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Ad hoc report on the cost-of-living crisis

submitted by

THE GOVERNMENT OF FINLAND

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FINNISH
GOVERNMENT

**REVISED EUROPEAN SOCIAL CHARTER
AD HOC REPORT OF THE GOVERNMENT OF FINLAND
ON THE COST OF LIVING CRISIS**

22 December 2023

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Introduction

The European Committee of Social Rights and the Governmental Committee of the European Social Charter have decided to request an *ad hoc* report on the cost-of-living crisis (decision adopted by the Governmental Committee during its 146th meeting on 9-12 May 2023) by a letter sent to the Government of Finland on 12 June 2023.

On 30 June 2023, the Ministry for Foreign Affairs sent a request for comments on the *ad hoc* report to the following: Ministry of Justice, Ministry of Finance, Ministry of Social Affairs and Health, Ministry of Economic Affairs and Employment and Ministry of Education and Culture. In addition, the social partners and civil society organisations (CSOs) were given an opportunity to comment.

On 15 December 2023, the Ministry for Foreign Affairs organised a round table discussion on the draft report. The event was attended by the Ministry of Social Affairs and Health, the Ministry of Justice, the Ministry of Education and Culture, the Finnish Institute for Health and Welfare, representatives of the social partners, a representative of the Office of the Parliamentary Ombudsman, a representative of the Office of the Ombudsman for older people, and several representatives of key organisations. The participants were given an opportunity to comment on the draft report. The draft report was the subject of a multidimensional and constructive dialogue, on the basis of which the draft was updated.

Finland ratified the revised European Social Charter on 21 June 2002, accepting 88 of the 98 provisions. The revised European Social Charter entered into force in Finland on 1 August 2002.

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Finland's responses to the questions of the European Committee of Social Rights regarding an *ad hoc* report on the cost of living crisis:

1) Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.

Finland has not accepted Article 4§1 concerning decent remuneration. The Government has submitted its latest report on non-accepted provisions on 31 March 2022. In its latest report on article 4 § 1 the Government refers to the third report of the Committee of Social Rights on non-accepted provisions of the Charter. Legislation and the situation in Finland have not changed since the previous report.

Finland has no statutory minimum wage. In Finland, the basis for wage determination, including minimum wages and wage components, the manner of calculating the wage payable and the criteria for allocation of workers to different pay grades, is usually determined in accordance with the relevant collective agreement. However, it must be noted that not all wage-earners are covered by the collective agreements. According to Statistics Finland, there are approximately 250,000 workers in Finland whose terms of employment are governed by their employment contract alone.

2) Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021.

Please see answers above under Question 1 and below under Question 3.

3) For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.

There have been two rounds of collective bargaining in Finland during the reporting period, in 2021–2022 and 2022–2023. The ensuing pay increases were agreed in the private sector in either sector-specific or company-specific collective agreements between the social partners.

For 2022, the pay increases under collective agreements ranged from 1.8% to 2.0% depending on the sector. The pay increases for 2023–2024 under the collective agreements come to roughly 6.1% depending on the sector. The timing of the increases and the one-time amount of the increase vary from one sector to another. In addition to the minimum pay increases under collective agreements discussed above, companies may also have put in place other, company-specific pay increases. The inflation rate stood at 3.3% in November 2023.

In the aforementioned private-sector collective bargaining rounds, one of the topics addressed was the sufficiency of the minimum pay. In some sectors, pay increases were targeted to the lower pay grades in particular.

Regarding those sectors without a universally applicable collective agreement in place, there is no information available on measures taken to preserve purchasing power. All workers in these sectors must individually discuss their pay increase with their employer and any increase depends on the outcome of this discussion.

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

Assistance with electricity costs

Temporary assistance with electricity costs was available for the period between 1 January 2023 and 30 April 2023. The assistance was intended as support for low-income households that had difficulties paying their electricity bills, for example households with low earned or entrepreneurial income. The tax credit for electricity costs was nonetheless the primary means of support. Financial assistance towards the costs of electricity consumption could be granted to households that were unable to take full advantage of the tax credit owing to their low income. The temporary assistance with electricity costs was granted by the Social Insurance Institution of Finland (Kela) upon application.

