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1961 EUROPEAN SOCIAL CHARTER

35th National Report on the implementation
of the European Social Charter
submitted by

THE GOVERNMENT OF ICELAND

Article 2, 4, 5 and 6
for the period 01/01/2013 -31/12/2016)

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CYCLE XXI-3 (2018)

EUROPEAN SOCIAL CHARTER

31st report on the
implementation of the
European Social Charter

Submitted by

THE GOVERNMENT OF ICELAND

Ministry of Welfare

(for the period 1 January 2013 to 31 December 2016)

REPORT

on the application of Articles 2, 4, 5 and 6 for the period 1 January 2013 to 31 December 2016 made by the Government of ICELAND in accordance with Article 21 of the European Social Charter and the decision of the Committee of the Ministers, taken at the 573rd meeting of Deputies concerning the system of submission of reports on the application of the European Social Charter.

Article 2
The right to just conditions of work

Article 2, para. 1 - Reasonable working time.

1.

Act No. 46/1980 on Working Environment, Health and Safety in Workplaces (also referred to as 'the Health and Safety at Work Act') was amended by Act No. 80/2015 which entered into force on 10 July 2015.

By this amendment, a new Interim provision, No. IX, was added to the Act, under which it was permitted, subject to agreement between the social partners, to derogate from Articles 53 and 56 of the Act regarding rest time and night-work hours of those workers who provide individuals with services under collaborative agreements between the state, the municipalities and the national federations of persons with disabilities on consumer-directed personal assistance (CDPA) in accordance with Interim provision IV in the Disabled Persons Act, with subsequent amendments. Under the provision, if, in such an agreement, a derogation is made from Article 53 with the result that rest time of the workers in question is shorter than is allowed for in the Article, the intention shall be that the rest time of the workers involved will, as soon as is possible, be brought into line with the minimum allowed for in the aforementioned Article. Furthermore, the Administration of Occupational Safety and Health shall comment on such arrangements agreed between the social partners.

This provision was valid for the same length of time as the aforementioned Interim provision IV of the Disabled Persons Act, No. 59/1992, i.e. until the end of 2016.

In this connection it should be mentioned that CDPA means that individual persons who need assistance in their day-to-day lives are able to decide the types of support service they receive, when and where it is delivered, and by whom it is delivered. The aim of CDPA is that persons with disabilities should be able to exercise independence in their lives on a par with other persons. The aim of the permission mentioned above to derogate from statutory rules was, in part to increase flexibility in the working arrangements of staff who provide CDPA under the collaborative agreement referred to. The explanatory notes to the Article in the Act when it was presented as a bill stated that it was considered evident that the provisions of the Act on Working Environment, Health and Safety in Workplaces (see Section IX of that Act) could obstruct the implementation of the CDPA programme. Consequently, it was proposed that, under an agreement between the social partners, it would be possible to derogate from certain provisions of the Act as regards rest time and night-work periods in the case of those workers who provided

services to individuals as described above. In this context, consideration was given, for example, to the rules in force elsewhere in the Nordic countries on this point. The solution proposed was intended partly to make it possible for the CDPA programme to go ahead as planned, and the time-frame of the interim provision was made to fit that of the programme, which was to come to an end before the end of 2016. It should be noted that the rules on rest time, holidays and maximum working time set out in Section IX of the Act on Working Environment, Health and Safety in Workplaces were minimum requirements for specific protection of workers. Thus, caution and the principle of proportionality were to be observed when setting rules that might possibly reduce that level of protection; in general, derogation was not permitted unless any reduction could be justified by relevant considerations, in addition to which a lawful aim had to be involved.

Act No. 128/2016, amending the Disabled Persons Act and the Act on Working Environment, Health and Safety in Workplaces (extending the agreements on CDPA and the appointment of a parliamentary committee), which was passed by the Althingi on 29 December 2016, extended the duration of validity of the aforementioned Interim provision IX until the end of 2017, or until when new legislation on CDPA was introduced.

In other respects, there have been no amendments to laws pertaining to these matters.

2.
Collective agreements on assistants to persons with disabilities have been made on the basis of the authorisation described above. These are the Agreement on assistants for persons with disabilities for 2015-2018, between the CDPA centre and the Efling Trade Union, the Hlíf Trade Union and the Keflavík and District Workers' and Seamen's Union (VSFK) and the Agreement for 2015-2018, on assistants to persons with disabilities, between the CDPA centre and constituent unions of the Federation of Special and General workers other than Efling, Hlíf and VSFK. A special protocol, *Protocol 1 on an agreement for derogations from shift-work hours and rest time*, was made in both agreements; it was worded the same way in each. It reads as follows:

1.1 Payment for 24-hour shifts
Arrangements for 24-hour shifts under Articles 1.2 and 1.3 in this Protocol may only be made if it is normally possible to fulfil the requirements regarding minimum rest time in Articles 1.2 and 1.3 in Protocol 1.

Payment for the time counted as rest time during shifts shall be according to the basis for daytime work. Where rest time is broken, the appropriate premium under Articles 3.4-3.6 shall be paid for the time worked, or for a minimum of one hour. For each 24-hour shift, a minimum rest period of 11 hours shall be ensured following the end of the shift.

1.2 Individual 24-hour shifts
When assistants work a 24-hour shift, their rest time may be limited to 6 hours, of which at least 5 hours shall be continuous with a maximum of one interruption.

1.3 Consecutive 24-hour shifts
When assistants work more than one 24-hour shift in a row, their rest time may be restricted to up to 8 hours during each 24-hour period, of which at least 7 hours shall be continuous with a maximum of one interruption. Not more than two shifts shall be arranged consecutively. When

shifts are arranged in this way, the aim shall be that at least two 24-hour periods shall elapse between shift sessions.

1.4 Shorter shifts
If a shift lasts 8-13 hours, it may be arranged in accordance with Article 1.1 of Protocol 1, but the rest period shall be a minimum of 5 continuous hours with a maximum of one interruption.

1.5 Condition regarding rest facilities
It shall be a condition for the application of Articles 1.1, 1.2, 1.3, 1.4 and 1.6 of Protocol 1 that facilities for rest be provided in a suitable room that is not used for any other purpose while workers are resting. Amongst other things, it should be within a reasonable distance of a toilet and wash-basin.

1.6 Exemptions
In order to guarantee acceptable services to the person directing the work, rest time as provided for in Articles 1.2 and 1.3 of Protocol 1 may be restricted still further if unforeseeable circumstances arise. Steps shall be taken to ensure that assistants receive suitable rest time as soon as this can be arranged.

1.7 Risk assessments
Risk assessments covering safety and health in the workplace shall be carried out in accordance with guidelines from the Administration of Occupational Safety and Health as provided for in Act No. 46/1980 on Working Environment, Health and Safety in Workplaces.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee takes note of the information contained in the report submitted by Iceland. In its previous conclusion (Conclusions XIX-3, 2010) the Committee found that the Health and Safety at Work Act gave a too broad margin of discretion to the social partners in determining sectors of activity in which working time could be extended up to 16 hours. The Committee noted that the social partners were able to agree on an extension of daily working hours, subject to the only condition that "the nature of the work or particular working methods required so", which, it considered, was contrary to the Charter. It notes from the report in this connection that the Ministry of Welfare has taken note of this conclusion of non-conformity and has informed the social partners and started a dialogue on this issue within a committee in which the social partners are represented. This committee will present its proposals to the Minister of Social Affairs and Housing in 2014-2015. The Committee wishes to be kept informed of the developments. In the meantime, it reserves its position on this issue.

No amendments were made to the second paragraph of Article 53 of the Health and Safety at Work Act during the period, but a review of the provision in collaboration with the social partners is planned in light of the aforesaid conclusion of the European Committee of Social Rights. By way of further information in this connection, it should be noted that under the Agreement on certain aspects of the organisation of working time between the Confederation of Icelandic Labour and the Confederation of Icelandic Employers [SA Confederation of Icelandic Enterprises], which was made on 30 December 1996 in order to give effect to the Working Time Directive in Iceland, rest time may be shortened to a minimum of eight hours between shifts. The same applies under special circumstances when it is necessary to salvage items of value. If this authorisation is applied as an exception to the general rule of a daily rest period of 11 hours, then the worker is to receive a corresponding period of rest in return. The

corresponding agreement in the public sector, the Agreement on certain aspects of the organisation of working time between the Minister of Finance, on behalf of the Treasury, the City of Reykjavík and the Municipalities' Wage Committee, on the one hand, and the Confederation of Icelandic Labour, the Association of University Graduates the Alliance of State and Municipal Workers and the Icelandic Teachers' Union, on the other, of 23 January 1997, which was made for the same purpose, states that provision may be made, in a collective agreement, for the shortening of the daily rest period to a minimum of eight hours when it is necessary to salvage items of value. If these authorisations in an agreement are applied as an exception to the general rule on the daily rest period, then the worker is to receive a corresponding rest period in return.

State-run pilot project on the shortening of working time.
A special pilot project on the shortening of working time at state-run institutions was launched following the declaration of intent by the government of 28 October 2015 in connection with the collective agreements between the state and the constituent unions of the Alliance of State and Municipal Workers (BSRB). A task-force on the shortening of working time was appointed in spring 2016, consisting of representatives of the Minister of Finance and Economic Affairs, the Minister of Social Affairs and Equality and BSRB. The task force works in accordance with a letter of appointment from the Minister of Social Affairs and Equality. A manager was engaged for the project, which is based in the Ministry of Welfare.

State bodies were invited to take part in the pilot project in October 2016, and four workplaces were subsequently invited to participate: the Directorate of Internal Revenue, the Directorate of Immigration, the National Registry and the West Fjords Police Force, which was the only one at which work was done in shifts. Two of these places shortened their employee's working hours on 1 April and two on 1 May 2017, and the experiment was to last for one year. Working time at these places was reduced from 40 to 36 hours per week, without any reduction in wages. Each workplace arranges the shorter working time in such a way as to maintain the same level of service while at the same time taking account of the wishes of the employees themselves.

The task force has made it a priority to assess the success of the project in the broadest possible way, i.e. by means of questionnaires, focus groups and economic measurements carried out at workplaces. The effect of a shortening of working time on the quality and efficiency of services is assessed at those workplaces that take part in the experiment, as is the impact on workers' health and the atmosphere at the workplace. So as to have comparative data and be able to isolate the effects of the shortening of working time, comparable measurements have been made at four workplaces in comparable lines of operation where no change has been made in the working week.

The results of the questionnaires conducted and the work done by focus groups at these workplaces indicate unequivocally that participation in the pilot project has hitherto produced great satisfaction. Findings show that job satisfaction has increased, workers' health and mood in the workplace have improved and they experience greater quality of life: it is easier for workers with shorter working time to coordinate work and private life, as compared with employees at the 'control' workplaces and measurements made at the participating workplaces prior to commencement of the experiment. Economic measurements made in these workplaces have given positive indications, but it is important to obtain results for criteria such as working hours, staff turnover and absenteeism due to illness over a longer period before a realistic comparison can be made.

The plan was that the shorter working time adopted by the workplaces involved in the experiment would come to an end in April and May 2018 and that final results would be available in September 2018. However, workers and management at the participating workplaces expressed the wish to extend the experiment by one year in order to be able to assess the effects of a long-term change. This has been done, for example, at the City of Reykjavík, where a similar experiment is in progress; there, the number of participating workplaces has been increased so as to investigate the long-term effect. It was therefore decided to extend the experiment by a year at the four workplaces already involved, and also to add a workplace with a shift arrangement to the other participants; this was the internal medicine division of the Western Iceland Health Institution in Akranes, where the shorter working week was introduced on 1 September 2018 and will last until 31 May 2019.

Reykjavík City's pilot project on shortening working time.
In spring 2014, the Reykjavík City Council approved a proposal on a pilot project on a shorter working week and the establishment of a task force with the aim of working out the implementation of a plan to shorten the working day without reducing workers' wages. The aim of the project was to investigate the effect of a shortening of the working day on the health and well-being of workers, the working atmosphere and service levels, taking into account the quality and efficiency of services. The project was followed up in a number of ways: regular surveys were carried out, both among employees and the recipients of the services, and changes in the number of issues raised, overtime work and absences due to illness were monitored.

The first phase of the experiment with a shortened working week began in March 2015 at the office of the Árbær and Grafarholt Service Department (Árbær and Grafarholt are suburbs of Reykjavík) and at the Child Protection Agency; in 2016 the nursery school Hof, the Laugardalur Swimming Pool and the home assistance and nursing services in the eastern part of the city. Having more workplaces involved in the project makes it possible to deepen the focus in the study and investigate the possible effects of a shortening of the working week in workplaces of different types.

The experiment had more positive results than had been expected in all but one of the workplaces. It reduced absenteeism and the people involved were generally positive towards the prospect of a shortening of working time, or to having some flexibility in their working time.

A pilot group monitoring the project assessed the situation in the winter of 2017 as being that it was important to develop the project further and examine in a systematic way whether a shorter working week had an effect on workplaces that had problems with staffing levels; alternatively, the group was keen on examining the long-term impact of having a shorter working week.

The second phase of Reykjavík City's pilot project on shorter working time began in February 2018. One hundred workplaces and 2,200 workers are now involved in it in all parts of the city. The working week at these places has been shortened by 1-3 hours, according to the choice made at the various places and the way this is applied varies from place to place according to the nature of the operations at each one. The experiment is to continue until the end of August 2019, when a final report will be prepared and submitted to the trade union leadership.

3.
Table 1 shows the average working hours in various occupations in Iceland. Working hours are recorded by Statistics Iceland (Hagstofa Íslands), following the same methods as are observed by the other member states of the European Economic Area.

Table 1. Average number of hours worked per week in main and subsidiary occupations, by occupational sector, 2013-2016.

