



Budget session of Prime Minister Orpo's Government 3 September 2024

Government's fiscal policy line

The priorities of the Government's economic policy are economic stability, employment, economic growth and safeguarding welfare services. The Government has decided on a EUR 9 billion package of measures boosting general government finances and is committed to its implementation. No new adjustment measures were decided in the 2024 government budget session.

The Government is committed to the target of balancing the general government debt-to-GDP ratio by the end of the government term. If the Government's decisions are implemented in full and within the planned timeframe, the growth of the debt ratio will come to a halt in 2027. The Government will continue to actively monitor the implementation of the EUR 9 billion package of measures and will take corrective measures if the package threatens to fall short of the target. The Government will review the realisation of the economic and fiscal policy targets in the mid-term policy review in spring 2025 and, where necessary, will decide on new measures.

Growth measures

Through its measures, the Government will support sustainable economic growth throughout Finland. Boosting economic growth is vital from the perspective of the sustainability of general government finances, too. The Government Programme includes several decisions that strengthen the conditions for economic growth, for example, to improve investment permit procedures, reform the labour market, strengthen the supply of skilled labour, support exports of high value-added products, enhance market competitiveness and strengthen productivity growth by boosting skills and competence and increasing R&D investments in the national economy. The Government will increase Business Finland's budget authority for R&D funding by EUR 94 million in 2025. Provisions have also been made to replace the EuroHPC LUMI supercomputer with a new supercomputer. The Research Council of Finland's budget authority for research projects will be increased by a total of EUR 55 million. The Government will invest in the growth, competitiveness and profitability of the bioeconomy sector by allocating EUR 10 million for promoting value chains in the food export, security of supply and forest sectors.

The preparation of a tax credit for large-scale investments aimed at achieving a net-zero economy will continue as agreed in the government session on spending limits. The aim is for the tax credit to enter into force as soon as possible, with the target being 1 January 2025. The scope of application of the tax credit will be as broad as possible within the limits of the EU's Temporary Crisis and Transition Framework and the restrictions agreed in the government session on spending limits. In addition, the Government will continue the implementation of a direct investment aid. The Government will ensure a speedy process for applying for and granting the tax credit and the direct aid.



The Government Programme aims to promote a good balance between weather-dependent production, regulating power and basic power in terms of security of supply and the total costs of the system. A well-functioning electricity system is also critical for national security. A key part of the realisation of this objective is the Government Programme entry concerning an enlargement of the infrastructure exception to the deductibility of interest expenses. To ensure investment security, the Government will submit by the end of the year a government proposal restoring the right to deduct interest expenses for investments that are critical for security of supply.

Growth and investment opportunities of small and medium-sized enterprises will be improved. Finnvera will allocate financing for business activity and international growth generated by RDI inputs and for large-scale investments and microenterprise growth projects. Finnvera's Ukraine loss compensation will be raised to EUR 100 million to support the reconstruction of Ukraine and the export promotion opportunities of Finnish enterprises.

As agreed in the spending limits session, the Government will ensure the investment capacity required by Finland's transmission system operator Fingrid and the gas and hydrogen network company Gasgrid so that energy networks will not create national bottlenecks for investments anywhere in Finland. During the summer, the Ministry of Finance, the Ministry of Economic Affairs and Employment, the regions of eastern Finland and Fingrid together reviewed issues including the investment needs and outlooks of the 400 kV main power transmission grid in eastern Finland, while other areas are experiencing demand for main grid development that is strong and highly significant from the perspective of economic development. The Government will assess the need for the recapitalisation of Fingrid and will plan any recapitalisation needs, taking account of the equal treatment of shareholders, the Limited Liability Companies Act and the Electricity Market Act when Fingrid's plans concerning new and existing transmission lines to be constructed or improved proceed to the implementation phase. The Government will pay particular attention to opportunities to implement energy-intensive investments in eastern Finland.

When switching to the one-stop-shop service model for permit procedures (1 January 2026), the Government will ensure through additional measures in line with the Government Programme that central government authorities' requests to courts for reviews of each other's decisions will not slow down decisions on investments in the clean transition.

The Government will target support received by Finland from the European Social Climate Fund in a manner that will drive growth in clean solutions in construction and in infrastructure for clean transport propulsion systems and will support, through these and other measures, the socially fair distribution of costs arising from climate action.

Drafting of a bill will commence without delay to amend the Income Tax Act so that advisory and legal costs covered by an employer on behalf of an employee in a criminal matter will not constitute a taxable benefit for the employee if the employee's act or omission took place as part of the performance of work duties.



Availability of healthcare and social services and financial status of wellbeing services counties

The expenditure growth of wellbeing services counties has been on an unsustainable trajectory. The continuation of wellbeing services counties' expenditure growth would mean that increases in central government funding for the wellbeing services counties included in the spending limits would exclude other expenditure from the scope of the spending limits. To ensure well-functioning services for citizens and the sustainability of general government finances, it is necessary to control the expenditure growth of wellbeing services counties. There are significant differences between counties in both the availability of services and the financial situation.