An application for temporary assistance with electricity costs could be submitted by persons whose electricity bill exceeded EUR 400 per month. The assistance was 60% of the sum of the household electricity bill in excess of EUR 400 per month. The eligible electricity costs were capped at EUR 1,500 per month and the maximum monthly assistance thus came to EUR 660.

Since the assistance was available for a period of four months, the total maximum assistance for the period came to EUR 2,640. The average assistance was estimated to be EUR 290 per month. Each month, the assistance was paid to an estimated 100,000 persons. The assistance with electricity costs was tax-exempt and in most cases it had no impact on any other benefits paid to the recipient. However, the assistance with electricity costs counted as income in the calculation of basic social assistance. It is estimated that the assistance mainly targeted persons in the lowest income deciles.

Additional child benefit

In order to support families with children and boost their purchasing power, the child benefit in December 2022 was paid at double the normal rate. The extra child benefit did not affect the amount of social assistance. The additional child benefit was a one-time measure.

CSOs have raised the concern that unlike the majority of social security benefits, the child benefit is not index-linked and consequently its purchasing power decreases as the cost of living increases. The average value of the child benefit in real terms is also approximately 40% lower than it was in 1994.

Social assistance

During 2023, the basic amount of social assistance paid to persons under 18 was increased by 10%. The basic amount was thus EUR 327.51 – 421.88 per month depending on the child's age and number of siblings. This temporary support is provided to the poorest families with children to cover the higher cost of living.

Social security

The government proposal to Parliament for legislation to strengthen purchasing power in 2023 and for an Act amending the Child Home Care and Private Day Care Allowance Act (HE 236/2022) was passed by Parliament and the bill on the amendments to legislation was approved in December 2022. The legislation concerned targeted fixed-term increases to social security in 2023.

The monthly single-parent supplement to the child benefit was increased by EUR 5 per child, taking it from EUR 63.30 to EUR 68.30 as of 1 January 2023. The monthly provider supplement to the study grant was increased by EUR 10, taking it from EUR 107.17 to EUR 117.17 and, as of 1 August 2023, to EUR 122.05. The child supplements to unemployment benefits were also increased by 20%.

The aforementioned increases are in force for 2023.

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.

In addition to the aforementioned changes in legislation, the annual maximum limit on out-of-pocket medicine costs was frozen, *i.e.* it was not index adjusted against the national pension index in 2023. This means that the annual maximum limit in 2023 was the same as in 2022 (EUR 592.16). This benefited people with high medicine costs.

The conditions for partial sickness allowance were modified and the maximum duration of the partial sickness allowance was extended from 120 to 150 working days as of the start of 2023. The aim of the changes was to promote people's continued participation in working life and their return to full-time work.

The temporary provisions put in place because of the Covid pandemic were extended until either the end of 2022 or the end of June 2023. These temporary provisions concerned the infectious disease allowance and reimbursements for Covid tests and vaccinations.

Taking effect on 1 August 2022, the family leave reform involved, among other things, increasing the duration of parental allowance eligibility and setting parental allowance quotas for both parents.

In autumn 2023, the Government prepared a number of proposals on cutting social security. Benefits to which cuts were proposed include unemployment benefits (government proposal to Parliament on amending the Unemployment Security Act and certain other Acts, HE 73/2023, 4 September 2023); housing benefits (government proposal to Parliament on amending the Act on General Housing Allowances, HE 74/2023); and social assistance (government proposal to Parliament on amending section 7a of the Act on Social Assistance, HE 58/2023), in addition to which the Government intends to implement a freeze on the index-linked increases of many benefits in 2024–2027 (government proposal to Parliament for Acts 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 and for related Acts, and on amending section 7 of the Child Benefit Act, HE 75/2023). The proposed changes were passed by Parliament in December 2023. The amendments are mainly scheduled to enter into force on 1 January 2024.

In the interests of safeguarding the purchasing power of students and the ability of students to study full time, the Government has submitted to Parliament a proposal for an Act amending the Act on Financial Aid to Students (HE 80/2023), under which the provider supplement to the study grant is raised by approximately EUR 30 per month as of 1 January 2024 and the government guarantee for a student loan by EUR 200 per month as of 1 August 2024. The increases in financial aid to students will compensate for the decline in the purchasing power of student loans and for the index freezes applicable to study grants and housing benefits in 2024–2027 that are laid out in the Government Programme and relate to the fiscal adjustment measures.