Women and men	2013	2014	2015	2016
Average number of hours worked	**39.8**	**39.8**	**40.1**	**40.1**
Agriculture, forestry and fisheries	53.4	50.8	52.6	53.1
Agriculture	51.2	47.2	50.3	52.3
Fisheries	56.2	54.5	55.1	52.9
Production	41.6	40.5	41.2	41.7
Fish processing industry	42.1	43.7	42.7	43.6
Electricity-, gas- and heating utilities	40.5	42.6	43.3	43.1
Waterworks, sewers, waste treatment and detoxification	39.5	38.9	43.4	42.4
Building and construction	44.2	43.3	43.8	43.9
Wholesaling, retailing, motor vehicle repairs	35.5	35.3	35.6	35.9
Hotel and catering operations	33.4	33.9	33.7	33.3
Finance and insurance	38.7	39.6	39.3	37.6
Real-estate dealing	33.0	40.7	36.0	35.6
Various specialised services	37.8	38.1	38.4	37.7
Travel agencies, travel organisers and other booking services	41.0	40.4	40.6	37.8
Public administration, education, health and social services	35.0	35.0	35.7	35.1
Public administration and defence; social security/insurance	37.7	37.4	38.5	37.0
Health services and social services	32.7	33.4	33.5	32.9
Cultural, sporting and leisure activities	28.2	26.7	27.3	25.6
Other occupational sectors	33.4	33.6	30.1	31.1
Unidentified activities	32.9	37.6	30.9	23.2

Source: Statistics Iceland.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)

In its previous conclusion the Committee also found that the situation was not in conformity with the Charter, on the ground that the working hours for seamen could go up to 72 hours per week. The Committee notes in this regard that the situation has not changed. Article 64 of the Seamen's Act No 35/1985, with subsequent amendments, includes detailed provisions on seamen's rest time and provides that the maximum working week shall be limited to 48 hours on average. The Committee also notes in this connection that the average actual working hours in the fish processing industry were 42.4 hours in 2011 and 43.5 hours in 2012. However, the Committee understands that in a single week the working time is still allowed to be up to 72 hours. According to the report, a task force is working in the Ministry of the Interior to prepare a draft bill on the amendment of the Maritime Traffic Act. The report states that the Committee's conclusions will be taken into account. The Committee considers that during the reference period there was no change to the situation which it has previously considered not to be in conformity with the Charter. Therefore, it reiterates its previous finding of non-conformity on this point.

The situation has not changed concerning Article 64 of the Seamen's Act, and no amendments to that provision are envisaged at present. The Government of Iceland aligns itself with other

states that have argued that the special nature of maritime labour must be taken into account in the assessment of whether the maximum working hours which apply to seafarers are to be considered reasonable within the meaning of Article 2(1) of the Charter, as it has been taken into account as regards the maximum authorized working time of seafarers in EU law and the ILO Maritime Labour Convention. Special circumstances affect maritime work, which is of great importance for the Icelandic economy. It involves finding and following fish stocks and is affected by factors such as weather conditions and the season of the year. It cannot be compared to a typical job on land where regular office hours apply. Regard must be had to the special nature of the work of seafarers to ensure that they continue to have the necessary flexibility concerning working hours to enable them to carry out their work in the special conditions that exist at sea.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee recalls that in its decision on the merits of 23 June 2010 Confédération générale du travail (CGT) v. France (§§ 64-65), Complaint No 55/2009, it held that when an on-call period during which no effective work is undertaken is regarded a period of rest, this violated Article 2§1 of the Charter. The Committee found that the absence of effective work, determined a posteriori for a period of time that the employee a priori did not have at his or her disposal, cannot constitute an adequate criterion for regarding such a period a rest period. The Committee holds that the equivalisation of an on-call period to a rest period, in its entirety, constitutes a violation of the right to reasonable working hours, both for the stand-by duty at the employer's premises as well as for the on-call time spent at home. The Committee asks what rules apply to on-call service and whether inactive periods of on-call duty are considered as a rest period in their entirety or in part.

Section IX of the Act No. 46/1980, on Working Environment, Health and Safety in Workplaces, with subsequent amendments, addresses rest time, holidays and maximum working hours. The provisions of this section were made law by the Act No. 68/2003, amending the Act No. 46/1980, on Working Environment, Health and Safety in Workplaces, with subsequent amendments, and they are based on Council Directive 2003/88/EC of 4 November 2003 concerning certain aspects of the organisation of working time (previously Council Directive 93/104/EC of 23 November 1993 concerning certain aspects of the organisation of working time), hereinafter referred to as the 'Working Time Directive,' which applies to minimum daily and weekly rest periods, annual leave, breaks and maximum working times per week and various matters relating to night work, shift work and working patterns. Thus, the principal rules of the Working Time Directive, including those applying to daily rest periods, were enshrined in law in Iceland by Act No. 68/2003, amending the Act No. 46/1980, on Working Environment, Health and Safety in Workplaces, with subsequent amendments.

The provisions of the Act on Working Environment (etc.) applying to daily rest time are to be found in Article 53. The first paragraph of this sets out the principle rule of the Act regarding minimum daily rest periods: working time is to be structured so that in any 24-hour period, counted from the start of the working day, workers are to receive at least 11 hours' continuous rest time. The second and third paragraphs of the same article lay down authorisations for derogation from this general rule, providing that certain conditions, defined in further detail, are met. In this connection, the fourth paragraph states of Article 53 states that if the daily rest period is shortened, as provided for in the second and third paragraphs, the worker is to receive the corresponding rest time later on.

The terms ‘working time’ and ‘rest time’ as used in Section IX of the Act No. 46/1980 on Working Environment (etc.) are defined in Article 52. Item 1 of this article states that working time is the time during which a worker is working, at the disposal of the employer and carrying out his or her activities or duties. Rest time is defined in item 2 of the same article as the time that is not counted as working time. Further discussion of these terms is to be found in the notes to Article 19 of the bill which became Act No. 68/2003, amending Act No. 46/1980, which enshrined the above definitions of working time and rest time in law. The notes to section *a* of Article 19 of the bill of amendment (which became Article 52 of Act No. 46/1980) stated that the article contained an enumeration of the principal terms used in Section IX of the Act, the definitions of which were in conformity with Article 2 of the Working Time Directive.

Regarding the term ‘working time’ in item 1, the notes explain further that this refers to active working time, i.e. the time in which a worker is working, at the disposal of the employer and carrying out his or her activity or duties. They state that breaks from work, during which the worker is not required to contribute work, breaks for meals or refreshment, paid waiting time, time spent travelling to and from the workplace or regular site of operations and special holidays do not come under this definition of working time even though payment may be made in respect of such periods, as the criterion is whether the time is spent working, and not whether payment is made in respect of the time. Examples of time which is not counted as active working time are refreshment and meal times, even though payment may be made in respect of such time, stand-by shifts, call-out shifts, monitoring shifts and the like, as long as the worker is not called upon to do work. If, on the other hand, the worker is called upon to do work, then the time he or she spends working is counted as active working time.

The notes go on to explain that ‘rest time’ under item 2 refers to time that is not counted as working time. In this connection it is to be noted that workers are entitled to continuous rest from their work and working obligations each day, and reference is made to section c of the article.

Thus, according to these legal commentary materials, when Article 52 of Act No. 46/1980 on Working Environment (etc.) was passed as law, with its definitions of the terms ‘working time’ and ‘rest time’, it was established that active working time did not include stand-by shifts, call-out shifts, monitoring shifts and the like, as long as the worker was not called upon to do work. If, on the other hand, the worker was called upon to do work, then the time that he or she spent doing work was counted as active working time. It should be stated that the Act on Working Environment, Health and Safety in Workplaces does not contain special provisions on stand-by shifts, call-out shifts, monitoring shifts and the like.

Article 2, para. 2 – Public holidays.
Iceland has not ratified this paragraph.

Article 2, para. 3 – Annual holiday with pay.
1.-2.
No changes were made during the period covered by this report to statutory provisions or the provisions of collective agreements regarding annual holiday with pay; thus, reference is made to the government’s previous reports as regards this matter.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee recalls that, under Article 2§3 of the Charter, annual leave may not be replaced by financial compensation and employees must not have the option of giving up their annual

leave. It asks the next report to confirm that this is the case in Iceland, with reference to any relevant provisions or case law examples.

Under Article 1 of the Annual Leave Act, No. 30/1987, with subsequent amendments, all those who work in the service of others in return for wages, whether these are paid in money or other items of value, are entitled to annual leave and to wages during annual leave. Under Article 2 of the Act, the Act does not abridge more extensive entitlements or more advantageous leave entitlements as provided for under other acts of law or contracts or according to custom; however, any contract that specifies lesser entitlements for workers than the Annual Leave Act shall be invalid. Under the second paragraph of Article 3 of the Act, the year for the calculation of annual leave runs from 1 May to 30 April.

Under Article 7 of the Act, workers are entitled to annual leave wages in accordance with their accrued leave entitlement during the previous annual leave year; the general rule under the Act is that workers are to be paid their accrued leave pay on the day before they begin taking leave.

Under Article 4 of the Annual Leave Act, annual leave is to be granted in a single period between 2 May and 15 September. Provision may be made in collective agreements negotiated by the trade unions to specify a shorter leave during this period, though of a minimum of 14 days during the summer leave period, if this is necessitated by special operational circumstances. If a recipient of annual leave does not exercise leave entitlement for a period longer than that specified in the act, then that part of his or her leave that is taken outside the summer leave period shall be extended by one quarter if leave is taken outside the summer leave period at the employer's wish. Parties may, by agreement, derogate from the rules of the article regarding the division of leave into periods. Annual leave shall, however, at all times be completed by the end of the leave-calculation year.

Article 5 of the Act states that the employer is to decide, in consultation with the worker, how leave is to be granted. The employer is to comply with the worker's wishes regarding when leave is to be granted to the extent possible in terms of the business operations. After consulting the worker's wishes, the employer is to announce, at the earliest opportunity and no later than one month before the beginning of the leave, when leave is to commence, unless special circumstances make it difficult to do this.

Under Article 6 of the Act, a worker who due to illness is unable to take leave at the time decided by the employer under Article 5 shall produce proof of this by means of a medical certificate. The worker shall then be able to demand leave at another time, and such leave shall be decided in consultation between worker and employer in accordance with Article 5, though as soon as possible after the illness has passed.

Article 8 of the Annual Leave Act states that in the event of the termination or expiry of the employment contract between worker and employer, the employer shall, at the end of the employment period, pay the worker all his or her accrued leave pay entitlement according to the rule stated in the second paragraph of Article 7.

Under Article 13 of the Act, it is forbidden to assign leave pay and to transfer it between leave-calculation years. In this connection, however, it must be borne in mind that the employer is under a clear obligation to determine the leave taken by his or her employees, as provided for in the aforementioned Article 5 of the Annual Leave Act. Neglect of this obligation by the employer therefore will not result in the lapse of a financial claim by an employee for leave pay

in the event that the employee does not receive leave, i.e. a period of holiday from work, in accordance with the provisions of the Act. If the employer neglects his or her obligations under Article 5 of the Annual Leave Act, he or she will then be obliged to pay the employee his or her leave pay if the employee does not receive paid leave according to his or her entitlement. The Act also provides for the possibility of transferring annual leave between leave-calculation years in cases involving illness on the part of employees (see the discussion of Article 6 of the Act above).

Article 2, para. 4 – Reduced working hours or additional holidays for workers in dangerous or unhealthy occupations.
Iceland has not ratified this paragraph.

Article 2, para. 5 – Weekly rest period.
1.-2
No changes were made during the period covered by this report to statutory provisions or the provisions of collective agreements regarding weekly rest period; thus, reference should be made to the Government's previous reports as regards this matter.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
It notes from the report that Article 54 of the Health and Safety at Work Act, No. 46/1980, as amended by Act No. 68/2003, provides that workers are entitled to at least one weekly rest day in direct conjunction with the daily rest period. The Committee asks the next report to confirm that workers cannot waive their right to weekly rest periods or have it replaced by financial compensation.

Article 54 of the Health and Safety at Work Act, No. 46/1980, with subsequent amendments, enshrines in law the principle of Article 5 of the Working Time Directive that in each seven-day period, workers are to have at least one weekly day off, i.e. a continuous rest period of 24 hours, which is to be in conjunction with a period of daily rest as provided for in Article 3 of the Directive. The second paragraph of Article 54 of the Act states that if there is a special need in view of the nature of the jobs involved, the social partners may, by agreement, postpone the weekly rest period in such a way that the worker will receive a corresponding rest period at a later date, in all instances within 14 days. Where special circumstances necessitate such derogations, it may nevertheless be decided by agreement in the workplace to postpone the weekly rest period in such a way that instead of a weekly rest period there shall be two continuous days off work every two weeks. Finally, the third paragraph of Article 54 of the Act provides that, in addition, the weekly rest period may be postponed due to external circumstances, such as when the weather or other forces of nature, accidents, power shortages, malfunction of machinery or other equipment, or other equivalent unforeseen events disrupt, or have disrupted, operations and it is necessary to maintain services or production, providing that the employee receives a corresponding rest time at a later date and as soon as this can be arranged.

Regarding the aforementioned provisions of Article 54 of the Act, the notes on the article state that, taking account of Article 17 of the Directive, the second paragraph allows for the organisations of the social partners to be able to agree on the postponement of the weekly rest period in a systematic way if special circumstances render such a derogation necessary. Thus, say the notes, taking account of Article 17(3) of the Working Time Directive, it is proposed that in exceptional circumstances, and in view of the special nature of the jobs involved, it be

permitted to determine, in an agreement between the organisations of the social partners, to postpone the weekly rest period so that the employee will receive a corresponding rest period later, this in all cases to be granted within 14 days. In such cases, the conditions of the directive, that objective or technical reasons apply to such a decision, must be met. Furthermore (the notes state) it is necessary to provide an authorisation for employers to postpone the taking of the weekly rest period, conditional on this being agreed at the workplace involved; this refers to an agreement between the employer and the relevant workers. In this context, reference is also made to the fact that circumstances may arise at a workplace with the result that it suits the worker better to work continuously for a period of more than seven days and then to receive at least two consecutive days of rest. It was regarded as natural that in this way, the employee could have some measure of choice on this in an agreement with his or her employer. Nevertheless, it is at all times a condition that the employee is to receive at least two consecutive days of rest during each two-week period instead. Furthermore, it has been regarded as natural to permit derogations in exceptional cases when external circumstances or other equivalent unforeseen circumstances disrupt, or have disrupted, operations and it is necessary to maintain services or production. In such cases, the employer shall ensure that the employees receive an equivalent rest period later, and as early as this can be arranged. This (state the explanatory notes) is in conformity with the fourth paragraph of Article 55 of the Act (as it then was), and the provision is in conformity with the authorisations of Article 17(2) and Article 17(3) of the Working Time Directive (*cf.* also Article 5(4) of Directive 89/391/EEC).