In addition to the measures agreed under the Government Programme regarding guidance and the strengthening of the funding model as well as deregulation, the Government will engage in closer monitoring and dialogue with the wellbeing services counties. In addition, the Government will commission a study on best practices in organising and managing the activities of the wellbeing services counties. The Government will review the cost-effectiveness of the capital management of the wellbeing services counties and examine the various options to curb financing costs relating to investment needs. In addition, the Ministry of Finance working group appointed in the spring will prepare, by the end of the year, proposals for reinforced guidance of investments to curb the investment level.

To improve the availability of staff, the Government will prepare to secure sufficient resources for putting the licensing procedure for healthcare professionals on a permanent footing and for the upgrading of the qualifications of healthcare and social welfare professionals. The over 70 new study places in medical education added permanently by the Government were filled for the first time this autumn. The targeting of research and development appropriations also supports the availability of skilled healthcare and social welfare staff. To improve the availability of services, the reform of reimbursements from the Social Insurance Institution of Finland (Kela) will continue and the Government will monitor the impacts of the changes to Kela reimbursements. In addition, the Government will implement an urgent temporary amendment to the legislation concerning the register for healthcare and social welfare service providers to speed up registration and will review the need for permanent amendments so that registration will no longer cause disruptions in the service provision of enterprises.

Climate and environmental targets

In its energy and climate strategy, the Government will continue to prepare and implement emission reductions and the strengthening of carbon sinks. The Government will also be prepared to make decisions in its mid-term policy review session on ways to meet its climate targets.

The Government will promote nutrient self-sufficiency and the share of domestic content in inputs in agriculture and increase the efficiency of the cleaning of the Archipelago Sea by supporting nutrient recycling in a manner that is rational considering the nutrient situation of the area, particularly in conjunction with biogas projects.



The Government will continue the Forest Biodiversity Programme for Southern Finland (METSO), the Helmi Habitats Programme and the NOUSU Migratory Fish Programme and will launch the preparation of an extension to the METSO programme, taking account of Finland's international nature commitments. In addition to restoration projects under the Helmi Habitats Programme, cost-efficient measures will be implemented to improve the state of the natural environment, for example by means of amendments to the Water Act in accordance with the Government Programme.

The Government will invest in the development of a market for nature values and look into the tax treatment of enterprise nature financing so that private finance can also be channelled to the implementation of the Nature Restoration Regulation.

Combating over-indebtedness

The Government will expedite measures in accordance with the Government Programme to prevent over-indebtedness and to help people who are indebted. In addition to promoting young people's financial literacy, awareness of debt adjustment for private individuals will be raised and cooperation between the enforcement authorities and debt counselling services will be developed. The positive credit register will be expanded to cover shareholder-specific shares of loans to housing companies.

Action against grey economy will address non-payment of taxes and economic crime

The Government will promote action against the grey economy by updating the Strategy and Action Plan for Tackling the Grey Economy and Economic Crime. The preparation will be coordinated by the Ministry of Economic Affairs and Employment and take place in a cross-administrative process together with representatives of the various ministries and other authorities. The Action Plan will include the key projects tackling the grey economy and economic crime. The update is due for completion during 2024.

As part of the Action Plan, the necessary legislative amendments will be drafted to secure access to information by means of comparison data audits of financial institutions. The Tax Administration's access to information must be secured so that the Tax Administration will have a sufficient knowledge base for the implementation of taxes and tax supervision. In addition to tax revenue, a sufficient knowledge base will also ensure coherence in taxation and equal treatment of taxpayers. In addition, the 2025 budget proposal allocates EUR 3.3 million to the Real-Time Economy project and EUR 3.5 million to the police to combat economic crime.

Implementation of investment programme in line with Government Programme

The Government will implement a fixed-term investment programme during the parliamentary term. The programme will be financed using central government property income and revenue generated by the



Housing Fund of Finland. The Ministerial Committee on Economic Policy has outlined that the appropriations for the implementation of the measures of the investment programme can be included in central government budget proposals, supplementary budget proposals and General Government Fiscal Plans submitted during the parliamentary term as and when decisions on solutions increasing property income have been made and/or additional income has been recognised for central government. As regards transport projects and other packages budgeted under the budget authority, the income stream corresponding to the total amount of the budget authority is required to be generated prior to the inclusion of the budget authority in the budget proposal.

The 2025 budget proposal includes new projects to a total of EUR 891 million under the investment programme. As outlined by the Ministerial Committee on Economic Policy, a corresponding amount of property income not tied to previously decided projects under the investment programme has been ensured.

The Government will include additional investment programme projects in the amendment to the 2025 budget proposal/in the autumn 2024 supplementary budget proposal. The Government obliges the Ownership Steering Department of the Prime Minister's Office to prepare, during September 2024, a concrete plan for the ownership arrangements required by the investment programme for consideration by the Ministerial Committee on Economic Policy.

Making use of technology in care for older people

The Government Programme entry, according to which the humane use of technological solutions, such as smart floors and smart watches, that facilitate care work and increase patient safety will be made possible for the purpose of calculating staffing levels, will be implemented so that the Ministry of Social Affairs and Health will prepare a government proposal that will enter into force no later than 1 July 2025.