The *Parliamentary Ombudsman* has pointed out in his submissions that the Government programme of Prime Minister Petteri Orpo (2023-) proposes simultaneous reductions to multiple social security benefits (social assistance, unemployment benefits and housing benefits), which will have a negative impact on the income of families with children, among others, and will jeopardise the right of families and children to adequate social security.

The Parliamentary Ombudsman holds that while positive *per se*, the changes to the child benefit system will not compensate for the loss of income resulting from the cuts, particularly in respect of social assistance recipients, as the child benefit counts towards family income when applying for social assistance. The Ombudsman considers that the index adjustment freezes intended to address the rising cost of living may have a negative impact on the fulfilment of the obligations imposed by the European Social Charter.

CSOs have pointed out that the cuts will have a significant impact on low-income families with children, other low-income households and older persons. When a family receives two or more benefits, the effects of the cuts will cumulate and put a considerably higher financial burden on the family. According to the CSOs, the minor targeted increases to the child benefit that the Government has proposed will only compensate families with children for very little of the envisioned social security cuts, if at all. The changes will bring about more poverty, exclusion and inequality. The savings gained will increase social assistance expenditure and push people onto social assistance. The aforementioned changes represent considerable cuts to housing benefits, unemployment benefits and social assistance.

The assessment of the Ministry of Social Affairs and Health on the combined effects of the social security cuts shows that the at-risk-of-poverty rate will rise and that those with the very lowest incomes will be further impoverished by the cuts. Calculations prepared by the Finnish Institute for Health and Welfare take into account also the impact of the index adjustment freezes over the entire Government term. These calculations indicate that an additional 94,000 persons or so will become at risk of poverty, 12,000 of them children.

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.

Index adjustments

Regular index adjustments are made in order to ensure the purchasing power of social security benefits and they are made in the beginning of each year. Social security benefits linked to the national pension index were increased by 1.0% in 2020, by 0.4% in 2021 and by 2.1% in January 2022. However, an additional index increase was made in August 2022 to social security benefits linked to the national pension index. The aim of this increase was to compensate for the rise in prices. As a result of the increase, individual benefits rose by approximately 3.5% in August 2022.

In January 2023, social security benefits linked to the national pension index were increased by 4.2% in accordance with the normal index adjustment mechanism. However, it must be noted that index adjustments on most of the benefits are frozen for the entire Government term in such a manner that the effect of the freeze on the real level of the benefits will not exceed 10.2% over a four-year period.

Current level of certain benefits in August 2023 (excluding supplements, increases and taxes):

- Guarantee pension: EUR 922.42 per month
- Labour market subsidy: EUR 800.02 per month (EUR 37.21 x 21.5)
- Basic unemployment allowance: EUR 800.02 per month (EUR 37.21 x 21.5)
- Minimum sickness allowance: EUR 799.75 per month (EUR 31.99 x 25)
- Minimum parental allowance: EUR 799.75 per month (EUR 31.99 x 25)
- Minimum rehabilitation allowance: EUR 799.75 per month (EUR 31.99 x 25)
- Basic amount of basic social assistance for persons living alone: EUR 555.11 per month

CSOs have noted that the waiver of index adjustments will have a significant impact on the incomes of low-income families with small children in particular. The impact will be of particular significance for long-term benefit recipients and families receiving more than one benefit. The government proposal concerning the index freezes (HE 75/2023) estimates that the proposal will increase the number of people at risk of poverty by 41,600 persons, 3,900 of whom are children. On 15 December 2023, Parliament passed a bill stating that index adjustments to housing benefits, unemployment benefits, sickness allowance, rehabilitation allowance, parental allowance and financial aid to students will be waived until 2027.

Housing benefits

In the pensioner's housing allowance, the maximum amount of housing expenses was increased by approximately 8% in accordance with the change in the national pension index and the hearing norm by 57% in accordance with the estimated increase in heating costs. In force for 2023, these changes are intended also to respond to the overall rise in costs.

Pension benefits

Persons who only receive an earnings-related pension also benefited from the increase in the national pension, as all pensioners are entitled to a pension income deduction on their taxes and it is determined by the amount of the national pension. Consequently, the pension income reduction in 2022 was slightly higher than before for all pensioners.