No further authorisations for derogations from the general rule of the first paragraph of Article 54 of the Health and Safety at Work Act are to be found. Thus, the Act, does not provide for the possibility that workers can waive their entitlement to a weekly rest period or accept payment in lieu of it.

Here follow two examples of provisions in collective agreements that are based on Article 54 of the Health and Safety at Work Act (Act No. 46/1980 on Working Environment (etc.)).

Article 2.4.4. of the collective agreement between the Efling Trade Union and the State, covering the period 1 May 2015-31 March 2019.
During each 7-day period, workers shall have at least one weekly day of rest in conjunction with a daily rest period; the week shall be regarded as beginning on Monday. Thus, each worker should receive 35 hours' continuous rest once a week. To the extent possible, the weekly day of rest shall be Sunday and workers shall have their day off work that day. Nevertheless, an institution may, by agreement with its employees, postpone the weekly day of rest when special circumstances necessitate such a derogation, with the result that the weekly day of rest shall be replaced by two continuous days of rest every two weeks. If there is a particular need to structure work in such a way that the weekly day of rest is postponed, then the taking of rest days shall be arranged so that two rest days are taken together.

Article 3.6.4. of the collective agreement between the Confederation of Icelandic Enterprises (SA) and the Icelandic Travel Industry Association (SAF) and the Tourist Guides' Association covering the period 22 June 2012-31 January 2014.

To the extent possible, the weekly day off shall be Sunday and as far as it is possible to arrange it, all those who work at the same company or at the same permanent workplace shall have a day of rest on that day. A company may, however, in accordance with an agreement with its employees, postpone the weekly day of rest when particular circumstances necessitate such a derogation. If there is a special need to structure work in such a way that the weekly rest period is postponed, then a collective agreement shall be made on this point. The taking of rest days

may then be organised in such a way that two rest days are taken together every second weekend (i.e., Saturday and Sunday). If, on the other hand, a rest day falls on a business day due to unforeseen causes, this shall not reduce employees' entitlement to their fixed wages and shift-work supplement.

Article 4

The right to fair remuneration.

Article 4, para. 1 - Decent remuneration.
1.-3.
Collective agreements on the Icelandic labour market.
Reference is made to the last report.

Even though wages, wage payments, arrangements for the payment of wages, etc., are mentioned in acts of law, wages, including minimum wages, in Iceland are determined in collective agreements. Article 1 of the Workers' Wages and Terms and Obligatory Pension Rights Insurance Act, No. 55/1980, with subsequent amendments, states: Wages and other terms of service negotiated between the organisations of the social partners shall be minimum terms, irrespective of workers' gender, nationality or employment period, for all workers in the relevant occupation in the region covered by the agreement. Agreements made between individual workers and employers covering poorer terms than those determined in the collective agreements shall be invalid..

Two main rounds of collective negotiations fell during the period covered by this report: in 2013 and 2015.

It was agreed in the collective agreements negotiated in 2013 that the minimum wage in the private sector was to be ISK 214,000, as from 1 January 2014, for workers aged 18 years and older who had worked for four continuous months with the same undertaking. A general wage increase of 2.8% for daytime work (with a minimum of ISK 8,000 per month) was also agreed as from 1 January 2014, based on full-time employment, with a 2.8% increase on other related sums. The December bonus in 2014, based on full-time work, was ISK 53,600 (ISK 60,900 in the case of workers in the commercial and office workers' unions VR and LÍV). The vacation-pay supplement in respect of the leave-calculation year beginning on 1 May 2014, based on full-time employment, was ISK 29,500 (ISK 22,200 for workers in the unions VR and LÍV).

In December 2013 the government of Iceland agreed to facilitate the negotiation of new collective agreements by making a binding promise on measures that would be of benefit to the citizens of the country. One of these was that the middle rate of income tax would be reduced from 25.8% to 25%. At the same time, the government declared its intention of undertaking a comprehensive review of the income tax system, in stages, aiming at simplification, a reduction in the number of tax levels and a reduction of peripheral taxes. In addition, the government declared that during the coming two years, increases in tariffs charged by the state would be under the inflation target of the Central Bank of Iceland, and also that it would work, in collaboration with the social partners, on reforms in the educational system to benefit those with little formal education.

In the collective agreements of 2015, it was agreed that the minimum wage in Iceland would reach ISK 300,000 per month during 2018. Agreement was reached on a minimum wage, for full-time work, by persons aged 18 and over with 6 months' working experience at the same undertaking (subject to a minimum of 900 hours) of ISK 260,000 per month as from 1 May 2016, rising to ISK 280,000 by 1 May 2017 and ISK 300,000 as from 1 May 2018. A general wage increase of ISK 25,000 was agreed on 1 May 2015 and ISK 15,000 on 1 May 2016.

Furthermore, an increase in basic rates of 7.2% was agreed when the agreements took effect for workers with ISK 300,000 or less in monthly wages who had started working for their employers on or before 1 February 2014. The increase in basic wages for employees with wages higher than ISK 300,000 per month was to take place in increasingly lower steps, going from the full rate of increase for those with ISK 300,000 per month down to 3,2% for those with ISK 750,000 per month. A different increase, which workers were to have received after 2 February 2014, was deducted from these increases. The minimum increase in wages and wage-related items was 3.2%. Also, it was agreed that as from 1 May 2016, a wage-trend-related insurance rate of 5.5%, with a minimum of ISK 15,000 would be paid. A different increase, which workers were to have received for the period 2 May 2015 to 30 April 2016, was deducted from this increase. As from 1 May 2017 the general wage increase was to be 3%, with wage rates going up by 4.5%; from 1 May 2018 the general wage increase was 2%, with wage rates rising by 3%.

In this round of collective agreement negotiations in 2015, the government of Iceland agreed various measures relating to private-sector agreements. These were set out in 11 items and concerned various aspects of the tax, welfare and housing systems, and also reforms in economic policy and the management of public finances. An important premise in implementing these measures was that private and public-sector wage agreements would not disrupt economic stability. The government's measures were designed on the assumption that care would be taken, in the forthcoming negotiations, to give special consideration to the lowest-paid groups and to have the minimum wage rise to ISK 300,000 during the term of the agreements.

Amongst other things, the government agreed to take measures to make changes to the income tax system that would result in an increase in disposable income for all wage-earners, though particularly for those with middle-range incomes. As an example, the aim was that the disposable income of about 65% of persons in full employment would rise by ISK 50,000 per year, or more, and that the disposable income of workers with middle-range incomes would rise by nearly ISK 100,000 per year. Furthermore, the changes would result in a simplification of the income tax system, with greater transparency and efficiency, with a reduction of the number of tax rates from three to two. Furthermore, personal tax credit would be raised in step with price-level changes.

Together with these measures, it was proposed that a reduction in income tax amounting to ISK 16 billion be made during the electoral period (equivalent to about 13% of the Treasury's estimated earnings from private income tax).

The government also undertook, in collaboration with the Association of Local Authorities and the organisations of the social partners, to create more favourable conditions for the development of the housing market so as to promote construction of greater numbers of inexpensive but convenient apartments with the aim of ensuring that lower-income families would have access to long-term rental housing, with a programme of building 2,300 socially-assisted apartments during the period 2016-2019.

Moves were also planned to reduce construction costs, including a review of the building regulations and the fees charged by municipalities. Housing benefit would be raised to support the private rental market and to reduce the housing costs faced by lower-income tenants, and changes were to be made in the tax system so as to reduce rents and increase the supply of rental accommodation. Moreover, moves were to be made to make it easier for those who were

purchasing accommodation of their own for the first time, including allowing young people to break into their private pension savings for this purpose. The government announced that it would work towards these aims in a collaborative consultative team consisting of representatives of central and local government and the national federations of employers and workers, taking account of moves already made by the government to reform the housing market and ideas that had been put forward in discussions of the consultative team.

Other measures approved by the government included moves to even out the burden of pension payments to invalids between the pension funds, the abolition of import duties on clothing and shoes, a reduction in charges to patients for medical attention, additional allocations to higher school education and vocational training, a campaign against tax evasion, the simplification and review of the regulatory framework and supervision of business activities, policy on state finances and collaboration on the formulation of labour-market policy and the structure of the labour market.

A new collective agreement was made in the private sector in 2016 between the constituent unions of the Icelandic Confederation of Labour (ASÍ) and the Confederation of Icelandic Enterprises (SA), running from 1 January 2016 to 31 December 2018. Its aims were, firstly, to raise pension entitlements in the private sector from 56% to 76% of average lifetime earnings and to equalise the accumulation of pension rights between the private and public sectors by raising the counter-contribution by employers from 8% of workers' waged to 11.5% and, secondly, to bring the changes that were to take place in wages and terms in the years 2016-2018 into line with the general framework agreement concluded between the social partners on 27 October 2015 The 5.5% wage insurance agreed for 2016 was to be replaced by a general wage increase of 6.2%, with a minimum of ISK 15,000 per month. This wage increase was to take effect from 1 January 2016 instead of 1 May 2016. That same year, employers' counter-contribution premium payment to pension funds was to rise by 0.5% to 8.5%. In 2017, a 4.5% increase on wages, instead of 3%, was to take place on 1 May, and employers' counter-contribution to workers' pension funds was to rise to 10%. Finally, in 2018, a general wage increase of 3% (instead of 2%) was to take place on 1 May, and employers' pension-fund contribution was to rise to 11.5% of the worker's wages.

Minimum wages and minimum earnings insurance.
Reference is made to the previous report and the discussion above on the changes in the minimum wage (minimum earnings insurance) during the period covered by the report (see in particular the section *Collective agreements on the Icelandic labour market*).

All employers in Iceland are under obligation to abide by the provisions of the collective agreements on minimum wages. The minimum wages are first and foremost determined on grounds of the nature of the work, seniority and education. Under Article 1 of the Terms of Service and Obligatory Pension Insurance Act, No. 55/1980, the wages and other terms of service agreed between the social partners are to be considered minimum terms, independent of sex, nationality or term of appointment, for all employees in the relevant occupation within the area covered by the collective agreements. Agreements concluded between individual employees and employers on inferior terms of employment than stated in the collective agreements are invalid and not binding for the employee.

The minimum wages according to the collective agreements are based on a full day's work. Overtime is paid for work in excess of this. From 1 May 2016, the minimum wage based on the minimum earnings insurance in the private sector was ISK 260,000 per month for a full-time

position, i.e. 173.33 hours worked per month (40 hours per week), for an employee who has reached the age of 18 and has worked for at least six months in the same company (a minimum of, however, 900 hours). Every month, extra compensation shall be paid in addition to the wages of those employees who do not attain the above income (minimum earnings insurance). In this context, 'wages' refers to all payments, including any type of bonus payments or allowances and extra pay, that accrue within the period of the above working hours. Pay for overtime work carried out in excess of the 173.33 hours per month and payments to cover expenses paid are not included in this context.

The table below shows unskilled workers' minimum wages and minimum earnings insurance for full employment on the Icelandic labour market according to Icelandic collective agreements.

Table 2. Minimum wages of unskilled workers on the Icelandic labour market.

	Minimum wages	**Minimum earnings insurance**
	ISK per month	ISK per month
February 2013	193,317	204,000
February 2014	202,905	214,000
May 2015	229,517	245,000
January 2016	244,517	260,000

Source: The Efling Trade Union.

Table 3. Examples of the minimum pay of a 22-year-old general worker in 2016.

Cleaning	ISK 244,517
Fish processing	ISK 249,500
Construction work	ISK 251,211
Machine operators	ISK 258,402
Work in restaurant and catering	ISK 249,500

At the time of submission of this report, information was not available so as to produce up-to-date tables on the following subjects, which are taken from earlier reports:

- Minimum and average monthly wages in the private sector, after deduction of pension-fund premiums and taxes.
- Lump-sum payments.
- Number of individuals (in thousands) with annual income below ISK 1,000,000.
- Purchasing power of minimum wage with lump-sum payments 2013-2016.

The information will be sent to the Council of Europe as soon as it is available.

Personal tax credit.

In 2013 the personal tax credit was ISK 581,820 per person; in 2014 it was ISK 605,977, in 2015 it was ISK 610,825 and in 2016 it was ISK 623,042. For the period, unutilised tax credit was fully transferable between spouses. The income tax rate in 2016 was 37.13% on wages in the range ISK 0 – 336,035, 38.35% on wages in the range ISK 336,036 – 836,990 and 46.25%

on wages higher than ISK 836,990. The employee's contribution to pension funds, 4% of earned income, was deductible from taxable income.

Child benefit.
For 2013 – 2016, child benefit was as follows (in ISK per year):

Table 4. Child Benefit.

Tax assessment year (when benefit was paid)	**2014**	**2015**	**2016**	**2017**
Income earning year	**2013**	**2014**	**2015**	**2016**
For all children under the age of seven	100,000	115,825	119.300	122,879
Benefits for couples:				
First child	167,564	194,081	199,839	205,834
Each additional child	199,455	231,019	237,949	245,087
Benefits for single parents:				
First child	279,087	323,253	332,950	342,939
Each additional child	286,288	331,593	341,541	351,787
Income threshold for benefit curtailment:				
For couples	4,800,000	4,800,000	4,800,000	5,400,000
For a single parent	2,400,000	2,400,000	2,400,000	2,700,000
Curtailment of benefits under the age of seven:				
For each child	3.00%	4.00%	4.00%	4.00%
Curtailment of benefits under the age of eighteen:				
For one child	3.00%	4.00%	4.00%	4.00%
For two children	5.00%	6.00%	6.00%	6.00%
For three children or more	7.00%	8.00%	8.00%	8.00%

Source: Ministry of Finance and Economic Affairs.

