

# Employment Fund: Employment Fund's Half-Year Report 1 January 2023–30 June 2023

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## Employment Fund Stock Exchange Release August 29, 2023 at 11.00

This release is a summary of Employment Fund's Half-Year Report January-June 2023. The Half-Year Report in its entirety is attached to this release and available at the website <https://talous.tyollisyysrahasto.fi/en/>

## Employment Fund's half-year result showed a surplus due to positive development in employment

- Unemployment insurance contributions and other income EUR 1,773 (1,715) million
- Unemployment benefits, adult education benefits, and administrative expenses paid EUR 1,478 (1,584) million
- Change in net position (half-year result) EUR 317 (99) million
- Net position EUR 1,575 (31 Dec 2022: EUR 1,258) million
- Total investments and assets EUR 2,350 (31 Dec 2022: 2,703) million
- Loans disbursed and other liabilities EUR 775 (31 Dec 2022: EUR 1,445) million
- Unemployment rate 7.2% in June 2023 (6.8% in June 2022)
- Return on investments 1.3% (-2.7%)

## Managing Director Janne Metsämäki

Finland's economic growth continued to slow down, and the number of announcements concerning change negotiations and lay-offs increased in the first half of 2023. Despite this, employment remained at a good level in Finland and the total of wages and salaries increased, boosting the income from unemployment insurance contributions. We expect Employment Fund to produce a clear surplus this year, as a result of which our net position, i.e. the Fund's business cycle buffer, will increase and should exceed its statutory maximum amount already during the current year.

Our liquidity has remained good, and the financing for unemployment benefits has been secured. In June, we paid off one of the two bonds taken out during the COVID-19 pandemic, which amounted to EUR 600 million.

We once again managed to achieve the targets set for our statutory services in the first six months of the year. Thanks for this go to all employees of Employment Fund. We have had a particular focus on ensuring a good customer experience, increasing automation and improving efficiency. We have also built up the capabilities required by our IT strategy and prepared our key development projects.

The collection procedure of unemployment insurance contributions has largely been automated. We have also continued to automate the processing of applications for adult education allowance by increasing the degree of automation in the handling of payment applications and by introducing automated decision-making on applications for continued entitlement to the allowance. The number of applications for adult education allowance reached a record-breaking level in the first six months of the year. While the level of customer satisfaction with the Fund's services was already high, it has continued to improve.

At the beginning of the year, we started the implementation of the new transition security scheme. Additional days of unemployment security will be phased out and replaced by a transition security package financed by Employment Fund.

Employment Fund's Board of Directors adopted new strategic objectives for the Fund in May. In line with the updated objectives, we will produce reliable and high-quality services for the digital era, increase productivity and efficiency, and produce an excellent customer and personnel experience. The efforts to update the strategy will continue in the autumn as we work on our values together with the personnel.

## New government programme to have a significant impact on the Fund

Prime Minister Orpo's government began its work in the Midsummer week 2023. The Government Programme contains many sections relevant to Employment Fund's tasks. Its entries concerning changes to unemployment security would reduce the unemployment security expenditure for the funding of which Employment Fund is responsible. In addition, the Government Programme makes reference to preparing a universal model of unemployment security by the government's mid-term review.

The plan to abolish the adult education allowance from 1 August 2024 is a significant and surprising policy from Employment Fund's perspective. The proposal has sparked plenty of debate in the media and society in general. The granting of adult education allowance is based on the law, which means that for the time being, we will continue to grant and pay out the allowance in compliance with the valid legislation.

Before the contents of the Government Programme became known in June, we published a study on the perceived impact of the adult education allowance, which was responded to by nearly 5,000 allowance users. Since the Government Programme was published, we have actively produced information on the adult education allowance and its use to support discussions and decisions on this matter. At the time of the writing of this review, we are preparing an impact assessment of the Government Programme entries from Employment Fund's perspective. The impact assessment will be discussed at the Employment Fund's Board meeting in August.

## **Unemployment insurance contributions could be reduced in 2024**

In spring, Employment Fund's Board issued an estimate of the level of unemployment insurance contributions in 2024, according to which the contributions could be reduced by 0.00 to 0.50 percentage points. The actual decision on the Fund's proposal will be made at the Board of Directors' and Supervisory Board's meetings in late August 2023. As the proposal on the contributions is prepared, the latest forecasts of economic development and employment trends as well as an estimate of how the Government Programme entries will affect the contribution level will be taken into account.

## **Employment Fund's operating environment**

General economic development showed signs of stagnation both in Finland and internationally in early 2023. The strong increase in consumer prices that began in 2022 eroded consumers' purchasing power, the number of investments declined, and confidence indicators in most sectors showed weakening expectations. Finland's total output was expected to remain at the previous year's level in 2023.

While employment had grown for a long while and remained at a good level during the period under review, its long-term growth stalled. The economic slowdown heralded more announcements of change negotiations in companies, and the number of lay-offs increased slightly. The unemployment rate started increasing slightly, which was not yet reflected in the amounts of funding needed for unemployment security.

## **Outlook for the end of the year**

At the time of preparing the half-year financial statements, we estimate that the Fund's net position would increase by approximately 780 million euros in 2023, which would amount to net position of approximately EUR 2,040 million at the end of 2023.

Helsinki, 29 August 2023

Employment Fund

Board of Directors

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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 2023.pdf](#)