

Employment and responding to labour market bottleneck problems

The economic policy has created the basis for stable economic growth and a demand for labour. At the same time, in many communities even big establishments are closing down and jobs are disappearing. A new employment situation has now developed: the bottleneck in the demand for and supply of labour is an ever-increasing challenge if robust development of employment and the economy is to continue. In these circumstances, the role of the labour market policy in ensuring the good development of employment gains in importance. Particular attention has to be focused on workforce mobility, improving the abilities of the unemployed and active job-seeking, and easing the situation in communities undergoing structural change.

The overall response to the employment development challenges can be divided into four main elements:

1 Easing the situation in structural-change communities

- In order to improve the effectiveness of supporting structural-change communities, subsidies that are the responsibility of the various ministries will be put together and increased so that next year a total of EUR 30 million will be reserved for projects. The aim is that decisions on the use of these subsidies will be taken at Government level on the basis of preparation and criteria shared by the ministries.

2 Increasing mobility

- Travel allowance could be paid for four months (currently two months)

The payment of a labour market subsidy could be continued when an employment relationship starts, in the form of a travel allowance (EUR 23.5/working day), to recipients of a labour market subsidy who accept full-time work lasting at least two months outside their own commuting area, conditional upon the employment office giving a favourable decision about the travel allowance. The allowance this year can be paid for a maximum of two months only.

- The compensation level of the mobility allowance will be raised to EUR 0.21/km (currently EUR 0.15/km).

The mobility allowance is paid to unemployed persons or job-seekers threatened with unemployment who go to a job interview, to negotiate an employment contract or to a new job outside their commuting area.

- An employment office can give a relocation grant to a maximum of EUR 500 in association with redundancy protection.
- The maximum amount of the deduction for commuting expenses will be raised from EUR 4,700 to EUR 7,000

Travel expenses between home and work are to be deducted according to the cheapest means of transport available. The deductible is EUR 500, and the maximum amount of the allowance is EUR 4,700 in 2006. The deduction is to be made from earned income.

3 Improving the abilities of the unemployed in accordance with proposals by the Tupo 2 group

- Appropriations directed at rehabilitation activities will be increased in order to improve the abilities of the long-term unemployed. Generally, the aim is to raise the activation rate of the unemployed to 30 per cent.

4 Measures of the Tupo 2 group which are already decided but the implementation of which will continue in 2007

- These measures include the specified instructions for the employment offices concerning the rules for job-seeking and employment services and compliance with them. In addition, a number of measures facilitating the hiring of unemployed persons and job-seekers will come into force on 1 August.