Interest benefit.
A fully refundable tax credit is granted to purchasers of personal dwellings (homes) to reimburse them for part of mortgage-related interest expenses. The maximum tax-related interest credit in 2016 was ISK 400,000 for a single person, ISK 500,000 for a single parent and ISK 600,000 for married or cohabiting couples. For the purpose of calculating interest benefit, interest payments may not exceed 7% of the balance owed in connection with apartment purchases, with a ceiling of ISK 800,000 in the case of a single person, ISK 1,000,000 in the case of a single parent and ISK 1,200,000 in the case of a married or cohabiting couple. Income-related reduction amounts to 8.5% of the income base.

Reduction of interest benefit begins, in the case of an individual or single parent, when the person has net assets of ISK 4,000,000 (lower threshold) and continues up to a net asset figure of ISK 6,400,000 (upper threshold). In the case of married or cohabiting couples, reduction of interest benefit begins when their net assets reach ISK 6,500,000 and ends when they reach ISK 10,400,000.

In addition to traditional interest benefit, a special subsidy was paid on interest in the tax assessments of 2011 and 2012 amounting to 0.6% of debts in connection with residential housing purchases for the owner's occupation. This was a temporary move taken to tackle the changed situation following the economic crash. The maximum subsidy payment was ISK 200,000 for each year for a single person and ISK 300,000 for married or cohabiting couples and single parents. The subsidy, together with interest benefit, could not exceed the interest payments made during the reference year in connection with the purchase or construction of owner-occupied residential property. The interest subsidy was not classed as taxable income.

For 2013-2016, interest benefit was as follows (in ISK per year):

Table 5. Interest benefit.

	Tax assessment year (In which benefit is paid)		**2014**	**2015**	**2016**	**2017**
	Income earning year		**2013**	**2014**	**2015**	**2016**
Maximum interest benefit	Single persons		400,000	400,000	400,000	400,000
	Single parents		500,000	500,000	500,000	500,000
	Couples		600,000	600,000	600,000	600,000
Maximum interest payments on debts on residential property			7.00%	7.00%	7.00%	7.00%
Max. interest payments for calculation of benefit	Single persons		800,000	800,000	800,000	800,000
	Single parents		1,000,000	1,000,000	1,000,000	1,000,000
	Couples		1,200,000	1,200,000	1,200,000	1,200,000
Income-related reduction			8.50%	8.50%	8.50%	8.50%
Reduction thresholds due to assets owned	Single persons	Lower	4.000.000	4,000,000	4,000,000	4,500,000
		Upper	6,400,000	6,400,000	6,400,000	7,200,000
	Couples and persons taxed jointly	Lower	6,500,000	6,500,000	6,500,000	7,312,500
		Upper	10,400,000	10,400,000	10,400,000	11,700,000

Temporary interest rebate

Proportion of debts			-	0.6%	0.6%	-
Maximum	Single persons		-	200,000	200,000	-
	Couples and single parents		-	300,000	300,000	-
Thresholds for reduction due to net assets	Single persons	Lower	-	10,000,000	10,000,000	-
		Upper	-	20,000,000	20,000,000	-
	Couples and persons taxed jointly	Lower	-	15,000,000	15,000,000	-
		Upper	-	20,000,000	20,000,000	-

Source: Ministry of Finance and Economic Affairs.

Rent benefit and housing benefit.

In 2012, the basic sum for each apartment was ISK 13,500. An additional ISK 14,000 was paid in respect of the first child, ISK 8,500 in respect of the second and ISK 5,500 in respect of the third. These sums were raised in 2013-2015: the basic rate to ISK 17,500, with ISK 14,000 for the first child, ISK 8,500 for the second and ISK 5.500 for the third; children must be legally domiciled in the rented premises. In addition, 15% of the rent lying between ISK 20,000 and

ISK 50,000 may be paid as rent benefit (up to ISK 4,500). The maximum monthly amount of rent benefit was ISK 46,000 in 2012 and was raised to ISK 50,000 in January 2013, though with the proviso that it might never exceed 50% of the rent. In 2012, the highest possible rent benefit for a tenant who had no children in her/his care was therefore ISK 18,000. The highest possible rent benefit for a tenant who had one child in his/her care was ISK 32,000; with two children, the highest amount possible was ISK 40,500; and ISK 46,000 in the case of three or more children. Thus, in 2012-2015 full rent benefit, without deductions due to income and assets, could amount to ISK 22,000 per month for individuals or married or cohabiting couples, ISK 36,000 if there was one child in the home, ISK 44,500 if there were two and ISK 50,000 if there were three or more.

Income can reduce the amount of rent benefit. In 2011 the reduction was by 1% of annual income in excess of ISK 2,000,000 (the income reference figure was raised to ISK 2,250,000 in January 2012). 'Income' here refers to the aggregate total earnings of all those who are legally domiciled or resident in the relevant rented premises; the earnings of applicants' children aged 20 and over shall be included unless they are engaged in programmes of school or college (university) study for six months or more during the year. Social security benefit payments from the Social Insurance Administration, rent benefit for the previous year and income payments that are not subject to tax are excluded from these calculations. Assets, aggregated and after deduction of liabilities, can also reduce rent benefit if they exceed a certain threshold. In such cases, 25% of the amount exceeding the threshold is to be added to the income figure used to calculate rent benefit. In 2011, the threshold was ISK 6,063,975 (in 2012, the threshold was ISK 6,383,000 and in 2013 it was ISK 6,651,000). For the period 2012-2015, reductions could be as follows. Income resulted in a 0.67% reduction in each month of annual income above ISK 2,550,000. Thus, monthly rent benefit was reduced by ISK 6,700 for each ISK 1 m of income above this threshold.

Some municipalities granted special rent benefit to those who live under difficult financial and/or social circumstances. The Rent Benefit Act did not require such special rent benefit to be paid so the rules regulating it are stipulated by the municipalities and can vary between one municipality and another.

A new item of legislation, the Housing Benefit Act, No. 75/2016, entered into force on 1 January 2017, repealing and replacing the earlier Rent Benefit Act. With the commencement of the new act, administration of financial support to tenants (previously termed (general) 'rent benefit', now termed 'housing benefit') was transferred from the municipalities to the state, i.e. to the Housing Benefit Payment Office, a department of the Directorate of Labour. The municipalities, on the other hand, are in charge of special housing support to tenants (previously termed 'special rent benefit'); all municipalities are now obliged to offer special housing support to tenants if certain conditions, which each municipality sets and are defined in detail, are met. Prior to this date, the municipalities were permitted, but not obliged, to offer special rent benefit, and about one-third of them did so. At the same time as these changes were made, the arrangements for sharing the cost of general housing support to renters in the form of rent benefit between central and local government were changed; rent benefit as general housing support is paid by the state, while the cost of special housing support is paid by the municipalities.

The main change in general housing support in the form of housing benefit instead of (general) rent benefit is that the basic amount of housing benefit rises according to the number of persons in the home, irrespective of their age; thus, it is not bound by the type of the family. For

comparison, the basic amount of (general) housing benefit used to be largely linked to the number of children in the home. In this context it may also be mentioned that a change was made on adoption of the housing benefit system by which, in those cases where parents of children do not live together, the parent who has charge of the child for a minimum of 30 days per year is able to register the child as being a member of his or her household, even though the child is legally domiciled with the other parent.

Housing benefit is linked to both earnings and assets, as rent benefit used to be. All earnings and assets, those of the applicant and of members of the household who are aged 18 and older, are added together, forming a joint earnings base and asset base, which lower the amount of housing benefit payments if it is above the threshold for housing benefit; this threshold used to be 'flat' under the old system, i.e. it took no account of the number of persons in the home. Housing benefit can, at its maximum level, amount to 75% of rent, while maximum rent benefit in the old system could reach only 50% of rent.

The new housing benefit system means considerably greater state housing support for tenants, and housing support given to households of various types has been made more equal than it used to be.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee nevertheless notes that in 2012, 7.9% of the population faced the risk of poverty and 12.7% the risk of poverty or social exclusion, with an average wage (ISK 156 000) that was significantly lower than the minimum agreed wage level. To be able to examine whether the lowest wages paid are adequate to ensure a decent standard of living, it asks that the next report contain information on the coverage rate of collective agreements in the private and public sectors and on pay in branches or trades not governed by collective agreements. It also asks for information on the level of contributions to cover the risks of sickness and maternity leave as well as on social benefits in kind. It requests that the next report distinguishes between the absolute minimum wage and that paid after four months' experience.

The at-risk-of-poverty rate, defined as those with less than 60% of the population's median equivalized disposable income, was 8.8% in 2016 compared with 9.3% in 2013. Equivalised disposable income depends on the disposable income of the household and how many people are living from that income. For instance, two adults with two children need 2.1 times more disposable income than a person who lives alone in order to have comparable disposable income.

Table 6. Net average wages (per year) in 2013-2016 (in ISK millions).

2013	2014	2015	2016
3,507	3,736	3,984	4,351

* *'Net average wages' denotes aggregate income less taxes and pension-fund premiums.*

Table 7. Poverty-level wages per month, for a single-person household.

2013	2014	2015	2016
170,600	182,600	190,100	207,600

Table 8. At-risk-of-poverty rate in 2013-2016.

2013	2014	2015	2016
9.3%	7.9%	9.2%	8.8%

Source: Statistics Iceland.

The Icelandic labour market embraces about 180,000 people, of which 139,000 (77%) are employed in the private sector and 41,000 (23%) in the public sector. Broadly, about 100,000 people are members of 5 national federations and 51 constituent unions in the Confederation of Icelandic Labour (ASÍ). About 22,000 are members of unions which form the Alliance of State and Municipal Workers (BSRB); about 11,000 are members of 27 unions within the Alliance of University Graduates and about 10,000 are members of 8 unions forming the Icelandic Teachers' Union (KÍ). Finally, a large number of workers are members of unions that are outside these broad alliances, e.g. nurses (numbering about 3,000), doctors (over 1,000) and airline pilots (about 700). There are believed to be about 21,000 people who are self-employed. In 2013 the proportion of unionised workers was 79%, while about 89% were paid according to collective agreements. In 2016 the proportion paid according to collective agreements was 90%.

Minimum wages in Iceland are not determined by legislation but through collective agreements. These agreements bind not only the members of the unions that conclude them, but also all those who are employed in the lines of employment covered by the agreement in the region covered by each union. Under Article 1 of the Workers' Wages and Terms of Service and Obligatory Pension Insurance Act, No. 55/1980, the wages and other terms of service agreed between the social partners are to be considered minimum terms for all employees in the relevant occupation within the area covered by the collective agreements, independent of their sex, nationality or term of appointment; as has been stated repeatedly, agreements made between individual employees and employers on inferior terms of employment to those stated in the collective agreements are invalid.

Thus, trade union membership is not a precondition for enjoying the minimum terms laid down in a collective agreement. The agreements in fact have an *ergo omnes* effect both on workers and employers, and whether a worker is a member of a trade union or not, or whether the employer is a member of an employers' union or not, will make no difference: the collective agreement lays down the minimum terms to be observed between them. Categories of employees whose wages are not paid according to collective agreements are managers, upper-middle managerial staff and civil servants. Civil servants are enumerated in an exhaustive list in Article 22 of the Public Employees' Rights and Obligations Act, No. 70/1996, with subsequent amendments. At the time covered by this report, their wages were determined by the Wage Council (Kjararáð) in accordance with Article 39 of the same Act. (The Wage Council was abolished by the Althingi on 11 June 2018.) Also, it is clear that collective agreements do not cover the self-employed, a group which, as has been stated above, numbers about 21,000 people. Self-employed persons are regarded not as employees but as contractors.

The minimum wage figures stated above are generally based on the worker's having worked for the employer for a certain minimum length of time, and also being aged 18 or over. The minimum wages of those who do not meet these conditions regarding age and a minimum period in the service of the employer depend on the provisions of the relevant collective agreement. By way of example, the following table showing wages agreed for specialised shop

workers, from the collective agreement between the commercial workers' union VR and the employers' association SA, running from 1 May 2015 to 31 December 2018, may be quoted.

Specially-trained shopworkers who are capable of working independently and showing initiative and who may be put in charge of supervising certain tasks.

	1.5.2015	1.1.2016	1.5.2017	1.5.2018
Starting wage	239,506	254,506	267,659	275,689
After 6 months in the undertaking	247,271	262,602	274,419	282,651
After 1 year in the undertaking	248,709	264,129	276,015	284,295
After 2 years in the undertaking	256,687	272,602	284,869	293,415
After 3 years in the undertaking	260,929	277,107	289,576	298,264

In this case, the starting wage is based on the worker's having reached the age of 20, according to the collective agreement. When length of service is assessed for the purpose of wages, having reached the age of 22 confers the right to move to the next step above the starting wage.

On the wages of employees under the age of 20, Article 1.1.2. of the collective agreement states: 'The wages of employees aged 18 and 19 years are 95% of the starting wages of a 20-year-old. Individuals aged 18 and 19 who have worked for at least 6 months (a minimum of 700 working hours) in the occupation after attaining the age of 16 shall be entitled to wages at the starting rate for a 20-year-old. When employees reach the age of 20, their working experience shall be assessed in full in order to rank them on steps on the pay-scale (1,800 hours shall be considered as constituting 1 year's work). The employee shall submit a confirmation of his or her working experience in the occupation; working experience shall be assessed as from and including the change of month after the confirmation has been submitted. The wage of a 17-year-old employee shall be 89% of the starting wage of a 20-year-old; that of a 16-year-old shall be 84%, that of a 15-year-old shall be 71% and that of a 14-year-old shall be 62% of the same base. The age-related steps of employees under the age of 18 years shall be based on the years in which they were born.'

On minimum wages for full-time employment, Article 1.2.3. of the same collective agreement states: 'Minimum income for full-time work, i.e. 171.15 hours worked in month (39.5 hours per week) shall be as follows for those employees who, after reaching the age of 18, have worked for at least six months in the same undertaking (with a minimum of 900 hours):

1 May 2015: ISK 245,000 per month.
1 January 2016: ISK 260,000 per month.
1 May 2017: ISK 280,000 per month.
1 May 2018: ISK 300.000 per month.

