A baseline study of socio-economic effects of Northland Resources ore establishment in northern Sweden and Finland

Labor supply in Pajala and Kolari

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Summary

This report gives a description of the national employment service system in Sweden and in Finland. The employment situation in the municipalities of Pajala in Sweden and Kolari in Finland is also outlined.

There are quite many persons unemployed in Pajala and Kolari, and especially in Kolari were about 15 percent of the labor force is unemployed. It is although difficult to tell if the unemployed persons are skilled for mining work without reviewing each person individually and without knowing Northland Resources Inc. requirements for labor skills.
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1. Introduction

This report gives a description of the national employment service system in Sweden and in Finland. The employment situation in the municipalities of Pajala in Sweden and Kolari in Finland is also outlined. The study is a sub-project within a socio-economic baseline study accomplished on request of Northland Exploration Finland OY. The sub-project was carried out by Assistant professor Lena Rantakyrö.

2. Extent and Delimitations

The geographic delimitation in this study is Pajala municipality in Sweden and Kolari municipality in Finland.

The sub-study is initiated because of Northland Resources’ Inc. plans to establish mines in the area of Pajala and Kolari. The company’s labor demands and requirements of education and professional experiences for blue-collar as well as white-collar workers are not known, either the company’s plans for in-house vocational training. The study focuses therefore only on the national employment system in Sweden and in Finland and on the current employment situation in Pajala and Kolari.

The study is only outlining the current conditions and do not take into consideration plans for the future or give any suggestions or recommendations of how to meet labor demands caused by the establishment of a mine in the area.

3. Methods

Facts and figures are collected from information on the Internet. Supplementary details were collected by interviews with representatives for the municipalities and the employment office.

4. Results

This section gives a brief description of the employment service system in Sweden and in Finland and outline the current employment in Pajala and Kolari.

4.1 Swedish Public Employment Service (Arbetsförmedlingen)

The Ministry of Employment is responsible for matters concerning employment offices, implementation of labor market policies, adaptation of work and rehabilitation focusing on working life, issues relating to working hours, work environment, the organization of work and labor legislation. Nine administrative agencies are operating under the management of Ministry of Employment. These agencies are responsible for day-to-day operations of public administration. The Government decides on objectives and guidelines for the agencies as well as allocation of resources for their activities. The Ministry of Employment’s area of responsibility also includes the court of labor laws (http://www.sweden.gov.se)
The Swedish Public Employment Service is one of the nine agencies operating under the Ministry of Employment.  

The Swedish Public Employment Service gives service to individuals that are seeking for job and to employers who wants to hire people. The service includes both self service on Internet and personal service by officers at the Swedish Public Employment Service offices that are located in every municipality all over the country (http://www.ams.se)  

Individuals are offered service in the areas of job seeking, career planning, occupational education and entrepreneurship. The individual can set up their own web-page with their CV to make it possible for employers to find them and offer them jobs. The employers can get support in recruiting employees, either by searching for people in the CV-files or by announcing vacant jobs. Employers can also find temporary workers at the Internet service “vikariepoolen”, where individuals that are prepared to take temporary jobs are listed. Employers can also get help to recruit people from abroad by the EURES-advisors. On the Swedish Public Employment Service web-page you can also find links to about 50 web-pages of other recruiting consultants and human resources services (http://www.ams.se).  

The Swedish Public Employment Service can offer unemployed individuals vocational advancement to improve the individual’s opportunities to get a job. The Swedish Public Employment Service buy courses from different educators both private and public organizations. The education is individually designed and depending on the individual’s previous education and experiences. The employer can get financial support to employ people that for one or the other reason have difficulties to enter the open labor market. For example people with disabilities, people that have been unemployed for very long time or people that newly immigrated to Sweden. All types of support is individually considered and decided based on the individual unemployed and his/her previous education and experiences and the person’s situation on the labor market (http://www.ams.se).  

