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Mid-term policy review

*Government Programme implementation is going ahead as planned –
New investments in growth and employment agreed upon in the mid-
term policy review*



The Strategic Government Programme of Prime Minister Juha Sipilä defines Finland's vision for the future as follows: *In 2025, Finland is an inventive, caring and safe country where we all can feel important. Our society is based on trust.* The Government's objectives are to bring the Finnish economy onto a path of sustainable growth and higher employment and to safeguard financial resources for public services and social protection. The Government holds firm to its objective of achieving a long-term balance of public finances and seeks to bridge the EUR 10 billion sustainability gap. This gap will be covered through savings of EUR 4 billion and reforms that will boost public finances by EUR 4 billion. The remaining EUR 2 billion will be covered through measures that promote employment and growth.



In its Government Programme, the Government selected five strategic priorities, which find their concrete expression in 26 key projects. The Government will also overhaul the pension system, implement a social welfare, healthcare and regional government reform, cut public sector costs and reform the central administration. The Government continues to implement its key projects and reforms.

The Government conducted a mid-term review of its objectives and activities, taking into account changes in the operating environment. The Government found that while the overall direction of its strategy and economic policy is correct, additional measures will be needed to achieve the government term objectives.



In its Report on the Future, the Government examines the reconfiguration of work and future in 2017. One of the key factors driving the change is the technological transformation, in which digitality, artificial intelligence and automation play a key role. These issues are relevant to not only enhancing the prerequisites for economic growth but also security.



The new openings of the mid-term policy review concern four areas:



- Knowledge, growth and employment
- Caring
- Renewal
- Security.

These four areas will be a particular target for additional measures and inputs.



Growth based on **knowledge** is a strategic priority for the Government. Additional resources will be allocated to education, leading edge research and innovation. Finland is finally seeing signs of accelerating **economic growth**. At the same time, the **employment rate** has shown a positive trend. However, our public finances are not on a sustainable basis yet. The Government wishes to lay a firmer foundation for the emerging economic growth and secure and accelerate the positive development of the employment rate.

Caring is a key value of a welfare society. While we are pursuing growth and renewal, it is important to ensure that everyone can be included in our society. A particular effort will be made to prevent the exclusion of young people.

No society can survive without **renewal**, and long-term economic growth relies on growth in productivity. Digitalisation is a key challenge for Finland's renewal. Successful digitalisation will increase public sector productivity, reducing pressures to cut services. Digitalisation will also create new potential for business.



Finland's [security environment](#) has become less stable, and military activity and tensions in the Baltic region have increased in recent years. As the threats and nature of war have diversified, Finland employs a large selection of means in responding to disruptions during normal times as well as in emergencies. Higher requirements are set for internal and external security. A number of new measures are required to respond to crises of a long duration, international tensions, rising terrorist and extremist movements, military crises that actuate on a shorter notice, the lower threshold for use of force, societal change and technological advancement. Security is the cornerstone of a well-functioning society. The Government wishes to ensure that Finland will continue to be one of the safest countries in the world.



The mid-term review is an essential milestone of the Government's strategy process.



This is the third revised action plan of Prime Minister Sipilä's Government. Compared to the previous action plans, the third plan has a more strategic approach. The ministries will see to the more detailed planning of projects and measures as part of their operative planning.

The action plan is divided into two sections; the first section sets out the new openings of the mid-term review. The second section provides an overview of the most important achievements of the key projects and reforms as well as measures for the remaining government term.

This action plan specifies the key milestones in the implementation of the key projects and reforms. It is a strategic programme for change to which the Government is strongly committed. This document does not cover the full contents of the Government Programme. It provides an overview of the most essential measures promoting key projects and reforms that will give momentum to the change needed to achieve the Government's vision.



In autumn 2015, the Government decided to allocate a one-off appropriation of EUR 1 billion to the key projects for 2016–2018. The Government action plan will be implemented within the framework of this funding, the existing authorised spending limits and the other provisions of the General Government Fiscal Plan. Key project funding allocated to the strategic priorities is shown under the priorities. The key projects may also draw on other funding.

The Government oversees key project implementation at its regular strategic sessions. A minister responsible for implementing each key project has been designated, and a ministerial working group has been appointed for each strategic priority. Documents that illustrate progress made with action plan implementation have been gathered to the website vn.fi.