Owing to the sharp rise in consumer prices, a historically large increase was made to the earnings-related pension index at the beginning of 2023, when the index rose by roughly 6.8% compared to the year before. In this context, it should be clarified that the increase was calculated in the usual manner. The exceptional hike in the earnings-related pension index in 2023 is due to the overall rise in prices.

Child benefits

The Government is proposing to increase the child benefit (government proposal to Parliament for Acts 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 and for related Acts, and on amending section 7 of the Child Benefit Act). The child benefit would be increased in respect of children under the age of 3 (by EUR 26 per month per child) and in respect of families with more than one child (by EUR 10 per month per child). The single-parent supplement to the child benefit would moreover be increased by EUR 10 per month. The bill was passed by Parliament in December 2023.

CSOs have pointed out that unlike the majority of social security benefits, the child benefit is not index-linked and consequently its purchasing power has decreased and continues to decrease as the cost of living rises.

Financial aid for students

For students, the principal system of social assistance is financial aid for students as provided in the Act on Financial Aid for Students (65/1994). The amount of the financial aid depends on the student's age, living arrangements and level of education pursued. No more than roughly half of the social assistance for higher education students (study grants, student loan and housing allowance) consists of monetary aid (study grant and housing allowance). In other than higher education, financial aid for students is a means-tested benefit owing to the young age of

the students. At the level of secondary education, most financial aid indeed goes to students in low-income families. As a rule, underaged children are supported by their parents.

Between 1 August 2020 and 1 August 2023, study grants have been increased by a total of 11.6% on the basis of the national pension index. An extra index-linked increase was also made to study grants in 2022 as part of the Government's decision to safeguard the solvency of persons with low incomes against a backdrop of rising inflation. The maximum prices of meals for higher education students were revised on 1 October 2022 on the basis of the development of costs. An associated change was to raise the meal subsidy for higher education students by EUR 0.25 per meal as of 1 January 2023 to ensure the availability of reasonably priced meals. Students may visit student restaurants to purchase student meals, the price of which has been reduced by the amount of the meal subsidy. The maximum price of student meals is EUR 2.95 – 5.60.

The maximum study grant per month was EUR 250.28 at 1 August 2019 and EUR 279.83 at 1 August 2023. Students who are guardians of a minor child are eligible for a provider supplement, the amount of which per month was EUR 75 at 1 August 2019 and EUR 122.05 at 1 August 2023. A general increase of EUR 25 was made to the provider supplement on 1 January 2020. In addition, students are entitled to a government guarantee on their student loan. For students under the age of 18, the amount of the guarantee per month is EUR 300. For students aged 18 and older, the guarantee per month is EUR 650 when studying in Finland and EUR 800 when studying abroad.

The student loan guarantee amounts have remained unchanged since 2017.

All told, the financial aid to students (study grant and government guarantee on student loan) thus comes to a maximum of EUR 929.38 per month for students who are of age and live independently. In addition, students may be eligible for the household-specific housing allowance under the Act on the General Housing Allowance (938/2014). The average housing allowance for students living alone is EUR 332 per month. In the review period, this sum has increased by approximately 13% (August 2019: EUR 294 per month). A housing supplement is available to students who study abroad and students who reside in a dormitory. For the former, the supplement is EUR 210 per month and for the latter, EUR 88.87 per month.

Impacts of social security cuts

The following are some of the estimated impacts of the social security cuts:

- Reducing the benefit rate from 80% to 70% of the difference between recognised housing costs and basic deductible will, in most cases, bring down the level of the benefit by 12.5% for all general housing allowance recipients.
- Increasing the basic deductible from 42% to 50% will bring down the level of the benefit for those benefit recipients whose income exceeds the basic deductible limit.
- The proposed elimination of the earned-income deduction of EUR 300 (“exempt amount”) will bring down the level of the benefit for all benefit recipients with earned income in excess of the lower limit of the basic deductible.
- Extending the work requirement applicable to unemployment benefits to 12 months would mean that going forward, persons who become unemployed job applicants after an employment history of more than six but less than twelve months would receive the labour market subsidy instead of the unemployment allowance.

