



Prime Minister Orpo's Government spending limits discussion

15–16 April 2024

Entries in the meeting minutes

State of general government finances

To avoid triggering the EU's excessive deficit procedure, the Government will implement additional measures to balance general government finances as part of the spring 2024 supplementary budget process. As part of supplementary budget preparation, the Government will implement an increase in the general value-added tax rate to 25.5% starting as of 1 September 2024 at the latest and will reduce the 2024 supplementary budget provision to EUR 100 million.

To achieve its economic policy objectives, the Government will ensure progress on the adjustment measures agreed in the Government Programme and decide on new alternative savings, if necessary. The Government will intensively monitor the implementation of the savings measures decided on in the Government Programme for the wellbeing services counties.

Reform of national fiscal rules and legislation

National fiscal rules and related legislation will be strengthened to make them more strongly supportive of debt sustainability. Work on the reform of the legislation has been launched by a Ministry of Finance working group and it will be discussed by the Ministerial Committee on Economic Policy. The starting point of the reform work is to stabilise the general government debt ratio and set it on a lasting downward path. The preparation will take into account the need to ensure the widest possible parliamentary commitment and goal-setting, viewed over more than one parliamentary term. Changes made to the EU's fiscal legislation are due to enter into force in spring 2024, which will need to be taken into account in the reform of national fiscal legislation. National legislation must be amended by the end of 2025 at the latest.

Channelling savings decisions in off-budget entities

The Government Programme's solution of channelling savings in off-budget entities towards strengthening the general government debt ratio will be implemented in 2025 in accordance with the entries in the minutes of the Government's budget session on 19 September 2023. In line with the decision made in the budget session 2023, the channelling solution will balance the contributions of employees and employers. The solution will not increase taxes paid by employees and enterprises.

The channelling solution will allow unemployment insurance contributions to change as usual. The employers' share of the solution will be implemented by increasing their health insurance contributions, which will lower the insurance contributions of employees correspondingly. The employees' share of the



solution will be implemented by increasing their medical expenses contribution. The total amount to be channelled will be scaled in such a way that the effects of the proposals affecting the off-budget entities under Annex B of the Government Programme, which have been specified further during preparation, and the decisions made in connection with the General Government Fiscal Plan 2025–2028 will be channelled in their entirety to achieve the Government's fiscal policy objectives.

In connection with the solution, to basic security will be transferred the portion paid from unemployment insurance contribution receipts and the 5% central government contribution to the funding of labour income insurance for the daily allowance and rehabilitation allowance expenses that would otherwise be funded by the employer's health insurance contribution and the insured person's daily allowance contribution.

Investments of the wellbeing services counties

The procedure for approving investment plans will be tightened so that the stabilisation goals for general government finances are not jeopardised. The Government's aim is to curb wellbeing services counties' investments, such as investments in buildings and fixed assets. The aim is to curb the debt accumulation of the wellbeing services counties as well as investment-related costs (rents, interest expenditure and depreciation). Procedures will be put in place to ensure that necessary investments can be made. The need for stricter steering is highlighted in those wellbeing services counties where the criteria for the evaluation procedure are being or have been met.

To ensure the achievement of the aforementioned goals, the Ministry of Finance will set up a working group whose purpose is to strengthen steering of investments and to ensure the effectiveness, with regard to the agreement steering objectives, of the current approval procedure for investment plans as well as the procedure for changing borrowing capacities. It will also be the task of the working group is to ensure that the depreciation and impairment practices of wellbeing services counties are consistent. The work of the working group will be completed by the end of 2024.

Resourcing new EU and other tasks

Central government organisations must ensure that the new obligations arising from the EU and national legislation are, as a rule, handled within the scope of current appropriations. The Ministerial Committee on Economic Policy has outlined that tasks arising from new obligations will generally be resourced by giving up existing tasks or by the more efficient handling of current tasks.

The Government will assess the resourcing of new tasks as part of the preparation of the 2025 budget proposal. Particularly with regard to the more extensive additional tasks coming from the EU (e.g. climate and environmental obligations, critical infrastructure resilience (CER), cybersecurity (NIS2), carbon border adjustment mechanism (CBAM)), in their 2025 budget proposals the ministries should present, in a coordinated manner, the means to handle these additional tasks, by reducing or increasing the productivity of existing tasks. For additional tasks that are specific and/or unique to their own administrative branch, the



ministries will prepare a proposal on which existing tasks will be given up or whose productivity will be increased to compensate for the new tasks.

Common Field Command System (KEJO)

The Government's 2024 supplementary budget proposal includes EUR 3 million of additional funding for the KEJO project to ensure the uninterrupted continuation of development work. As part of the preparation of the 2025 budget proposal, the Ministry of the Interior must submit: 1. a clear plan for deployment of the functionalities, 2. a timetable for completion of the development work, and 3. an estimate of the amount of additional funding needed to implement critical functions.

