

Employment Fund: Employment Fund's Half-Year Report 1 January 2021–30 June 2021

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Employment Fund
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Employment Fund's Half-Year Report 1 January–30 June 2021

This release is a summary of Employment Fund's Half-Year Report January–June 2021. The Half-Year Report in its entirety is attached to this release and available at website <https://talous.tyollisyysrahasto.fi/en/>

The effects of the coronavirus pandemic were still reflected in the Employment Fund's activities

- Unemployment insurance contributions and other income EUR 1,647 (1,453) million
- Unemployment allowances, adult education benefits and administrative expenses paid EUR 2,093 (1,771) million
- Change in net position (half-year result) EUR -444 (-331) million
- Net position EUR 600 (31 Dec 2020: 1,045) million
- Total investments and assets EUR 2,017 (31 Dec 2020: 2,423) million
- Loans disbursed and other liabilities EUR 1,417 (31 Dec 2020: 1,379) million
- Unemployment rate 7.6% June 2021 (7.7% June 2020)
- Return on investments +0.3% (-0.9%)

Managing Director Janne Metsämäki:

The effects of the COVID-19 pandemic were still reflected in the activities of the Employment Fund in the first half of 2021. Unemployment rates remained high at the beginning of the year, although the number of layoffs started to decrease from the previous year's highest numbers. We have seen signs of more positive economic and employment developments since late spring. Economic recovery is expected to gain further momentum in the second half of the year.

Despite the challenges posed by the COVID-19 pandemic, we were able to perform our statutory tasks in accordance with our objectives in the early part of the year. We were able to collect a good proportion of unemployment insurance contributions and secure the financing of unemployment benefits.

After the adult education allowance reform entered into force in August 2020, the number of applications increased as the applications are now submitted retroactively on a monthly basis. We have responded to the increase by, among other things, automating the processing of allowance applications.

High-quality customer service and the improvement of services through digitalisation are at the heart of the Employment Fund's strategic goals. In the spring, we reformed the Fund's organisational structure so that we could better develop and digitalise our operations and services in the future.

In December 2020, the government of Prime Minister Sanna Marin made a decision to phase out the additional days of unemployment allowance from the beginning of 2023. This will be replaced by a new security package, which will be funded by the Employment Fund. At the beginning of the year, we started preparing for the future changes and participated in the preparatory legislative work on the new security package in a working group led by the Ministry of Social Affairs and Health.

The scope of the Employment Fund's current tasks was assessed by appointed rapporteurs, and their proposals for expanding the Fund's tasks were presented in June. Expanding the Fund's role in developing vocational competences among adults was not included in the proposals. However, the assessment included many proposals related to the Fund's current tasks. The assessment was extensive, and we collaborated with the rapporteurs and provided the necessary information to support the process.

In August, the Employment Fund Supervisory Board will make a proposal regarding the amount of unemployment insurance contributions for 2022. The economic outlook for 2022 is currently positive. However, the outlook remains uncertain due to the COVID-19 pandemic, among other things. In May, the Employment Fund's Board of Directors issued an estimate of next year's contribution rates. According to the estimate, the amount of unemployment insurance contributions is likely to be

raised in 2022.

The Employment Fund's operating environment

In early 2021, the Finnish economy contracted by about one per cent in terms of GDP compared to the first quarter of the previous year. The economy also showed positive signs of recovery as the outlook for industry improved with the increase in order volumes. In addition to industry, various trade sectors also experienced positive growth. The service sector and the construction sector also picked up towards the summer.

During the first quarter of the year, the number of unemployed jobseekers was higher than during the corresponding period of the previous year. However, the number decreased significantly during the second quarter, and as a result, the total number was lower in the first half of the year than in the corresponding period of the previous year. Employment rates improved compared to the first half of the previous year, and there was a significant number of new vacancies.

The financial markets developed fairly favourably in January–June 2021, and the stock market performed particularly well. The fixed income market saw a turn towards increasing interest rates, and long-term interest rates in particular were under upward pressure due to rising inflation. Short-term interest rates remained at historically low levels, and central banks were expected to continue to pursue an accommodative monetary policy in the near future.

The changes in the Finnish economy affected the Employment Fund's financial results retrospectively. During the reporting period, the number of unemployed jobseekers and laid-off workers was high, and the amount of contributions and benefits financed and paid by the Fund clearly exceeded the amount of unemployment insurance contributions collected. The change in net position was a EUR 444 million deficit during the reporting period.

Events after the review period and outlook for the end of the year

According to the data published by Statistics Finland, the unemployment rate in Finland was 7.6% in June 2021, a decrease of 0.1 percentage points from the previous year. According to the Ministry of Economic Affairs and Employment, the number of unemployed jobseekers decreased by 100,700 in comparison to the previous year. The number of people laid-off decreased by 90,400 compared to the previous year.

In August 2021, the Employment Fund assessed that economic recovery from the COVID-19 pandemic will continue during the second half of 2021, and that employment will improve towards 2022. The Fund also estimates that its result for the financial year 2021 would have a deficit of approximately EUR 600 million, and that its net position would be approximately EUR 450 million on 31 December 2021.

Helsinki, 24 August 2021
The 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](#)
- [The Employment Fund Half-Year Report 2021.pdf](#)