Each month, a supplement shall be paid on top of the wages of those employees who do not reach the above income figures, 'income' in this context covering all payments, including all and any form of bonus, surcharge and extra payments occurring within the working time stated above. Wage supplements in respect of minimum income insurance shall not be reduced by contractually-specified wage increases due to extra educational qualifications which the parties

to this agreement organise jointly. Wages for work in excess of 171.15 hours per month and reimbursement of costs incurred shall not be included in the calculation in this context.'

A worker is entitled to wages paid by his employer in case of absence from work due to illness or accidents occurring in the worker's free time. During the first year of employment for an employer, employees earn at least 2 sickness leave days for each worked month. The number of days of entitlement varies from one collective agreement to another, and also according to the number of years the individual worker has been employed by the employer or at the enterprise where she/he works. In the event that a worker suffers a work-related accident, he will be entitled to wages paid by his employer for a period of three months in addition to earned paid sickness leave. A worker must notify the employer of any illness, and the employer may request that the worker submit a health certificate. Employers are required to insure their employees against death, permanent disability and against temporary disability caused by work-related accidents or accidents occurring in the course of their normal route from their home to the place of work or from the place of work to their home.

The collective agreement between VR and SA running from 1 May 2015 to 31 December 2018 addresses accidents at work, accident insurance, occupational diseases and payment of wages during sick-leave due to accidents or illness in Chapter 8. This includes the following provisions:

Medical expenses.
In the event of an accident at work, the employer shall pay the cost of taking the injured person home or to hospital and shall reimburse all normal medical expenses in any given case, other than those which are paid by the social insurance authorities.

Payment of wages in the event of accidents at work or occupational illness.
In each case involving an accident at work or an occupational illness caused in the course of work or by the work, or from travelling to or from the workplace, the employer in question shall pay wages for daytime work for up to 3 months according to the wage rate the employee is on when the accident or illness occurs.

Wages during absence due to accidents or illness.
Wages during absence due to accidents or illness in the first year. Payments of wages to employees during absence due to illness while they are with the same employer shall, during the first year, be such that two days are paid for each month worked.

Wages in cases of absence due to accident or illness after one year. Wage payments to employees during their absence due to illness when they have worked for one year or longer with the same employer shall be as follows:

- After 1 year's work for the same employer: 2 months in every 12 months.
- After 5 years' work for the same employer: 4 months in every 12 months.
- After 10 years' work for the same employer: 6 months in every 12 months.

Pre-natal examinations.
Pregnant women shall be entitled to sufficient time off work to attend pre-natal examinations without deductions from their fixed wages if such examinations must be made during their working time.

Children's illnesses.
During the first six months of work for an employer, a parent may spend two days for every month worked nursing his or her ill children under the age of 13 years, providing that no other care can be organised for them. After 6 months' work, this entitlement shall be 12 days during every 12-month period. The parent shall retain his or her daytime wages and also shift-work supplement or overtime supplement (40%) where these apply.

Employers' obligations regarding insurance.
Employers shall be obliged to insure the employees covered by this agreement for loss of life, permanent medical incapacity and/or temporary incapacity resulting from an accident at work or on a normal route from the worker's home to the workplace and from the workplace to the home, and also from one workplace to another during refreshment and meal breaks.

Collective agreements concluded in the public sector contain rather different rules, under which employees are entitled to more days of paid sick leave than are specified in private-sector collective agreement. Trade unions in the public sector do not operate sickness funds as do those in the private sector. An example is the collective agreement between the Minister of Finance, on behalf of the Treasury, and the Association of Graduate Workers in the Government Ministries. This states that the employee retains full wages for 14 days of sick leave after working for 0-3 months, 35 days after 3-6 months' service, 119 days after six months' service, 133 days after one year's service, 175 days after seven years' service, 273 days after 12 years' service and 260 days after 18 years' service.

Sickness cash benefits from the Icelandic Health Insurance, which are flat-rate *per diem* benefits, are only paid after wages from the employer have ceased. The Icelandic Health Insurance pays per diem sickness cash benefits if an insured individual aged 16 years or older is unable to work and receives neither old age nor invalidity pension. *Per diem* cash benefits are paid to persons who are unable to work. In the vast majority of cases these *per diem* benefits are not the only payments individuals are entitled to.

Sums paid in maternity/paternity leave are shown in the table below.

Table 9. Maximum and minimum payments from the Maternity/Paternity Leave Fund and payments of maternity/paternity grants, 2013 - 2016

Maternity/Paternity Leave Payments				
	2013	2014	2015	2016
Monthly payments from the fund to a parent on maternity or paternity leave based on full-time employment amount to 80% of average aggregate wages or calculated remuneration for a specific period in respect of children born in 2013 and later, though never exceeding	350,000	370,000	370,000	370,000
Monthly payments from the fund to a parent on maternity or paternity leave, based on 25 – 49% of full employment are never lower than	94,938	97,786	100,720	110,490

Monthly payments from the fund to a parent on maternity or paternity leave, based on 50-100% of full employment are never lower than	131,578	135,525	139,591	153,131
Maternity/paternity grant				
Monthly maternity/paternity grant to a parent who is not on the labour market or is working less than a 25% position	57,415	59,137	60,911	66,819
Monthly maternity/paternity grant to a parent in full time (75 - 100%) studies	131,578	135,525	139,591	153,131

Individuals may, in addition, qualify for housing support in the form of housing benefit or interest benefit; reference is made to the discussion of these above. Mention should also be made in this context of the tax-free threshold of wages, which in 2016 was ISK 145,659 per month, and of tax credit, which was ISK 51,920 (ISK50,902 in 2015, ISK 50,498 in 2014 and ISK 48,485 in 2013). Reference is also made to the discussion above on child benefit.

Article 4, para. 2 - Increased remuneration for overtime work.
No changes occurred during the period regarding remuneration for overtime work, and reference is therefore made to previous reports on this matter.

Article 4, para. 3 - Non-discrimination between women and men with respect to remuneration.
1.
Amendments to the Gender Equality Act, No. 10/2008 were made in May 2014 by the Act No. 62/2014, as was noted in the last report.

Regulation No. 929/2014, on the certification of equal pay systems of companies and institutions according to the ÍST 85 Standard, was issued under the authorisation of the fourth paragraph of Article 19 and of Article 33 of the Gender Equality Act, No. 10/2008, with subsequent amendments. The aim of the regulation was to have the equal pay systems of companies and institutions certified in accordance with international demands applying to certification and certification bodies. Companies and institutions that meet the requirements of the standard are then able to obtain certification stating that their procedures and decision-making regarding wages do not involve gender discrimination.

Further details of the Equal Pay Standard were given in Iceland's last report. The standard is the only one of its type in the world, and was the result of collaboration extending over many years between the federations of workers and employers and the government. The aim in constructing the standard was to find a way of eradicating the gender pay gap so that the same wages will be paid for the same work, or for work of equal value, as is provided for in the Gender Equality Act. The Icelandic Standards Council took part in designing the Equal Pay Standard, which is comparable in form and structure with international managerial standards and can therefore lead to certification. The Regulation on the certification of equal pay systems of companies and institutions sets out the requirements made regarding the certification procedure and those who carry out certification, the aim being that the certification process should meet international standards relating to it. Those who carry out certification under the standard must themselves acquire accreditation from the Icelandic Patent Office.

Amendments were made to the Gender Equality Act by Act No. 79/2015: a new article, Article 24 a, was added, prohibiting discrimination in connection with the purchase of goods and services. This gave effect in Icelandic law to Council Directive 2004/113/EC. The article states that discrimination of all types on the basis of gender regarding access to, and supply of, goods and services, is prohibited. Discrimination on the basis of gender regarding the determination of premiums or of benefit sums under insurance contracts or other related financial services is prohibited. Costs related to pregnancy and maternity may not result in differences in individuals' premiums or benefit sums. If a probability is established that discrimination under the provision has occurred, the person alleged to have practised it is obliged to demonstrate that the considerations underlying the difference in treatment were not related to gender, unless it is possible to justify the treatment with reference to a legitimate aim and the measures taken to achieve the aim were appropriate and necessary.

Outside the period covered by this report, the Althingi approved a bill on the amendment of the Gender Equality Act providing for the enshrining of equal pay certification in law. The aim of certification is to combat gender discrimination in wages and to promote gender equality on the labour market. Under the Act, equal pay certification is to be based on the aforementioned standard, ÍST 85/2012, which was intended to make it easier for employers to establish, and maintain, equal pay in their workplaces. By adopting the standard, companies and institutions are able to set up management systems that will ensure that decisions on pay are based on relevant considerations and do not involve gender discrimination. A professionally accredited certification body assesses whether all the requirements of the standard have been met, and hence whether the entity in question can be granted equal pay certification. It is envisaged that the organisations of the social partners will be able to include provision in their collective agreements to the effect that companies or institutions with staff numbers lying within a particular range will be able to acquire equal pay certification, with confirmation from the relevant players on the labour market that their equal pay systems are in line with the requirements of the standard. The Act took effect on 1 January 2018. Provisions in the act state the deadlines by which companies and institutions are to have acquired certification of their equal pay systems and their implementation, or confirmation, as appropriate. The variety of deadlines reflects, to some extent, differences in staff sizes. Allowance is made for granting a suitable adaptation period to make it possible to meet the requirements of the standard for equal pay certification. In this, it is assumed that larger entities will have greater internal resources than smaller ones, which should enable them to introduce equal pay systems according to the standard; this difference is reflected in the deadlines set in the Act. Monitoring to ensure compliance by companies and institutions with the provisions of the Act is in the hands of the organisations of the social partners and of the Centre for Gender Equality. In cases where a company or institution has not acquired equal pay certification, or a renewal of its certification, by the deadline given, the Centre for Gender Equality may require it to take satisfactory measures to rectify the situation within a suitable period, failing which it shall be subject to *per diem* fines.

2.-3.

Gender equality and the gender pay gap have been the subjects of a great deal of discussion in Iceland. Equal pay has been one of the main issues in efforts to secure gender equality on the labour market, and all political parties in Iceland are in agreement that measures to combat gender discrimination in wages are among the most urgent challenges in the campaign for

equality. Many wage surveys and studies of gender equality on the labour market with regard to wage discrimination have been carried out, all with different points of emphasis. The findings indicate that the gender pay gap has still not been abolished, even though some important progress towards this goal has, undeniably, been made in the past year or two. One of the responsibilities of the task force established by the government and the organisations of the social partners was to work on the harmonisation of wage surveys. In May 2015 the task force published a report on the gender pay gap that was based on surveys made by Statistics Iceland up to 2013. The survey was repeated at the end of 2017, and the findings for the period 2008-2016 were published in *Hagtíðindi* (Economic Reports) on the website of Statistics Iceland at the beginning of March 2018.

Non-adjusted gender pay gap

The gender pay gap is defined as fraction in which the difference between average wages of men and women is expressed as a proportion of men's wages, i.e.: ((men's wages – women's wages)/(men´s wages)) x 100. The outcome of this calculation indicates by how much women's wages would have to rise to become equal with those of men. This figure represents what is known as the 'non-adjusted' gender pay gap, as no account is taken of factors such as educational qualifications, employment ranking or occupational sector, which might account for the difference in wages. Generally, when the gender pay gap is expressed in this way, the wage figures are averages. Mean wages of men and women produce a rather different conclusion, as there is a greater spread in men's wages than in those of women; men's average wage is made higher because of individual men who have very high wages.

The table below shows the gender pay gap over the period 2008–2016, based on regular hourly rates for all workers, on the one hand, and on aggregate wages of workers in full employment on the other. Overtime pay is included in the latter. The figures cover the private and public sectors.

Table 10. Non-adjusted gender pay gap.

	Regular wages, all workers			Aggregate wages, full-time workers		
	Overall	Public sector	Private sector	Overall	Public sector	Private sector
2008	20.4%	20.4%	19.7%	23.4%	24.0%	25.4%
2009	18.5%	20.1%	17.5%	20.6%	20.8%	23.6%
2010	17.4%	17.9%	15.2%	20.4%	18.9%	21.7%
2011	17.7%	17.8%	14.9%	20.9%	18.6%	21.6%
2012	17.8%	17.4%	15.4%	20.9%	18.4%	21.9%
2013	19.3%	18.6%	14.4%	21.4%	18.9%	20.6%
2014*	15.7%	11.8%	15.0%	21.2%	21.8%	17.6%
2015*	15.0%	12.4%	14.5%	20.1%	22.6%	16.4%
2016*	15.0%	12.9%	15.4%	21.6%	22.4%	19.4%

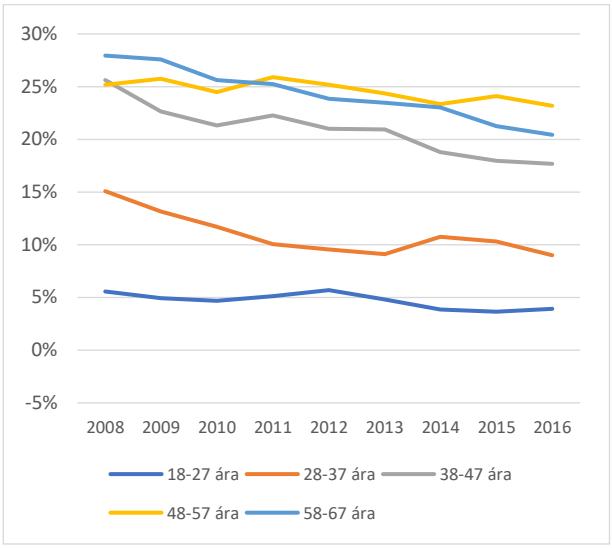
** A change was made in the method of calculating average wages in 2014, which may affect comparisons from year to year.*

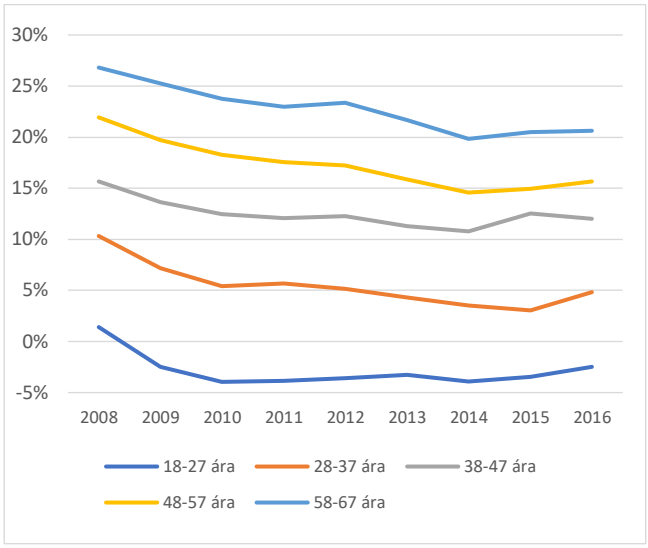
Source: Statistics Iceland, 2016.

