

Employment Fund: Employment Fund's Half-Year Report 1 January 2024–30 June 2024

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Employment Fund
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This release is a summary of Employment Fund's Half-Year Report January–June 2024. The Half-Year Report in its entirety is attached to this release and available at the website <https://employmentfund.fi/investors/half-year-report-2024>

Lower unemployment insurance contributions pushed the half-year result expectedly into deficit though the deficit was further deepened by an increase in unemployment expenditure

As expected, during the first half of the year, the amount of unemployment insurance contributions collected by Employment Fund remained well below the totals collected during the comparison period. This was because the unemployment insurance contributions for 2024 were substantially lowered as proposed by Employment Fund.

At the same time, there was a substantial increase in the financing contributions paid by Employment Fund to its beneficiaries, compared to the same period in 2023. The economic and employment situation has been weaker than in the comparison period and as a result, unemployment expenditure increased during the first half of 2024.

Key figures January–June 2024

The figures are in EUR million	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	1 Jan–31 Dec 2023
Unemployment insurance contributions and other income	1,159	1,773	3,627
Financial benefits paid and administrative expenses	1,666	1,478	2,934
Net financial income	27	22	69
Change in net position	-480	317	763
Investment assets and cash and cash equivalents	1,741	1,340	1,869
Receivables, accruals and fixed assets	526	1,010	859
Short-term and long-term loans	599	598	599
Unemployment insurance contribution and other liabilities	127	177	109
Net position	1,541	1,575	2,021
Unemployment insurance contribution (average)	1.61%	3.04%	3.04%
Change in total wages and salaries*	2.1%	6.1%	4.6%
Unemployment rate (average)	8.8%	7.6%	7.2%
Return on investments	1.6%	1.3%	4.1%

*Change in cumulative wages and salaries during the reporting period compared to corresponding wages and salaries in the previous year. Calculated on the basis of the wages and salaries on which the unemployment insurance contribution is paid.

Managing Director Janne Metsämäki

Slow economic growth and growing unemployment during the first months of the year have also been reflected in the finances of Employment Fund. As a result, we revised our forecast for change in net position for the current year by projecting higher deficit than previously anticipated.

The level of unemployment insurance contributions collected by Employment Fund was substantially lowered for the year 2024. This was primarily a result of the good financial position of the Fund, accumulation of the business cycle buffer to its maximum amount and the economic and employment outlook. We also took into account the impacts of the cuts made in unemployment security and the abolition of the adult education benefits.

Despite growing unemployment, our liquidity remained good throughout the first half of the year and we have successfully managed all our unemployment security and other social security financing tasks. The employment situation is expected to start improving during the second half of 2024.

In its spending limits session, the Government of Prime Minister Petteri Orpo made a decision on the channelling of the cuts in social security. From Employment Fund's perspective, this solution adopted is workable because the level of unemployment insurance contributions will also be allowed to vary in a normal manner in the future and no changes were made to the principles governing the financing of the Fund. The Government also decided that the channelling based on changes in unemployment security will be abolished as from 1 January 2025. The scheme has been in effect since 2014.

We are preparing to submit a proposal for the level of the unemployment insurance contributions for 2025 at the end of August. In spring, we estimated that the contributions would have to be changed by between +0.10 and -0.40 percentage points.

Abolition of the adult education benefits is a major change

Abolition of the adult education benefits set out in the Government Programme has been the dominant issue in Employment Fund during the first half of 2024.

The Government submitted the legislative proposal for the abolition of the adult education allowance and the scholarship for qualified employees to Parliament in February. At the same time, Employment Fund launched change negotiations as part of the abolition process. The negotiations ended after the legislation on the abolition of the adult education benefits had been adopted. As a result of the negotiations, a maximum of 73 tasks in Employment Fund will be terminated by summer 2026. Abolition of the benefits will lead to major changes in staff numbers in the Fund even though the allowance scheme only accounts for about 10% of our total expenditure. The personnel reductions made after the change negotiations will be put into effect gradually as the payment of the adult education benefits is wound down.

After the abolition of the adult education allowance scheme, there have been discussions on preparing a replacement suited for the needs of the education and social services sector. The results of these deliberations were not known at the time of writing this report.

A record number of applications for adult education allowance was received during the first half of the year. Despite the change and the increase in the number of applications, processing of the applications and the payment of the benefits have proceeded smoothly. We are particularly pleased with the fact that customer satisfaction has been at excellent levels throughout the year even though the abolition of the adult education allowance scheme has been a difficult process for customers and our personnel. The share of customers fully or very satisfied with our services (CSAT) averaged 84% during the first half of the year.

Looking at the future

Abolition of the adult education benefits and the changes in our operating environment are also reflected in the expectations on the Fund and its work. In spring, we started the work to clarify the identity of Employment Fund, and we will continue the project this autumn in cooperation with our personnel. The identity work will also support the strategy update scheduled for late autumn. The aim of this work is to ensure that we can continue to perform our societally important tasks with maximum success.

Employment Fund will continue to manage its other statutory tasks as before, and we are also determined to make our services better and more customer oriented. In early summer, we launched a survey among our unemployment insurance contribution customers to get a better idea of the customer experience and to improve our services. Most of our services are already on a digital basis and we also make extensive use of automation. We have made preparations for changes in the legislation on automated decision-making by updating our activities in accordance with legislative requirements. We have also updated the Fund's code of conduct, which you can view on our website. We have also joined the Finnish Transparency Register, to which we submit disclosures of our lobbying activities. In June, we reached the final stages of competitive tendering for our IT services in which we are seeking a new partner to implement and develop our IT services.

Despite the difficult change situation, we have managed our statutory tasks without problems. Amidst the abolition of the adult education benefits, we have carried out excellent work, developed our activities and planned for the future. I would like to thank all our staff members for their change capability and for their ability to work for a common goal.

Employment Fund's operating environment

Inflation in Finland has eased, and the European Central Bank has moved to lower interest rates in the interest rate cycle. Finland's total output is expected to remain close to previous year's levels in 2024.

The weak economic situation in Finland has also been reflected in the employment figures. Unemployment went up during the first half of the year, increasing the need for unemployment security funding. However, the unemployment rate trend has remained unchanged for several months and the number of lay-offs has declined from the peak reached in spring.

Outlook for the end of the year

In the payment estimate submitted to the Ministry of Social Affairs and Health in April 2024, we estimated that the change in Employment Fund's net position would be negative to the amount of about EUR 620 million in 2024 and net position would be positive to the amount of about EUR 1,400 million at the end of 2024.

When preparing the half-yearly financial statements, we estimated that the change in Employment Fund's net position would be negative to the amount of about EUR 700 million in 2024, which would mean a positive net position of about EUR 1,320 million at the end of 2024.

Helsinki, 27 August 2024

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About Työllisyysrahasto

The Employment Fund brings comfort in the changes of the working life. We collect the unemployment insurance contributions that are among other things financing the earnings-related unemployment benefits and urging forward the innovation of learning with the adult education allowance.

Attachments

- [Download announcement as PDF.pdf](#)
- [Employment Fund Half-Year Report 2024.pdf](#)