4.2 Employment Office (Työvoimatoimisto)  
The Ministry of Employment and the Economy in Finland works for an innovative business climate, a well functioning labor market, labor with good opportunities to get employed and regional development in a global economy. The Ministry of Employment and the Economy area of responsibility include labor service and issues concerning employment, working hours, participation, collective labor contracts and work environment. The Ministry is also mediator in conflicts at the labor market. There are about 20 government offices managed by the Ministry of Employment and the Economy. One of these is the Employment Office. The Ministry set up rules and guidelines and decides the budget (http://www.tem.fi).  

There are about 200 Employment Offices all over Finland. The offices offer services to individuals and employers. The service is both Internet services that job seekers can use on their own and individual customer service. Individual clients are offered services in the areas of job seeking, career planning, occupational rehabilitation and entrepreneurship. The Employment Office also gives advice on applying for unemployment benefits. For employers the Employment Office offers recruiting and training service. EURES-advisors can help employers to recruit workers from abroad. The Employment Offices also runs a “Hiring out of personnel” service when an employer needs to hire temporary labor (http://www.mol.fi).  

Unemployed individuals can be offered labor market training, in order to improve the individual’s opportunities to get a job. The education is of practical nature usually including
on-the-job learning activities. The Employment Offices buys the training from vocational adult education centers and other vocational training organizations, higher education institutions or private training providers. Labor market training aims to promote employment of long-term unemployed, ageing and disabled persons and to prevent exclusion from the labor market (http://www.mol.fi).

The employer can announce vacancies at the Internet page of the Employment Office. The Career Watch service also sends the information on the vacancy directly to the job seekers’ e-mail. The Employment Office can also look for jobseekers meeting the agreed number of demands for the vacancy. The employer can also search for an employee among the jobseekers registered with the Employment Office in the CV-net application service on Internet (http://www.mol.fi).

Labor market training can be implemented in cooperation with an employer and the Employment Office as so called joint purchase. The joint purchased training is used for recruiting new personnel or for developing the personnel’s vocational know-how. Training can be supplementary or further training designed for the employer’s needs. The Employment Office pays half of the training costs at the maximum. The employer participates in selecting the trainees. The process of planning, purchasing and recruiting usually takes about 2-3 months (http://www.mol.fi).

The Swedish Public Employment Service has an office in Pajala and the Finnish Employment Office is located in Kolari.

4.3 Employment and Unemployment in Pajala

In December 2007, the unemployment rate in Pajala municipality was 160 persons or 4.4% of the labor force. 203 persons or 5.5% were in programs arranged by the Swedish Public Employment Service. The total amount of unemployed people in Pajala was accordingly 363 persons or 9.9 percent of the labor force. 240 men (66.2%) and 123 women (33.8%) were unemployed. The average age of the unemployed men is 55 years. (http://www.ams.se).

Agriculture, forestry employs only 8% of the labor although it is the largest business within the private sector related to number of firms. There is 1 187 work places in Pajala municipality of which 55% are classified as agriculture/forestry. (http://www.bd.lst.se).

The table below shows employees in Pajala distributed in industry as classified by SNS2002 (http://www.scb.se/kommunfaktablandinfo).
4.4 Employment and unemployment in Kolari
In 2007, the unemployment rate in Kolari was 15.2% of the labor force. 268 persons, 152 men (56.7%) and 116 women (43.3%) were unemployed. 117 of the unemployed persons were older than 50 years. There were 83 open vacancies in Kolari at the end of 2007 (http://www.tem.fi).

The table below shows employees in Kolari distributed in production and service in 2005 (http://www.stat.fi).

Table 2: Employees in Kolari distributed in production and service, 2005.

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
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<tbody>
<tr>
<td>Primary production</td>
<td>7,3 %</td>
</tr>
<tr>
<td>Secondary production</td>
<td>11,8 %</td>
</tr>
<tr>
<td>Services</td>
<td>68,8 %</td>
</tr>
<tr>
<td>Other industry or unknown</td>
<td>12,1 %</td>
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</tbody>
</table>

4.5 Commuting in Pajala
For commuting within Pajala municipality you need to be in position of a vehicle. The county traffic authorities provide coaches between Pajala and the other villages within the rural district, but the schedule is not adjusted to normal working hours. There are no coaches connecting villages such as Korpilombolo, Junosuando and Tärendö with each other. (http://www.ltnbd.se).