The gender pay gap by age-group

It can be seen clearly that the gender pay gap widens with increasing age. In the youngest age-bracket, 18-27 years of age, the non-adjusted gap is about 5% in the private sector, while is actually negative in the public sector, i.e. average women's wages in this group are higher than those of men.

Tables 11 and 12. The gender pay gap, by age-group, in the private sector (left) and the public sector (right).





**"ára" = age*

Source: Statistics Iceland, 2018.

Explained and unexplained gender pay gaps on the labour market

Statistics Iceland also publishes figures covering both the 'explained' and 'unexplained' gender pay gaps. The explained difference reflects explanatory variables such as differences in educational qualifications, length of service, types of job and occupations and gender-based job choices, amongst other things. The unexplained difference, on the other hand, indicates that the influence of explanatory variables is not the same for women as it is for men.

The table below presents the findings of the survey in the form of three-year averages over the period; a total figure covering all years in the period is also presented. The conclusion is that the survey by Statistics Iceland succeeded in explaining about 60% of the gender pay gap; 40% remains unexplained. Figures in the table also show that the unexplained and explained pay gaps changed in step throughout the period.

Table 13. Explained and unexplained pay gaps on the labour market as a whole.

	Total	Explained	Unexplained
2008-2010	14.5%	9.7%	4.8%
2009-2011	13.2%	8.6%	4.6%
2010-2012	12.8%	8.2%	4.6%
2011-2013	12.4%	7.9%	4.5%
2012-2014	11.6%	7.2%	4.4%
2013-2015	10.9%	6.8%	4.1%
2014-2016	10.2%	6.6%	3.6%
All years	*12.2%*	*7.4%*	*4.8%*

Source: Statistics Iceland, 2018.

The gender pay gap is larger in the private sector than in the public sector; it narrowed more in the public sector than in the private sector in 2008–2016. The unexplained part of the gap shrunk over the period 2008–2013, but grew slightly in both parts of the labour market in 2014–2016. This indicates that factors which still exist (e.g. educational qualifications, occupational sector or job type) caused men's wages to rise faster than women's.

Table 14. Explained and unexplained gender pay gaps in the private and public sectors, 2008–2016.

	Private sector			Public sector		
%	**Explained**	**Unexplained**	**Total**	**Explained**	**Unexplained**	**Total**
2008-2010	10.6	5.8	16.5	6.7	4.3	11.0
2009-2011	10.7	5.2	15.8	4.9	4.2	9.1
2010-2012	10.0	5.3	15.3	4.2	4.0	8.3
2011-2013	10.1	5.2	15.3	4.0	4.0	8.0
2012-2014	9.3	5.5	14.7	3.6	3.5	7.2
2013-2015	8.8	5.3	14.1	3.4	3.1	6.5
2014-2016	9.2	4.4	13.6	3.6	2.8	6.5
All years	**9.5**	**5.7**	**15.2**	**3.9**	**4.3**	**8.2**

Source: Statistics Iceland, 2018.

Plan of Action on Gender Equality

The parliament agreed on a new action plan in September 2016 for the period 2016-2020, as the action plan from the previous government expired in 2014. The action plan is based on experience from previous action plans. It falls into 7 sections and introduces 21 projects to be tackled within its timeframe, including: to integrate a gendered perspective into all aspects of governmental policy and decision making, to promote equal pay for equal work, to fight against gender stereotypes in the workforce and in the media, to promote gender equality in schools, to promote a less gendered labour market and equal opportunity for all and to combat gender-based violence and violence against children.

Pilot project on the introduction of the Equal Pay Standard

Reference is made to the discussion of the pilot project in the last report. The aim of the project was to test the ÍST 85:2012 Standard and to form an idea of the scope, results and challenges involved in its adoption. At the beginning of the project, 11 state bodies, two municipalities and eight private companies indicated an interest in participating. Changes were to occur in this group, some pulling out and others coming in. Altogether, at some stage, 14 state bodies, three municipalities, 14 private companies and three NGOs participated. The task force, consisting of representatives of the government and the organisations of the social partners, met regularly under the leadership of specialists in the Ministry of Finance and Economic Affairs, who also made visits to the participants. They put checklists to the participants and went over proposals for execution of the project; they also held explanatory talks on the standard for various groups, such as employees of the various municipalities, companies and institutions. The idea of this collaboration was that participants could consult each other and share their experience. As the adoption of the standard was in fact a pioneering project without precedent, this was a first-time experience for everyone involved, and various questions and challenges arose, both for the participants and the experts. Thus, a considerable amount of time in the early stages of the

project went into understanding the standard, becoming familiar with its terminology and definitions and realising what was expected.

Progress of the pilot project

2013–2014: A draft 'toolkit' for the introduction of the standard was drawn up, consisting of a checklist, blueprints for project schedules and a calculation model for job categorisation. Following on from this, workshops were developed to help those who intended to adopt the standard. Straight away, the need for a symbol or some other form of recognition for workplaces that adopted the standard was discussed.

- A competition for the design of an equal pay symbol was held in collaboration with the Icelandic Design Centre. The winning entry was by Sæþór Örn Ásmundsson. The panel of judges said: 'The symbol suggests a pie-chart, a stamp, runes and the smiling faces of two dissimilar individuals. In its shape, the symbol suggests a coin, so indicating that the individuals portrayed are regarded as being of equal worth. The symbol can be used internationally; it is unique and descriptive of the project.'

- On 13 November 2014, the government and the organisations of the social partners signed a collaborative declaration on a programme of publicity and counselling on the introduction of the Equal Pay Standard.
- Work went ahead on a regulation to set out the requirements made of certifying bodies and courses and examinations for certification officers. This resulted in the production of the current regulation, No. 1030/2017.

2015: There was growing discussion among participants in the pilot project of certification bodies, accreditation and the qualifications required of personnel who would audit equal pay systems. The first institutions began contacting certification bodies at the end of the year to book audits of their systems.

- The first workshops on the introduction of the Equal Pay Standard, based on the work in the pilot project, were held in April 2015 by the Starfsmennt Educational Centre. Many workshops have followed, and have been well received. Five topics are covered in the workshops: An introduction to the standard, quality control and documentation, procedural rules, job categorisation and wage analysis.
- Courses for certification bodies and examinations for auditors were also held by the University of Iceland's Institute of Continuing Education in April and May 2015.

2016: A considerable amount of work was done on the development of a job-categorisation model, which has been placed in the 'toolkit' on the webpage of the government ministries. It became clear that this work would have to continue in order to make the model easier to use and better suited to facilitate the introduction of the standard.

- The Directorate of Internal Revenue became the first of the government bodies involved in the pilot project to receive equal pay certification in November 2016.

2017: Two more state bodies that had been in the pilot project, Iceland Geodetic Survey and the Ministry of Welfare, received certification, as did the Municipality of Hafnarfjörður and the prosthetics company Össur, which had been among participants in the pilot project since

the end of 2016. Work was done on special criteria for certification bodies and also on the review of the regulations and draft legislation on the standard.

- A revised course for certification bodies and examinations for auditors were held by the Institute of Continuing Education at the end of the year.

2018: The Act on the Introduction of the Equal Pay Standard took effect and the pilot project was formally wound up at the Gender Equality Conference on 7 March 2018. The insurance company VÍS, which had taken part in the pilot project from the outset, received certification.

Participants' experience of the pilot project

Of the 11 state bodies, two municipalities and eight private companies that participated in the pilot project, three state bodies, one municipality and two private companies have received certification. More state bodies and private companies are well advanced in the process and are awaiting audits and, subsequently, certification. In addition, some companies and institutions have adopted the standard during this time and have received certification, but were not part of the pilot project.

The companies and institutions that took part in the pilot project reported great satisfaction with it. They say equal pay certification should be made a priority in their operations. The time required for implementation depends on how far each company or institution has progressed in human-resource issues and quality management: if written rules and criteria for wage payments, and also job descriptions and working procedures, already exist, this will be of advantage when it comes to adopting the standard. It was often found, when the individual companies and institutions were examined, that various criteria and rules existed which needed to be given more formal expression; nevertheless, they were of use in the adoption of the equal pay standard.

The participants agreed that adopting the equal pay standard gave them a better overview of their wage policies, making decisions more transparent and more relevant and that both managers and employees were more content after adoption of the standard. They also reported that the attitudes of both managers and employees towards gender equality issues and equal pay had improved and that participation had resulted in a new understanding and awareness.

Workshops held by Starfsmennt have gone very well and have been attended by increasing numbers of people, especially from the private sector. Attention is now being given to establishing them in a permanent location so they can be made accessible to as many people as possible.

The 'toolkit' on the website of the government ministries has also proved useful, and work is under way on expanding the webpage still further. In particular, attention is being given to making the calculation model for job categorisation more user-friendly.

Decisions delivered by the Gender Equality Complaints Committee.
The Gender Equality Complaints Committee ruled in five cases in 2013, nine in 2014, ten in 2015 and six in 2016.

The Gender Equality Complaints Committee received five cases in 2013. Three of these concerned employment engagements, one concerned both dismissal and engagement in two positions and one discrimination in wages. The committee found that no violation of the Gender Equality Act had taken place in three cases; violations had occurred in two.

The Gender Equality Complaints Committee received nine cases in 2014. Five of these involved employment engagements, one involved wage terms, one concerned dismissal, one involved discrimination in the granting of a loan and one involved discrimination in the granting of a rehabilitation pension. The committee's conclusion was that the Gender Equality Act had been violated in four cases. In two cases, there was no violation. Three cases were dismissed. Two of the appellants were men.

The Gender Equality Complaints Committee received ten cases in 2015. Seven concerned employment engagements, two involved wage terms and one concerned discrimination in the termination of employment. Six of the cases were considered to be in violation of the Gender Equality Act; three were not. One case was dismissed. Two of the appellants were men.

The Gender Equality Complaints Committee received six cases in 2016. Three involved engagement in employment, three concerned wage discrimination. In two cases, the committee found that violations of the Gender Equality Act had taken place; in one, no violation was found. Three of the cases were dismissed. Two of the appellants were men; in two cases, the appeals were brought by undertakings.

Supreme court judgments.
No cases were brought before the Supreme Court of Iceland during the period covered.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee recalls that under Article 20, equal treatment between women and men includes the issue of equal pay for work of equal value. Usually, pay comparisons are made between persons within the same undertaking/company. However, there may be situations in which in order to be meaningful this comparison can only be made across companies/undertakings. Therefore, the Committee requires that it be possible to make pay comparisons across companies. It notes that at the very least, legislation should require pay comparisons across companies in one or more of the following situations:

- *cases in which statutory rules apply to the working and pay conditions in more than one company;*
- *cases in which several companies are covered by a collective works agreement or regulations governing the terms and conditions of employment;*
- *cases in which the terms and conditions of employment are laid down centrally for more than one company within a holding (company) or conglomerate.*

The Committee holds that this interpretation applies mutatis mutandis to Article 4§3.
The Committee asks whether in equal pay litigation cases it is possible to make comparisons of pay and jobs outside the company directly concerned. In the meantime, it reserves its position on this point.

Reference is made to previous reports on this issue. Article 19 of the Gender Equality Act is intended to ensure that women and men enjoy the same wages and the same terms for the same jobs and for dissimilar jobs that are evaluated as being equally valuable and equivalent. Furthermore, the explanatory notes to the Act state: "the provision also specifically states that account must be taken of jobs for the same employer. There have been considerable changes in the way businesses have been run in recent years. The term 'same employer' therefore refers to businesses that are linked by ownership ties, such as parent companies and subsidiaries". Thus, it is possible to make comparisons of pay and jobs outside the company directly concerned provided that the businesses are linked by ownership ties.

Moreover, an amendment was made to the definition of direct discrimination, as was described in the last report, by which direct discrimination is deemed to have been practised when an individual receives less favourable treatment than another of the opposite sex in comparable circumstances receives (or would receive). Thus, individuals are able to compare their wages with those of other individuals of the opposite sex who have been in comparable circumstances (e.g., a predecessor in the same job) or, if no actual person of the opposite sex is available for direct comparison, the treatment that would be received by an imagined individual of the opposite sex in comparable circumstances. This could therefore apply in the case of a traditionally male-dominated or female-dominated sector in which there are few individuals of either sex when comparing wages between women and men.

It may be mentioned that work is in progress on equal pay certification of the government ministries in their entirety, even though eight separate ministries are involved (this figure will rise to nine on 1 January 2019, when the Ministry of Welfare is to be split into two ministries). This involves establishing a single common equal pay system for all the ministries which will be intended to ensure ministry staff equal pay for the same jobs, or for jobs of equal value, independent of their gender. Thus, wages of staff across the ministries will be compared. Equal pay certification is examined in further detail in the section on Article 4, para. 3, of the Charter above.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
A Plan of Action on Gender Equality Regarding Wages, produced by the Government and the social partners, was revealed on 24 October 2012. It sets forth projects that were intended to promote greater gender wage equality. On the same occasion, a collaborative declaration was signed between the Government and the social partners' organisations, on the basis of which the Minister appointed a task force to supervise the measures set out in the Action Plan. The Committee wishes to be informed of the results.

The task force's proposals on gender wage equality.
According to its letter of appointment, the task force on gender wage equality was to work at the coordination of studies of the gender pay gap, supervise the introduction of the Equal Pay Standard, make proposals on policy directed at breaking down the traditional gender divisions between occupations on the Icelandic labour market and attend to the dissemination of information on gender wage equality to companies and institutions.