- Extending the waiting period applicable to unemployment benefits by two working-day equivalents, from the current five to seven days or an equivalent period of unemployment, would reduce the unemployment benefit paid at the start of the unemployment. For persons receiving an average earnings-related unemployment allowance, the change would reduce the gross allowance paid for the first month of unemployment by roughly EUR 140. For basic unemployment allowance or labour market subsidy recipients, the change at 2023 levels would be EUR 74.42.
- Unlike the proposals concerning the waiting period and the impact of the payment in lieu of holiday, the elimination of the exempted amount applicable to adjusted unemployment benefits may have an impact in several benefit application periods and hence on several individual instances of benefit payment.
- The amount of child support paid forward by Kela will decline when the child supplement is eliminated from unemployment benefits. This, in turn, may undermine the resident parent's maintenance capacity and worsen the child's circumstances in the said situations. This may also increase the need for social security benefits.

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.

VAT reduction on electricity

In order to mitigate the negative effects of higher electricity prices on households, the VAT rate on electricity was reduced from 24% to 10% for a period from December 2022 to April 2023. The aim was to reduce electricity costs in the coldest period of the year, when households' electricity consumption is at its highest due to heating. The reduced VAT rate did not apply to the costs of transmission of electricity or energy taxes.

Temporary credit for electricity

The temporary credit for electricity was a temporary measure for households introduced for the 2023 fiscal year. In 2023, a deduction may be claimed for the costs of electricity consumed at the taxpayer's permanent home between 1 January 2023 and 30 April 2023 to the extent that these costs are higher than EUR 2,000 but no more than EUR 6,000.

The taxpayer is entitled to claim 60% of the costs of electricity between these lower and upper euro-denominated limits as tax credit for household expenses. Within these limits, the maximum credit for electricity is EUR 2,400. Since the tax credit for household expenses is a personal deduction, all persons living in the same permanent home may claim the deduction in proportion to the costs paid. However, the deduction may only be granted once for the same costs. The costs of electricity transmission do not count towards the credit.

The credit for electricity costs is not taken into account when calculating the maximum tax credit for household expenses and instead comes on top of it. Since the tax credit for household expenses is subject to a deductible of EUR 100, this deductible is subtracted from the credit for electricity costs when no other household expenses credit is claimed.

The deduction is coordinated with the temporary assistance with electricity costs granted Kela so that the credit for electricity costs is refused if direct subsidies from central government or other public sector funds have been granted on the basis of the same costs.

Reimbursement for electricity costs

The legislation on the reimbursement for electricity costs entitles consumers to a retroactively paid reimbursement when certain conditions are met. In practice, the reimbursement is paid automatically by the electricity company as a deduction to the customer's electricity bill. Except in certain specific situations, no application for the reimbursement need be made. Additionally, electricity companies are required, upon request, to extend the payment periods of electricity bills for consumers and businesses. The Acts on the temporary retroactive reimbursement for electricity costs (275/2023) and on the extension to payment period of electricity bills and the temporary support to secure the liquidity of electricity companies (276/2023) and other related legislation entered into force on 6 March 2023.

Temporary VAT reduction on passenger transport services

The VAT rate for domestic passenger transport services was temporarily reduced from 10% to 0% for a period from January 2023 to April 2023. The aim was to reduce consumer prices for passenger transport and thus improve the purchasing power of households.

Commuting expenses

The amount of deductions based on commuting expenses is temporarily raised for fiscal 2022 and 2023. The maximum amount of the deduction was raised from EUR 7,000 to EUR 8,400 while the deductible of EUR 750 remained the same. The euro-amount deduction for commuting expenses related to the use of a personal car was raised to EUR 0.30 per kilometre and the deduction related to the use of a company car (limited car benefit) was raised to EUR 0.24 per kilometre. Both were thus increased by EUR 0.05.

Grants and tax credit for household expenses are also means by which the government supports the energy renovations of households and housing companies. However, it must be noted that the Government intends to increase the commuting expenses deduction threshold at the same time as these temporary increases expire.

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.

	Risk-of-poverty rate of the dwelling population, 50% of the median disposable income, Finland, Year (income reference period)					Data source
	2017	2018	2019	2020	2021	
Whole population	6	6.1	6.3	5.8	6.2	Income distribution statistics
Children (under 18 years)	11.1	10.3	11.6	9.1	9.5	Income distribution statistics
Persons in single parent households*	11.2	11.6	11.8	10.2	11.2	Income distribution statistics
Single person households in total*	14.6	14.8	15.4	14.3	15.2	Income distribution statistics