After the end of joint funding for the development item, the maintenance of the system and any further development will be funded by the existing spending limits funding of the participating sectors. Before any additional funding is allocated to the project, a solution for maintenance and any further development must be agreed between the actors within the framework of their current funding.

Transferring to the wellbeing services counties funding responsibility for patient transportation in the context of prehospital emergency medical services

In accordance with the Government Programme, the responsibility for funding patient transportations in the context of prehospital emergency medical services will be transferred entirely to the wellbeing services counties from 2026. The transfer will be made by transferring appropriations from the item covering the central government's share of expenditure arising from the Health Insurance Act to the item covering the funding of wellbeing services counties. The transfer will be made in a cost-neutral manner from the central government perspective (part of the channelling solution) by reducing the central government's responsibility for funding healthcare insurance. The implementation of the transfer will take the Province of Åland into account, and funding in respect of this will also be managed cost-neutrally.

Waste tax

To implement the extension of the waste tax in line with a Ministry of Environment report, the Government will identify, by the mid-term policy review session, means of separating different fractions.

Discretionary government grants

Discretionary government grant practices will be reformed and more effective and transparent discretionary government grant activities ensured. At the same time, the aim is to focus grant activities on general grants rather than project grants. The goal is to ease the administrative burden, reduce the multi-channel nature of



government grant activities and improve effectiveness of activities. As part of the work, a reform of the Act on Discretionary Government Grants will be launched during 2024.

Fairway dues

The Government will retain the current system of fairway dues to ensure security of supply and all-year-round traffic. Therefore, the reduced fairway dues under current legislation will continue, including for ice classes. The annual maximum number of dues for passenger vessels is 30 and for cargo vessels 10. The Government aims to lower the maximum number of fairway dues for passenger vessels in order to secure, for example, transports in Åland.

Reducing the tasks and obligations of central government agencies and institutions

The Government will implement the reduction of the tasks and obligations of central government agencies and institutions and continue the implementation of the central government productivity programme previously decided on. New measures will not be targeted in such a way that this would reduce the allocated additional investments in the Government Programme or endanger the legislative work of the ministries and the implementation of the Government Programme. The measures may also include structural measures for the functions to be strengthened, improving premises efficiency, enhancing support services and reducing service purchases, such as communication services. The new adjustment measures will not be targeted in such a way as to reduce the number of police officers, border guards, soldiers or staff numbers in core judicial functions, such as prosecutors, judges and prison guards. Swedish-language services will be secured.

Tax treaties

Under the existing tax treaty between Finland and Switzerland, by moving to Switzerland it is possible to avoid taxes on supplementary pensions. The tax treaty also lacks the usual three-year delay for the transfer of the right to tax. The Government will initiate negotiations with Switzerland to renew the tax treaty.

Palokki rapids

The restoration of the Palokki rapids is part of the investment programme package of the Government Programme. The Prime Minister's Office is responsible for the organisation of the Palokki project.

The Government will continue to work on the National Fish Passage Strategy throughout the Vuoksi river system. As part of lake salmon measures, the Enonkoski fish farm will be retained and its operations strengthened as the main farm ensuring the conservation of endangered fish stocks of Lake Saimaa.



Deregulation of eye health

Section 16 of the Decree on Healthcare Professionals, which limits the prescription of spectacles solely to ophthalmologists for people with eye diseases or who have undergone eye surgery (cataract, squint, refractive surgery), will be abolished. This will reduce the workload of ophthalmologists and reduce the costs for spectacle wearers. The change will allow wellbeing services counties to reallocate the freed-up resources to other care and support. The increase in Kela reimbursements decided on in the Government Programme will also reduce waiting lists for ophthalmology treatment.

Student welfare

The Government will decide to accelerate the cost and effectiveness assessment of pupil and student welfare, as set out in the Government Programme, by the autumn 2024 budget session. The study is being carried out under the leadership of Permanent Secretaries as a collaboration of three ministries (Ministry of Education and Culture, Ministry of Social Affairs and Health, Ministry of Finance). In the budget session, the Government will take decisions on the basis of a report on the responsibility for organising pupil and student welfare and school and student healthcare and on other means of strengthening pupil and student welfare and school and student healthcare. In addition, the report will take a position on the possibility, in accordance with the Government Programme, of agreeing with municipalities on the organisation of these services. The Government will prepare for the provision of resources for study work and possible legislative preparation partly from the centralised appropriations of the Prime Minister's Office.

Folk high school year for youth

In the 2025 budget, the Government will implement for the academic year 2025–2026 an increase in the intake of students for the folk high school year for youth of compulsory education age, in such a way that the Government Programme's additional resource will be fully used to increase student intake. Education providers organising the folk high school year for youth of compulsory education age will be treated equally when the allocated funds are distributed.