The task force held two seminars on traditional gender-based choices in education and occupations and it was a collaborating body at a Nordic conference on gender equality in wages and on the labour market which was held in Reykjavík in November 2014. In accordance with Interim Provision No. IV in the Gender Equality Act, No. 10/2008, and the plan of action on

gender equality, the force took part in an experiment on the introduction of the Equal Pay Standard. In connection with this project, a competition was held, in collaboration with the Iceland Design Centre, for the design of an equal pay symbol, and the winning entry was chosen and publicised in autumn 2014. In spring 2015, the Ministry of Welfare, in collaboration with the University of Iceland's Institute of Continuing Education, held a course on the certification of equal pay systems and, in collaboration with the educational centres run by the social partners, it organised workshops for the employees of institutions and companies in connection with the introduction of the standard. These workshops covered, amongst other things, the publicising and introduction of the standard, job categorisation, wage analysis and documentation in accordance with the requirements of the standard. As has been explained, the aim of the standard is to increase transparency and quality in decisions on wages and to make it easier for employers to maintain gender equality in wages at their workplaces. The basic premise of the standard is that individuals employed by the same employer should enjoy comparable wages and entitlements for the same work, or for work of equal value.

Some of the task force's recommendations were as follows.

The Equal Pay Standard, equal pay certification and the Equal Pay Day.
Work must be done on the broader adoption of the Equal Pay Standard. The task force's vision for the future is that all government institutions and municipalities will adopt the Equal Pay Standard and that it will be regarded as natural that anyone responding to an invitation to tender from the State Purchasing Agency will have to have adopted the standard. This vision is in line with the situation elsewhere in the Nordic countries and the purchasing policies of international companies which make a priority of social responsibility in their operations. The task force proposes that systematic publicity and awareness-raising go ahead on the professional certification of equal pay systems in accordance with Regulation No. 929/2014, on the certification of equal pay systems of companies and institutions on the basis of the Equal Pay Standard, and of the equal pay symbol. It is hoped that the Ministry of Welfare will gather information on equal pay systems in companies and institutions and publish a survey in the minister's bi-annual report on gender equality issues, and that the government, in collaboration with the organisations of the social partners, will hold an annual 'Equal Pay Day' that will be used to raise awareness of equal pay issues and gender equality on the labour market.

Regular surveys of the gender pay gap should be made by collaboration between Statistics Iceland and the government and the organisations of the social partners, covering the entire labour market. In particular, the impact of the adoption of the Equal Pay standard on wages needs to be analysed. The State Mediation and Conciliation Officer should be commissioned, in collaboration with the same parties, to develop guidelines on the gathering of coordinated data, broken down by gender, on wages, decisions on wages and wage trends in both the public and the private sectors; the officer should ensure that special protocols are included in the collective agreements made by individual groups, with guidelines on the collection of data on individual properties such as educational qualifications, working experience, administrative duties and job content.

Employment rates.
The reasons why more women than men work part time should be examined; it should be established whether women are less frequently offered full-time jobs, and ways should be sought of reducing the different employment rates between the sexes in part-time work. A study should be made of the job development prospects facing men and women, and in particular, the experience of workplaces that have adopted the Equal Pay Standard should be examined. The

government should take the initiative on making a survey aimed at gaining better knowledge of the position of women of foreign origin on the Icelandic labour market.

Traditional choices of courses of study and job according to gender.
The government and the organisations of the social partners should launch active and coordinated measures to reduce the gender divide in the choice of courses of study and jobs or careers. Syllabus material relating to the employment market should be developed, and more awareness-raising activities should be aimed at pupils in the junior and senior levels of school. Steps should be taken to ensure that teachers and educational and vocational counsellors receive training in ways of promoting equality on the labour market and making their pupils aware of the employment prospects that await them and how the labour market functions. More education and awareness-raising concerning the labour market should be directed at parents. An Icelandic web portal, based on Nordic models, should be opened and maintained to provide information designed to break down the gender divide in the choice of study courses and jobs. This web portal should function as a database on the various opportunities on the labour market, giving pupils ideas about the variety of potential jobs available to them, and requests should be invited to make visits and provide information for school classes. Collaboration between the government and the organisations of the social partners and professional associations should be established on ways to increase the number of men in teaching, nursing and caretaking work. Collaboration between the government and the organisations of the social partners and professional associations should be established on ways to increase the number of women in technical subjects, engineering and the exact sciences. The legislative and regulatory framework of the organisation of study courses relating to particular occupations should be revised, as should the structure of occupational councils and the structure of vocational training.

Work/life balance.
The minister should appoint a task force consisting of representatives of the government, the Association of Local Authorities and the organisations of the social partners, with the role of preparing proposals on how to enable the parents of young children to achieve balance between the demands of family life and employment. It should examine how to guarantee greater flexibility at work so as to deal with winter holidays, teachers' staff working days and closures in the schools and how to organise the timing of holidays and teachers' staff working days at all levels of the school system, and in all municipalities, in a better way to the mutual advantage of schoolchildren, their families, the schools and the job market. The government should take the initiative on examining how the family policies of companies and institutions work, i.e. whether flexibility in working time is actually of use to men and women in accommodating the needs of family life and their careers. The minister should appoint a pilot group consisting of representatives of central and local levels of government with the task of seeking ways of offering all children nursery school places from the age of 12 months. Steps must be taken to ensure that the municipalities and enterprises owned by them set themselves equality schedules in which actual measures are defined so as to enable people to harmonise the demands of family responsibilities and their careers. The aim is that the state and municipalities should be model employers with active gender equality programmes in place to enable their workers to combine the two.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
In its previous conclusion (Conclusions XIX-3 (2010) the Committee found that the situation was not in conformity with the Charter, on the ground that the law made no provision for declaring a dismissal null and void and/or reinstating an employee in the event of a retaliatory

dismissal connected with a claim for equal pay. In this connection, the Committee notes from the report that under the Gender Equality Act, an employee who seeks redress on the basis of the Act may not be dismissed for that reason. The same applies if the employer is in breach of the prohibition on dismissal, in which case he/she has to demonstrate that the dismissal or alleged injustice was not based on the employee's demand for redress. However, according to the report, it is not compatible with Icelandic law to put individuals into employment positions by a court order. This applies equally when the employer does not wish to engage with a particular worker or when the worker does not wish to do the work. This is a basic principle which applies to the Icelandic labour market according to a very long tradition and has often been confirmed by case law. In cases of violation of the Gender Equality Act in which people have not been engaged, or have been dismissed from a job, the remedy applied by the courts has been to award compensation to the person concerned so as to put him/her in the same position as he/she would have been in if he/she had been engaged or retained the job. The Committee recalls that in the event of retaliatory dismissal, the remedy should in principle be reinstatement in the same job or a job with similar duties. Only when reinstatement is not possible or the employee has no desire to be reinstated, should damages be paid instead. The Committee considered, therefore, that the situation is not in conformity with the Charter, on the ground that the law does not provide for reinstatement in cases in which an employee is dismissed in retaliation for bringing an equal pay claim.

The Icelandic Authorities would like to reiterate that under the Gender Equality Act, an employee who seeks redress on the basis of the Act may not be dismissed for that reason. The employer shall also ensure that no employee is subjected to injustice in his/her occupation, e.g. regarding safety and health at work, working terms or the assessment of his/her performance, due to the fact that he/she has complained about sexual harassment or discrimination on the basis of gender. If evidence is presented of direct or indirect discrimination due to sex, the employer shall be obliged to prove that other reasons than gender were the main consideration in the decision.

The same applies if the employer is in breach of the prohibition on dismissal, in which case he/she has to demonstrate that the dismissal or alleged injustice was not based on the employee's demand for redress or on his/her allegation concerning sexual harassment or other gender discrimination. This rule will not apply if the dismissal is made more than a year from the time of the employee's demand for redress on the basis of the Act.

Under the Gender Equality Act, the courts are therefore able to judge a dismissal as being unlawful. Nevertheless, it is not compatible with Icelandic law to put individuals into employment positions by a court order; this applies equally whether the employer does not wish to engage a particular worker or whether the worker does not wish to do the work. This is a basic principle which applies on the Icelandic labour market according to a very long tradition and has very often been confirmed by case law.

In general, an employer is free to engage or dismiss workers. He/she is, however, bound by the rules applying to these activities in law, collective agreements and employment contracts. In the same way, the worker has the choice of whether or not he/she is prepared to accept a particular job.

In cases of violation of the Gender Equality Act when people have not been engaged, or have been dismissed from a job, the remedy applied by the courts has been to award compensation

to the person concerned so as to put him/her in the same position as he/she would have been in if he/she had been engaged or retained the job.

Article 4, para. 4- Reasonable notice of termination of employment.
1.-2.
As no changes were made to reasonable notice of termination of employment of Icelandic collective agreements during the period, reference is made to the last report.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee takes note of the information contained in the report submitted by Iceland.
It previously concluded (Conclusion XVIII-2 (2007) and XIX-3 (2010)) that the situation in Iceland was not in conformity with Article 4§4 of the 1961 Charter, on the ground that two weeks' notice period provided for in the collective agreement applying to skilled construction and industrial workers was not reasonable beyond six months of service. It requested that the next report address the issue fully. The report states that the situation has not changed since the previous reports and that the Government informed the social partners that the situation is not in conformity with Article 4§4 of the 1961 Charter. The social partners have not yet managed to deal with the issue in their negotiations. The Committee points out that by accepting Article 4§4 of the Charter, States Parties undertook to recognise the right of all workers to a reasonable period of notice for termination of employment (Conclusions XIII-4 (1996), Belgium), the reasonable nature of the period being determined in accordance with the length of service. While it is accepted that the period of notice may be replaced by severance pay, such pay should be equivalent to the wages that would have been paid during the corresponding period of notice. The Committee notes that the situation remains unchanged in the present case. It therefore reiterates its finding of non-conformity with Article 4§4 of the 1961 Charter, on the ground that the two weeks' notice period provided for in the collective agreement applying to skilled construction and industrial workers is not reasonable beyond six months of service.

Skilled construction and industrial workers (SAMIDN).
The government has taken note of the comments of the ECSR and has informed the social partners of the Committee's conclusion concerning this situation of non-conformity, since the provisions in question are made in the collective agreement that applies to skilled construction and industrial workers. It should be noted that according to the collective agreement, when a skilled construction or industrial worker changes jobs and goes from one employer to another he retains the rights that he has obtained over time regarding the length of the applicable notice period, provided that he stays in the same occupation. Therefore, a worker only has a two week notice period the very first year after he enters the relevant occupation as a skilled construction or industrial worker. After the first year within that occupation, the notice period becomes 1 month irrespective of whether the worker is still with the same employer or has moved on to another employer, (provided that the worker stays in the same occupation). For example, if a construction worker has been with one employer for a year and then moves on to a different employer, his notice period will not be two weeks in his first year with the new employer, but one month, just as it would have been if he had continued working for his previous employer. The two-week notice period beyond six months of service, which the ECSR has concluded is not in conformity with Article 4(4) of the Charter, therefore only applies during the second half of the very first year after a worker enters an occupation as a skilled construction or industrial worker.

It was intended that the provisions in question would be reviewed during the collective negotiations held during the period covered by the report, but this was not done. It is now planned that a revision of these provisions will go ahead as part of the coming collective negotiations in 2018-2019; the Government of Iceland will formally urge the social partners to do this, taking account of the conclusion of the European Committee of Social Rights.

Comment by the European Committee of Social Rights.
Conclusions XX-3(2014)
The Committee notes from another source (Icelandic Confederation of Labour, Icelandic Labour Law, Reykjavik: ASI 2009, pp. 31-32) that some collective agreements provide for notice periods similar to that applying to skilled construction and industrial workers and that some adapt the notice periods according to the workers' age at the time of dismissal. It requests that the next report indicate the current notice periods provided for in the collective agreements applying to general and special workers (SGS); commerce (LIV); electrical workers (RSI); food and restaurant workers (MATVIS); seamen (SSI); and skilled construction and industrial workers (SAMDIN). It also asks whether there are any severance payments supplementary to individual notice periods. Furthermore, it asks for information concerning the notice periods and/or severance pay applying to tenured civil servants and to government and municipal employees. The Committee requests that the next report indicate the notice periods and/or severance pay applying to early termination of fixed-term contracts and the method used for calculating the length of service required in this matter. It also asks for information concerning notice periods and/or severance pay that apply during probationary periods.

The length of notice periods for termination of contracts is laid down in legislation, collective agreements or employment contracts themselves. The Notice of Termination and Illness Entitlement Act, No. 19/1979, with subsequent amendments, provides for the length of notice after one year's work in an occupation. Where a worker has worked for one continuous year for entities engaged in business operations in the same occupation, they are entitled to one month's notice of termination of employment. After three years' continuous work for the same employer, workers are entitled to two months' notice of termination. After five years' continuous engagement with the same employer, workers are entitled to three months' notice of termination of employment. Under the third paragraph of Article 1 of the Act, workers are regarded as having worked within an occupation, or having been engaged by the employer for one year if they have worked a minimum of 1,550 hours during the past 12 months, including at least 130 hours during the last month prior to being given notice of termination. For this purpose, hours worked include absence time due to illness, accident, annual leave, strikes and lock-outs, amounting to up to 8 hours on each day of absence. On the other hand, supplements and agreed piece-work payments or other similar payments are not counted as the equivalent of hours of work done.

Under Article 9 of the Seamen's Act, No. 35/1985, unless other terms are agreed, the notice period for termination of vessel crew places shall be one month, except on Icelandic fishing vessels, where the notice period is 7 days. The notice period for officers is three months except where other terms are agreed specially.

Collective wages and terms agreements contain provisions on notice periods during the first year of employment; this differs from one agreement to the next.

It is common for the notice period to be agreed in the employment contract. Provisions in an employment contract on a shorter period than is specified in the Notice of Termination and

Illness Entitlement Act are invalid under Article 10 of the Act; on the other hand, it is common for people to agree on a longer period. In this context it should be reiterated that agreements between individual workers and employers on poorer terms of service than those laid down in the ordinary collective agreements are invalid under the Workers' Wages and Terms and Obligatory Pension Rights Insurance Act, No. 55/1980, with subsequent amendments.