Research activities in support of Government's decision-making

The main title of expenditure of the Prime Minister's Office will include a new appropriation of EUR 6 million for research activities in support of the Government's decision-making. The funding will be transferred from the strategic research funding of the Ministry of Education and Culture. EUR 1 million of the funding under the item will be allocated to the organisation of the activities of the wellbeing services counties and to a research project on best practices in management. The funding under the new item will be targeted entirely at research and development activity that is in accordance with the definition of Statistics Finland.

Legislation on weapons offences

In line with the Government Programme, the Government will submit to Parliament a proposal for amendments to provisions of the Criminal Code concerning weapons offences. The proposal is intended to be submitted by the end of 2024. According to preliminary estimates, the legislation will result in a significant increase in the number of prisoners and in the costs of actors in the criminal procedure chain.



The costs will be known more precisely once progress is made in the legislative drafting, and the Government will in its spending limits discussion prepare for the need for additional funding within the spending limits.

Extending contract periods of commuter ferry transport

Procurement relating to commuter ferry transport is being reformed. Longer contract periods of 15 years will enable the development of commuter ferry transport in line with the Government Programme entry. These procurements involve the service provider's significant fleet investment costs, which will be compensated for by means of long service contract periods. Operating costs are projected to decrease due to reasons including stricter energy efficiency requirements. The Government will implement a decree amendment to enable long contract periods for commuter ferry transport.

Discretionary government grants for sustainable growth policy

EUR 420,000 of the discretionary government grant for actors promoting a sustainable growth policy will be allocated for the promotion of Viexpo's export projects.

Maritime search and rescue

The Government will secure the sufficient operating capacity of voluntary maritime search and rescue and prepare for investments in maritime search and rescue vessels.

Implementation of previously decided savings

The higher level of operating expenses during the government term agreed in the Government Programme for the Finnish Immigration Service will be secured by providing the Service with access to its full deferred amount throughout the government term.

The Government will implement the saving targeted at the specified government transfer for the promotion of integration by lowering the specified government transfer by carrying out deregulation in the Act on the Promotion of Immigrant Integration and, in this way, lowering the level of imputed specified government transfer paid by central government. In addition, municipalities' incentives for integration measures promoting employment will be increased by lowering the transfer level for social assistance expenditure starting from 2025, clearly shortening the collection of the municipalities' share of funding from the current two years, and shortening the duration of the transfer received by municipalities from the current three years as agreed in the government discussion on spending limits.

Further preparation will involve a review of the municipalities' obligations defined in the Integration Act. The Integration Act specifies that municipalities are paid from state funds an imputed specified government transfer for the reception of persons, the assessment of their skills and need for integration services, the preparation of the integration plan, the provision of guidance and advice, and the organisation of multi-



lingual civic orientation, integration training, interpretation and other services promoting integration. Deregulation will be implemented so as not to weaken language training, early childhood education and care or education services or services promoting employment. Where necessary, the level of the imputed specified government transfers may also be lowered based on productivity savings.

The legislative amendments required will enter into force in February 2025 at the latest.

The EUR 20 million saving in the discretionary government grant targeted at vocational education and training under the main title of expenditure of the Ministry of Education and Culture will be implemented so that no funding or student intake reductions will be targeted at the education and training of young people who are exiting lower secondary education or who are without an initial vocational qualification.

The Government has further specified, in a targeted manner, its previous savings decisions, retaining the EUR 9 billion adjustment package decided previously.

Suupohja rail line

Work will commence to implement the necessary repair measures of the Suupohja rail line, with the aim being for rail transport operations to continue. Previously produced reports and plans will be utilised in the planning work.

Student welfare

Based on the conclusions of the report on student welfare, for the time being the services will not be transferred back under the municipalities' responsibility for organising services.

The strengthening of student welfare as a whole will continue based on the proposals provided in the report, taking particular account of the availability of low- or no-threshold mental health services.

In addition, the development of student welfare will continue in line with the Government Programme entry so that it will be made possible to agree on the organisation of these services through municipalities, too. The proposal will be prepared so that the entry into force will take place during 2026.

Export promotion

The Government commits to securing sufficient resources for Team Finland foreign services promoting the internationalisation and exports of Finnish enterprises. The budget funding of Business Finland's foreign functions will be transferred to the administrative branch of the Ministry for Foreign Affairs from the beginning of 2025. The transfer will be implemented in conjunction with the amendment to the budget proposal. Before the transfer, the Ministry of Economic Affairs and Employment, the Ministry for Foreign Affairs and the Ministry of Finance will negotiate on the amount of the productivity programme adjustment targeted at the activities and its allocation between the Ministries.



Folk high school year

The Government will implement under the 2025 budget an increase in the intake for the 2025–2026 folk high school year education so that the Government Programme's additional resource of EUR 3 million will be used fully for increasing the intake. Education providers providing folk high school year education will be treated equally when distributing the appropriation.