Key project 3

Legal provisions will be improved



Minister of Transport and Communications Anne Berner

The objective is creating enabling regulation, promoting deregulation and reducing the administrative burden. The everyday lives of citizens will be made easier, competitiveness will be boosted, and market access and digitalisation will be promoted.



Achievements (1/2)



- Citizens' everyday lives have been made easier by deregulating shop opening hours, increasing the availability of e-services and enabling the commissioning of vehicles of a new type.
- The operating preconditions for companies were improved by removing barriers to offering employment, simplifying the authorities' procedures and opening markets.
- Administration was streamlined by digitalising the authorities' procedures, by introducing notification procedures in certain permit processes, and through public administration structural reforms.
- The service promise associated with permit and appeal processes has been adopted.
- Measures to minimise interauthority appeals have been launched. For example, the right to appeal of Centres for Economic Development, Transport and the Environment has been restricted to issues of national and regional importance.



Achievements (2/2)



- The Finnish Council of Regulatory Impact Analysis was appointed for a term extending from 15 April 2016 to 14 April 2019. The purpose of this Council is to improve the quality of impact assessments related to government proposals and the culture of legislative drafting.
- In order to create indicators for deregulation, a trial of the One-in, One-out principle was launched in the administrative branches of the Ministry of Agriculture and Forestry and the Ministry of Economic Affairs and the Employment in 2017. The goal is to ensure that the cost burden imposed by legislation on business life and agriculture will not increase.

Towards the end of the government term, measures will focus on the following themes:



1. The housing market, construction and infrastructure



- Reform of the housing subsidy system
- Update of statutes on construction and zoning
- Overhaul of the land use and building legislation
 - o Zoning, permit and appeal procedures
 - o Developing the state guarantee system for owner-occupied dwellings
 - o A considerable reduction in the number of decrees issued by virtue of the Land Use and Building Act



2. Boosting competitiveness

- Reform of the pharmacy system and medicine services
- Energy market overhaul
- Waste legislation reform
- Fast-tracking in permit procedures
- Promoting the use of industrial wastes
- Reform of the Limited Liability Companies Act



3. Streamlining measures to support employment

- Working Hours Act reform
- Enforcement Code (removal of incentive traps)

4. Food industry and food supply

- Food legislation overhaul
- Food distribution channels



5. Administration

- Acceleration of e-invoicing in public administration
- Introduction of e-receipts
- Simplification of the regulation on and taxation of voluntary activities
- Money Collection Act reform
- Reform of the company subsidy system



6. Other deregulation projects

- Reform of vocational education and training
- Alcohol legislation update
- Comprehensive reform of the Road Traffic Act
- Overhaul of the Private Roads Act
- Reforms under phases II and III of the Act on Transport Services and implementation of the act
- Amendments to the Code for Information Society and Communications Services
- Review of the bankruptcy legislation
- Comprehensive reform of legislation on private social welfare and healthcare services
- The current permit and notification procedures will be dropped, and provisions on service providers' registration procedure will be enacted
- Taxation procedures will be harmonised and simplified, and the filing of e-returns will be promoted.

Streamlining permit and appeal processes in 2017–2019

- Providing one-stop shop services for environment-related permits (environmental permit, water permit, derogations under the Nature Conservation Act, land extraction permit, building permit): spring 2018
- Preparing the introduction of leave to appeal procedures in the sphere of environmental legislation (Environmental Protection Act, Water Act, Land Extraction Act and Nature Conservation Act): April 2017
- Provisions under which the leave to appeal procedure will be applied as a main rule when appealing decisions made by an administrative court of first instance to the Supreme Administrative Court: to enter into force in March 2019
- Passing a new administrative judicial procedure act (streamlined and faster processing of appeals, requiring a leave to appeal as a main rule, simplification of the notification procedure and impacts on minimising the number of interadministrative appeals).

Additionally

- The approved service promise regarding permit and appeal processes will be introduced: December 2017.
- Use of e-services will be promoted, and authorities' procedures will be digitised.
- Permit procedures will be replaced by notification procedures as far as this is allowed by EU legislation.
- The use of statements from the Finnish Council of Regulatory Impact Analysis when assessing the impacts of government proposals will be implemented in practice.
- More extensive use of the One-in, One-out principle in legislative drafting will be assessed: February 2018.