Single person households, householder aged 85 or over*	13.0	13.4	14.1	11.3	12.0	Income distribution statistics
Persons with disabilities**	5.8	6.3	6.3	4.8	7.5	EU-SILC
Older persons (65+)	3.8	3.9	4.2	3.4	3.9	Income distribution statistics
<p>* Families identified as being at risk of poverty ** Persons with some or severe activity limitations, survey-based classifier</p> <p>Data sources: <i>Income distribution statistics: National register-based total statistics. Income definition: Disposable monetary income of the household-dwelling unit per consumption unit including sales profits (modified OECD scale).</i> <i>EU-SILC: Sample statistics on income and living conditions. Income definition: Disposable monetary income of the household per consumption unit excluding sales profits (modified OECD scale).</i></p>						

The latest assessment by the Finnish Institute for Health and Welfare of the combined effects of social security changes estimates that the number of people at risk of poverty will increase by around 94,000 by 2027 (1.7%). Around 12,000 of this number would be children (1.1%).

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.

The Government programme of Prime Minister Petteri Orpo (2023–) states that the Government will allocate permanent funding to put the support to food aid organisations on an established footing. The aim is to strengthen social justice.

The European Pillar of Social Rights Action Plan was announced in March 2021. The Action Plan sets three targets for 2030: equal opportunities and access to the labour market, fair working conditions and social protection and inclusion.

Adopted in June 2021, the European Child Guarantee seeks to prevent and combat social exclusion by guaranteeing effective access of children in need to a set of key services. The European Child Guarantee is an element in a broader set of measures outlined in the European Pillar of Social Rights and the EU Strategy on the Rights of the Child. It is intended to support vulnerable children and their families in particular and to help allocate investment to the wellbeing of children. In Finland, the national European Child Guarantee action plan is implemented within the framework of the National Child Strategy, spanning over Government terms, and its action plans.

Under section 4 of the Act on the National Pension Index (456/2001), the Ministry of Social Affairs and Health shall commission an overall assessment of the adequacy of basic security at intervals of four years. This assessment shall take into account the benefits to the person or household administered by Kela as well as the social assistance under the Act on Social Assistance (1412/1997). The most recent evaluation report on the adequacy of basic social security (2019–2023) was submitted in early 2023.

The Finnish Action Plan for Reducing Poverty and Social Exclusion by 2030 was established in 2022 and it aims to reduce the number of people living at risk of poverty and social exclusion by 100,000 by the year 2030.

In Finland, food aid is not covered by the official system of social security. Instead, it is provided by voluntary sector actors with grants such as special appropriations from Parliament that are made to these organisations. However, CSOs have raised their concerns as to whether actors can afford to continue these activities in light of the new cuts to CSO aid.

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.

When preparing legislation, the Ministry of Social Affairs and Health aims to consult the various parties, stakeholders and interest organisations in law-drafting procedures in accordance with the normal legislative process. The Government formation talks following the parliamentary elections of spring 2023 turned out to be protracted, however. Therefore there was an uncommonly short time interval between the publication of the Government Programme and the submission of the finance and expenditure law proposals to Parliament. The Government has resolved to promote reforms to balance public finances and strengthen employment starting with its very first budget. The above reasons resulted in shorter than usual consultation periods for the legislative proposals concerning savings on social security expenditure. Despite the tight preparation schedule, consultation rounds among a wide array of stakeholders were successfully organised on these proposals. The consultation periods for the said finance and expenditure law proposals represented an exception to the ordinary consultation procedure. In preparing upcoming government proposals, the Ministry of Social Affairs and Health will strive to ensure that the recommended consultation periods are observed.

CSOs have pointed out that the consultation periods for the recent draft government proposals concerning cuts to social security have been exceptionally short. The *Chancellor of Justice* drew attention to the same in his submission (OKV/1769/21/2023). Short consultation periods are problematic *vis-à-vis* the opportunities to participate and influence guaranteed as fundamental and human rights. The length of the consultation period plays an important role in the opportunities of parties consulted to learn about the consultation request, study it and prepare a reasoned opinion on the matter. Besides the short consultation periods, the *Finnish Council of Regulatory Impact Analysis* has also drawn attention to the fact that the legislative proposals concerning unemployment benefits, housing benefits and social assistance failed to assess, to a sufficient extent, the fundamental and human rights impacts of the proposals as well as the impacts of the proposals on vulnerable persons. Assessment of the impacts on older persons was also poor.

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