). Digest of the Case Law of The European Committee of Social Rights. p. 140.

¹⁸ Government proposal HE 75/2023 Hallituksen esitys eduskunnalle laiksi eräiden kansaneläkeindeksiin ja elinkustannusindeksiin sidottujen etuuksien ja rahamäärien indeksitarkistuksista vuosina 2024–2027 ja siihen liittyviksi laeiksi sekä lapsilisälain 7 §:n muuttamisesta. https://www.eduskunta.fi/FI/vaski/HallituksenEsitys/Documents/HE_75+2023.pdf

¹⁹ According to data provided by the Information Services of the Parliament of Finland, see Lakialoite LA 32/2022 vp https://www.eduskunta.fi/FI/vaski/Lakialoite/Documents/LA_32+2022.pdf

are small in amount and only affect a part of the benefit recipients. They include an increase of the benefit for 4th and more children (by 10 euros/child/month), the single parent child benefit increase (by 10 euros/child/month, compared to the level of 2023 by 5 euros/child/month) and the child benefit for children under three years of age (26 euros/month). They are insufficient to compensate for the negative impacts of the cuts and index freezes made to the social security of families with children.

Question 7: Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel, and basic food items.

17. The measures described in the Government report to the ECSR were of temporary or one-off nature, and are not in effect after the end of 2023. The Government report fails to explain that the reimbursement of electricity costs only concerned the costs of energy consumed during Winter 2022-23. The report mentions additional tax deductions for commuting costs during the fiscal years 2022 and 2023. For 2024, the Government will reverse the situation, as the personal liability threshold for commuting costs will be raised.

Question 8: Please provide up-to-date information on at-risk-of-poverty rates for the population as a whole, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.

18. The assessment of the combined effects of social security changes by the Finnish Institute for Health and Welfare estimates that the number of persons belonging to low-income households will increase by around 94,000 people (+1.7%) by 2027²⁰. This number includes around 12,000 children (+1.1%). For more information, see above under Question 5.
19. The sharp increase in the cost of living has increased the poverty of families with children. In autumn 2022, there were a total of approximately 129,000 children in poor families with children, just under 13% of all children. The increase in the poverty rate was particularly high among single-parent households. Due to inflation, 22% of single-parent families are below the poverty line.²¹ About 48,000 families with children had to rely to social assistance in 2022. Of these, 61% were single-parent families. About 14,300 families with children received last resort assistance on a long-term basis²².
20. In its latest conclusions to Finland, the UN Committee on the Rights of the Child (CRC/C/FIN/CO/5–6, issued June 2, 2023), recommended that Finland avoid cuts in social security benefits that affect children at risk of poverty and marginalization, and further enhance its policy to ensure an adequate standard of living for all children.

Question 9: Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.

21. Despite of Finland's official commitment to the European Pillar of Social Rights and the European Child Guarantee, the social security cut issued by the current government point to the opposite

²⁰ Finnish Institute for Health and Welfare. (2023), p. 23.

²¹ Hiilamo, A., Mäkinen L. ja Ristikari T. (2023) Sosiaaliturvan leikkaukset lisäävät lapsiperheköyhyyttä. Blogi, Kalevi Sorsa -säätiö. <https://sorsafoundation.fi/sosiaaliturvan-leikkaukset-lisaavat-lapsiperhekoyhytta/>

²² Finnish Institute for Health and Welfare. (2023b), Toimeentulotuki 2022: Toimeentulotuen saajien määrä väheni edelleen vuonna 2022. Statistical report 26/2023. <https://urn.fi/URN:NBN:fi-fe2023052949009>

direction. Instead of seeking ways to diminish reliance on last-resort relief, the **Government has justified the cuts in social security by the ability of people to resort to social assistance**. This impact has been explicitly stated in the several law proposals, the Government report on the combined effects of social security and in the parliamentary hearings.

22. Furthermore, the **Government of Finland is aiming to systematize the provision of food aid**, and the stabilization of its funding was announced in the Government Programme of the current government²³ and the budget rounds in 2023 and 2024. In Finland, approximately 200,000 people receive food aid each year²⁴.

Question 10: Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living crisis and/or organisations representing their interests in the process of designing of measures in response to the crisis.

1. The legal reforms decreasing social security benefits (listed under Question 5) were legislated **without participation of the individuals and groups most affected by the crisis**. The participation of the organizations representing them was also severely restricted. Several organizations representing the population groups targeted by the cuts were not informed about the consultation process, clearly reducing their ability to be heard, including organizations representing persons with disabilities.
2. The Legislative Drafting Process Guide²⁵ requires a six to eight week stakeholder consultation process. This timeline was not followed in the case of the mentioned law proposals, and the consultation period was cut down to as low as five days. This has been criticised by the supreme legality supervisor, the Chancellor of Justice²⁶ as well as the independent Law Drafting Evaluation Council²⁷. In addition, the evaluation council criticized the fact that the Ministry of Social Affairs and Health submitted the legislative proposals for the Council's evaluation too late for its opinion to be taken into account in the Ministry. For this reason, the Evaluation Council's statements had to be submitted directly to the parliament. Furthermore, the Evaluation Council stated that human rights impacts and impacts on people in a vulnerable position, as well as the combined effects of the various proposals were not sufficiently evaluated. Due to the preparation schedule for the decisions and the incomplete impact assessment, civil society has not had a real opportunity to participate in the discussion.

Central Union for Child Welfare, founded in 1937, is a central organisation that works to promote child welfare and ensure that children's rights are implemented in full. The Central Union's members include NGOs as well as municipalities and wellbeing services counties.

The Finnish League for Human Rights is a religiously and politically independent human rights organisation. Our principal objective is to monitor the general human rights situation in Finland. The FLHR was founded in 1979 and pursues the work of the League for Human Rights, established in 1935. We are a member of the International Federation for Human Rights (FIDH).

²³ Finnish Government. (2023).

²⁴ Ruoka-apu.fi & Finnish Red Cross. (2023). Ruoka-avun tilannekatsaus 2023. <https://ruoka-apu.fi/wp-content/uploads/2023/05/Ruoka-avun-tilannekatsaus-2023.pdf>

²⁵ Ministry of Justice. Legislative Drafting Process Guide. <https://lainvalmistelu.finlex.fi/en/>

²⁶ Chancellor of Justice. (2024).

²⁷ Council for the Evaluation of Legislation. (2023).

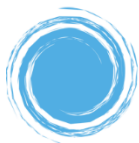
The Finnish Society of Social Rights (SSOS) is a non-governmental organization aiming to promote all kinds of social rights. In practice, the focus has been in social human rights relating to minimum income and poverty issues. The Society has submitted complaints 88/2012, 108/2014 and 172/2018 to the European Committee of Social Rights. The well-being of elderly and disabled people has received much attention in the sphere of the Society, as well as the rights of the employees, on which the Society has submitted complaints 106/2014 and 107/2014.

The Mannerheim League for Child Welfare (MLL) is a non-governmental organization. It promotes the well-being of children and families. The main areas of work are voluntary work for and together with children, young people and families, promoting the well-being of children and supporting parents and advocating for the rights of children and influencing policy making. MLL relies on partnerships and works with numerous organizations and networks.

SOSTE Finnish Federation for Social Affairs and Health is a Finnish umbrella organization of 200 social affairs and health NGO members and dozens of partner members. SOSTE works for the health and wellbeing of all people. With our members and partners, SOSTE is building the foundation for social wealth, health, opportunities of participation and a fair, responsible society.



LASTENSUOJELUN KESKUSLIITTO
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THE MANNERHEIM LEAGUE
FOR CHILD WELFARE

SOSTE