

Abstract

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Relief worker services for farmers

The purpose of relief worker services is to allow farmers to take a break for annual leave or in case of illness, for example. The right to annual leave is based on the Act on Relief Worker Services for Farmers (1231/1996).

The administration of relief worker services includes three stages. The Ministry of Social Affairs and Health is responsible for the management and direction of services. The Farmers' Social Insurance Institution is in charge of implementation. Local authorities take care of practical arrangements on the basis of agreements with the Farmers' Social Insurance Institution at the municipal level and sometimes in neighbouring municipalities as well.

Relief worker services cost the state about FIM 970 million in 2000. This was broken down into operational and administrative costs. The state compensates operational costs in full, with money going to local authorities through the Farmers' Social Insurance Institution. Administrative costs are compensated on a calculatory basis, with the goal being to cover reasonable costs resulting from the administration of services in full. This compensation goes to the Farmers' Social Insurance Institution's central administration, which forwards part of funds to local authorities.

The present audit focused on the administration and economy of relief worker services as well as compliance with regulations. The following questions were asked: How well does the administration of relief worker services work? To what extent have economy objectives been met? Does the system satisfactorily ensure compliance with regulations?

With regard to the administration of relief worker services, the audit indicated that direction on the part of the ministry has been passive and has been limited to preparing legislative reforms and budgets. The setting of objectives for the Farmers' Social Insurance Institution has been inadequate, the effectiveness of relief worker services has not been evaluated, reporting has not been sufficient, and monitoring and inspection at the local level have not been arranged satisfactorily.

The direction and information provided by the Farmers' Social Insurance Institution have been adequate to ensure consistency and legality in decisions at the local

level. Local authorities' operating conditions have improved as a result of fewer and larger units, with some authorities taking care of services in neighbouring municipalities as well.

The biggest problem observed with regard to local administration involves compensation for administrative costs. The level of compensation has not been re-evaluated even though the structure of local administration and working conditions have changed considerably. The way in which costs are divided also favours large units unfairly.

The economy of relief worker services was evaluated on the basis of unit and total costs. Costs per day of relief fell by about 8% in 1997, after legislation was reformed, but then rose by 2-3% a year and were higher in 2000 than in 1996. In connection with the reform, various means to lower unit costs were suggested, but none of these have yielded results. Relief arranged individually by farmers has not increased, the number of salaried relief workers has not reached the level prescribed by decree, workdays have not been shortened and differences in costs between local authorities have not been reduced significantly.

The total costs of relief worker services fell significantly in the 1990s and in 2000 were only about 50% of the level in 1991, adjusting for inflation. Costs have fallen mainly because of a drop in the number of farmers entitled to relief services and consequently workdays.

In spite of this significant reduction in costs, the economy objectives which were set in 1995-1996 have not been achieved. Costs exceeded targets by around FIM 150 million a year in 1996-1999. Since anticipated savings were taken into account in budget bills, additional appropriations for relief worker services had to be included in supplementary budgets. Planning for the 1998 and 1999 budgets was particularly deficient in this respect, since it was evident that targets would not be achieved.

Compliance with regulations has been satisfactorily ensured by the system. The Act and Decree on Relief Worker Services for Farmers are fairly detailed and provide a precise framework for arranging services. The direction provided by the Farmers' Social Insurance Institution has improved local authorities' ability to make consistent decisions. Approving services and determining the length of relief take place primarily on the basis of norms. Minor problems involved planning the length of relief and confirming performance.