People are commuting between Pajala and neighboring rural districts and, other parts of the country, but not more frequently than in other parts of the county. Totally 388 persons (25% women) travel from Pajala to work in other rural districts within the county (288) and to other parts of the country (44). Those coming in to Pajala for work are 99 from within the county and 11 from other parts of the country, 44% of people traveling in are women (http://www.scb.se/kommunfaktablandinfo).
Pajala Airport is about 12 km from Pajala centre. There are daily flights to and from Luleå. Pajala has no railroad station.

To increase mobility at the labor market, the Swedish Public Employment Service can encourage people who cannot get a job in their home district to commute to other districts, by supporting them economically with what is called a commuting support (pendlingsstöd). (http://www.ams.se). Expenses for commuting can also be compensated in taxation. If you save at least two hours a day traveling by own car compared to collective transportation, you may reduce your income with the costs for traveling to work with 18 SEK per 10 km (http://skatteverket.se).

4.6 Commuting in Kolari

Almost every fifth (19%) of Kolari’s labor force is commuting to other areas, mainly to other municipalities within Lapland. In 2004, 202 persons were commuting out of Kolari to other municipalities in Lapland and 76 persons were commuting to other regions in Finland. 136 persons were commuting in to Kolari form other municipalities in Lapland and 86 persons from other regions in Finland (http://www.stat.fi).

Due to the considerable geographic size of Kolari municipality, it is necessary to have a vehicle in order to commute within the area. There are few trains coming in from south to the centre of Kolari on daily basis during the winter. There are bus connections from each train from Kolari’s centre to the Ylläs ski center in Äkäslompolo. The village of Hannukainen is along the bus route near Äkäslompolo. Outside the winter season the train and bus connections are notable deficient (http://www.vr.fi).

Kolari Airport is 55 km from Hannukainen. There is a bus connection from each flight to Ylläs ski center. In winter time there are several flights daily from Helsinki to Kittilä, but outside the winter season the frequency of flights is a lot lower.

The expenses caused by commuting are compensated in Finnish taxation. The minimum deductible amount is EUR 500 and maximum is EUR 7000 (http://www.vero.fi).

5. Conclusions

There are quite many persons unemployed in Pajala and Kolari, and especially in Kolari were about 15 percent of the labor force is unemployed. The table below shows the unemployment in percent of the labor force in Pajala and Kolari compared to the county and the nation (http://www.tem.fi; http://www.ams.se).

<table>
<thead>
<tr>
<th>Tabell 3: Unemployment in Pajala and Kolari (%), 2007</th>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Municipality</td>
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<tr>
<td>County</td>
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<tr>
<td>Nation</td>
</tr>
</tbody>
</table>
It is although difficult to tell if the unemployed persons are skilled for mining work without reviewing each person individually and without knowing Northland Resources Inc. requirements of labor skills.

According to the Swedish Public Employment Office in Pajala there should not be any problem to recruit the labor initially needed for mining in Tapuli, if the information they have received from Northland Resources Inc. about a need of 150 employees for Tapuli is correct. There are relatively many workers unemployed in the neighboring municipalities Överkalix and Övertorneå and commuting on daily or weekly basis has become more and more common.

The Employment Office in both Sweden and Finland provide service to both the unemployed for finding a job and to the employees for recruiting.

6. Key Indicators


7. Stakeholders

Pajala municipality, 984 85 Pajala, Sweden. Phone: +46 978-120 00, Fax: +46 978-120 20 kommun@pajala.se, www.pajala.se

Kolari municipality, Isonpalontie 2, 95900 Kolari, Finland. Phone +358 16 519 111, Fax: +358 16 561 924, www.kolari.fi

Swedish Public Employment Service in Pajala. Box 83, 984 22 Pajala. Phone: +46 978 75820 www.ams.se

Employment Office (Tunturi-Lapin työvoimatoimisto), PL 75, 95900 Kolari. Puhelin 010 19 4090 ja 010 60 46922. Telefax 010 60 46929. www.mol.fi
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Ministry of Employment and the Economy, Finland. http://www.tem.fi