Notice of termination does not alter the substance of an employment contract, and therefore the provisions of the agreement are to be honoured during the notice period, i.e., the worker is obliged to do his or her work, and the employer is obliged to pay him or her wages in return.

If the employer decides, when terminating employment, that the worker is not obliged to work throughout the notice period, the employer is nevertheless obliged to continue to pay wages for the entire notice period. The contractual relationship thus continues throughout the notice period, but the employer waives the right to insist that the worker make his or her work contribution. During the notice period, the employer is expected to pay the worker wages based on what he or she might be assumed to have as wages if he or she had continued to work during the period, e.g. as regards regular overtime work, un-worked overtime work, etc., and also including stand-by shifts and wage terms that do not constitute direct reimbursement of costs for which the worker has laid out. If a fixed payment for overtime work is part of the terms of engagement, then it shall continue to be made throughout the notice period even though the worker has not actually contributed the work, or overtime work has not actually been required; if no such fixed overtime payment is included in the contract, then no such payment shall be made.

No provision is made in collective agreements for severance payments in addition to notice periods; however, the freedom exists to negotiate such provisions in employment contracts.

Most of the collective agreements referred to below are in effect from 1 May 2015 to 31 December 2018.

The Union of Special and General Workers in Iceland (Starfsgreinasamband Íslands; SGS).
During the first two weeks of employment there is no notice period. After two weeks' continuous work for the same employer: 12 calendar days. After three months' continuous work for the same employer: 1 month, running from the next change of month. After three years' continuous work for the same employer: 3 months, running from the next change of month. The collective agreement provides for the above provisions (of Article 12.2) fully replacing those of Article 1 of the Notice of Termination and Illness Entitlement Act. Article 12.5 of the agreement states that if a worker is laid off after at least 10 years continuous work for the same enterprise, the notice period is to be four months if the worker is aged 55 years or older, 5 months if the worker is aged 60 years or older and 6 months when he or she has attained the age of 63 years. The worker, on the other hand, may terminate his or her employment with 3 months' notice.

The Icelandic Seamen's Union (Sjómannasamband Íslands; SSI).
Where no other arrangements are agreed, the notice period for the termination of contracts for working in ratings' places is 7 days; for officers, it is 3 months. If a rating has worked on the same ship, or for the same vessel-operating company, for 3 continuous months, the notice period is to be one month; after at least 2 years' continuous work, it becomes 2 months, rising to 3 months after 4 years' continuous work. If an officer has worked for the same vessel-operating company for 3 continuous years, the notice period is 4 months; rising to 5 months

after 5 years' continuous work and 6 months after 10 years' continuous work. The notice period is mutual. Regarding wages during the notice period, the provisions of legislation and collective agreements are to be respected. If the vessel is not used for fishing during the notice period, or if it is sold to a new owner before the end of the notice period, the seaman is to be paid wages according to the provisions of legislation and the collective agreement, though in such a way that when one month of the notice period has passed (in the case of non-officer seamen) and three months of the termination period in the case of deck officers, wage insurance is to be paid. The same applies if the person in question is not required to make a work contribution. If the seaman is informed, after the time when the termination is announced, that he is not expected to make a work contribution during the notice period and the vessel is still in operation with the same operating company, the seaman shall be entitled to 'substitute wages' (*staðgengislaun*) for up to 3 months from when the notification reaches him; his entitlement to wage insurance shall then be correspondingly shortened. The same provisions apply to non-officer seamen, taking the length of their notice period into account. If the vessel is not used for fishing by the vessel-operating company, the seaman shall have the right to leave his place with the vessel, but his entitlement to wages shall then no longer apply. If a seaman leaves his job without notice before the notice period is up without a legitimate reason, the vessel operator shall be entitled to compensation from the seaman amounting to his wages for half the notice period, though in no instance less than the equivalent of wage insurance during the notice period.

The Electrical Workers' Union (Rafiðnaðarsamband Íslands; RSI).
The notice period for termination, both by employers and electrical workers, is one month. When electrical workers are engaged for a specific period, no notice period is needed unless the worker has worked for four continuous weeks or longer. In other respects, the notice period is in accordance with the Act on Notice of Termination and Sick-Pay Entitlement. If a worker is dismissed after at least 10 years' continuous employment with the same enterprise, the notice period is four months if he or she has reached the age of 55 years, 5 months if he or she has reached the age of 60 and 6 months if he or she has reached the age of 63. The worker, on the other hand, may give 3 months' notice of termination.

The Union of Food and Catering Industry Workers (Matvæla- og veitingafélag Íslands; MATVIS).
An employee who has worked for one month or more for the same employer is regarded as a permanent employee, and the notice period for termination by either party is one month. During the first month of work, no notice period is required. The notice period for those who have worked for one year, but less than two years, for the same employer is two months; for those who have worked for two years or more for the same employer, it is three months. These notice periods are mutual, and run from the beginning of the following month. Notice of termination is to be given in writing. If a worker is dismissed after 10 years' continuous work, or more, for the same company, the notice period is to be four months if the worker has reached the age of 55 years, 5 months if he or she has reached the age of 60 years and 6 months when he or she has reached the age of 63. The employee, on the other hand, may give three months' notice of termination.

The Union of Skilled Construction and Industrial Workers (Samband iðnfélaga; SAMIDN).
The notice period for termination is mutual, and runs from the next change of week or month. Workers may be engaged on a temporary basis or for specific jobs of work. Engagements of these types may, however, never be for periods shorter than three months. Such employment relationships may nevertheless be terminated with two weeks' notice, running from the beginning of the coming week. Notice periods for metalworkers: During the first year of

employment: 2 weeks, running from the beginning of the coming week. After 1 year in the occupation: 1 month, running from the beginning of the coming month. After 3 years in the occupation: 2 months, running from the beginning of the coming month. After 5 years at the same undertaking: 3 months, running from the beginning of the coming month. Notice periods for construction workers: During the first year of employment: 2 weeks, running from the beginning of the coming week. After 1 year in the occupation: 1 month, running from the beginning of the coming month. After 3 years in the occupation: 2 months, running from the beginning of the coming month. After 5 years at the same undertaking: 3 months, running from the beginning of the coming month. Notice period for workers without journeyman's certificate: During the first year: 2 weeks, running from the beginning of the coming week. After 1 year in the occupation: 1 month, running from the beginning of the coming month. After 3 years' continuous work in the occupation: 2 months, running from the beginning of the coming month. After 5 years at the same undertaking: 3 months, running from the beginning of the coming month.

The Commercial Federation of Iceland (Landssamband íslenzkra verzlunarmanna; LIV).
Notice periods for termination shall be, for both parties: 1 week during the first three months, which is a probation period; when this period is over, the notice period during the following three months is to be 1 month. After 6 months' work, the notice period shall be 3 months. Furthermore, after the probation period, the notice period is to run from the coming change of month. If an employee is dismissed after at least 10 years' continuous work at the same undertaking, the notice period shall be 4 months if the worker has reached the age of 55, 5 months if he or she has reached the age of 60 and 6 months when he or she has reached the age of 63. The worker, on the other hand, may give 3 months' notice. These provisions on notice period do not apply, however, if the worker has exhibited culpable negligence in his or her work, or if the employer has committed a violation against the worker.

Notice periods for termination of employment with the state or municipalities.
Notice must be given in writing, and it runs from the beginning of the coming month. Length of notice depends on the time the worker has been employed. It is three months for union members who are employed permanently (not for fixed periods) and is extended after 10 years' service and also when the worker reaches certain ages. An employee may announce termination with three months' notice. Temporary engagements expire at the end of the employment term without special termination. Otherwise, the notice period for temporary work is one month. If the worker is dismissed after at least 10 years' continuous work the notice period is 4 months if he or she is 55 or older, 5 months if he or she is 60 or older and 6 months if he or she has reached the age of 63. Workers, on the other hand, may leave their jobs with 3 months' notice.

Termination of fixed-term contracts.
Generally, when people engage to work for limited periods, it is not possible to terminate the engagement within the agreed period unless special provision has been made to do so (see the note above about temporary engagements with the state and municipalities).

Probationary periods.
Probationary periods in employment engagements are not defined in legislation or regulations; they depend on the relevant collective agreement in any given case, as does the notice period during probation. The general rule in the public sector is that during the probationary period, the mutual notice period for termination is one month. To take an example of a collective agreement, that between SFR, the Union of Public Servants, and the state, Article 16.1.1 of this specifies that the mutual notice period for termination during the probationary period is one

month; the probationary period is three months unless other arrangements are stated in the employment contract. To take another example, the collective agreement of VR, a large commercial workers' union, with the employers' association SA states that the notice period for termination during the three-month probationary period is one week.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee also points out that a serious offence is the sole exception justifying immediate dismissal (Conclusions 2010, Albania). According to the Icelandic Confederation of Labour (document quoted above, p. 31) and EU-EURES (the European Job Mobility Portal, Living and Working Conditions), the statutory and collective agreement notice periods do not apply in the case of gross misconduct. The committee requests that the next report clarify the concept of misconduct in this context.

Even though dismissal due to failure to honour an agreement is not addressed specifically in a collective agreement, legislation or the employment contract, the right nevertheless exists. It is based on the general rules of contract law, and a body of case-law has come into being on the subject.

Collective agreements generally do not contain provisions on dismissal or termination without warning due to gross misconduct or violations either on the part of the employer or the worker.

The Workers' Right to Notice on Dismissal from Employment Act, No. 19/1979, does not include provisions on the rescission of employment contracts. The Rights and Obligations of Government Employees Act, No. 70/1996, on the other hand, contains provisions on non-performance of contracts. Section II of the Act, which specifically covers civil servants, lays out the conditions for being able to terminate a civil servant's employment due to non-performance of contract. Under Article 26, a civil servant may be granted temporary release from employment if he or she has exhibited unpunctuality or negligence of other types, disobedience to lawful orders or prohibitions from his or her superior, lack of knowledge or skill or lack of care in the execution of his or her work, has been drunk while at work or has exhibited conduct, or indulged in actions, at work or outside work, that are considered in other ways indecent, inappropriate or incompatible with his or her position. If a civil servant is in charge of funds or accounting, he or she may be granted temporary release from employment without prior warning if it may be considered certain that the accounts or funds are in disarray, or if the civil servant's estate has been taken into bankruptcy proceedings or the civil servant has sought a composition. The same applies if the civil servant is suspected of conduct that could lead to the deprivation of rights under Article 68 of the General Penal Code, No. 19/1940, or has been shown to have engaged in such conduct.

Other rules apply to public servants other than civil servants. Article 21 of the Rights and Obligations of Government Employees Act states that if an employee has demonstrated, in the course of his or her work, unpunctuality or other negligence, disobedience to a lawful order or prohibition from a superior, lack of knowledge or skill or lack of care in the execution of his or her work, has been drunk at work or has exhibited conduct, or indulged in actions, at work or outside work, that are considered in other ways indecent, inappropriate or incompatible with his or her position, then the head of the institution shall give him or her a written reproof. Before this is done, however, the employee shall be given the opportunity of stating his or her position, if this is possible. If the intention is to dismiss the employee from his position, then under this provision and Article 44 of the Act, he or she must be given a reproof. Nevertheless, the employee shall be dismissed immediately if he or she has been deprived, by a final court

judgment, of the right to occupy the position or if he or she has confessed to having committed a criminal act that may be considered as entailing the loss of that right.

Ordinary collective agreements normally do not provide for termination of employment without notice due to serious violations by the employer or the employee, but as is stated above, this right nevertheless exists in accordance with the general principles of Contract Law.

Employment contracts may contain provisions on non-performance, in particular if strict requirements are made concerning duty of loyalty or confidentiality obligations between the parties.

The general conditions for immediate termination or dismissal are that the non-performance of the contract by the employee is of a substantial nature, either through intention or through gross negligence, e.g. if the employee does not turn up for work, carries out his or her work in a grossly unsatisfactory manner or commits a serious offence while at work. The employer must have given the employee a reproof and shown that grounds for dissatisfaction exist, and must also demonstrate this. More stringent requirements must be made regarding non-performance here than are generally made in contractual law, since dismissal without prior warning may result in great disruption of the employee's life, both as regards income and also his or her standing in other respects.

The general rules that are considered to apply regarding dismissal without prior warning are defined rather clearly in Supreme Court Judgment No. 524/2006. In this case, the employer was acquitted of the demands of the employee following dismissal without warning. The Supreme Court upheld the district court judgment, which stated: 'Act No. 19/1979 does not grant a direct authorisation for the rescission, without notice, of an employment contract. The general rule is that such contracts are to be terminated with a certain period of notice. In legal theory, on the other hand, such an authorisation is considered to exist. The Seamen's Act, No. 35/1985, contains authorisations for rescission without notice in Articles 23 and 24. Those provisions may be described by the key words 'substantial non-performance' and 'no longer applicable premises'. These authorisations are regarded as being valid in all employment contracts; thus, it is possible to rescind them without notice under conditions that can be described in these terms. The plaintiff in this case was never given a written reproof. Testimony of the representatives of the defendant and witnesses demonstrated that he was given oral reprimands, probably on more than one occasion [...].'

As has been stated above, the general condition for being able to dismiss a worker is that he or she shall have been given a warning, reprimanded and informed, in a demonstrable manner, that if he or she does not cease conduct of a certain type, this will result in dismissal. This warning must be demonstrable, i.e. by having been given in the presence of witnesses, or in writing. In this connection, mention may be made of Supreme Court Judgment No. 236/2011. There, the Supreme Court considered that even though H's conduct had neither been in conformity with the provisions of the employment contract nor those of the job description that accompanied it, H, in the light of her dealings with the representatives of B Private Ltd, had reason to assume that the specific dealings between her and the company N would not be regarded as a violation of her duty of loyalty towards B Private Ltd. Thus, B Private Ltd was under an obligation to give H a reproof in view of her violation of her employment duties before it was able to dismiss her from her position, but this had not been done. The Supreme Court therefore took the view that H was entitled to compensation for dismissal without notice, this amounting to a sum equivalent to the wages that she would have received during the notice period prescribed in the employment contract between the parties. Mention may also be made

of Supreme Court Judgment No. 1996:605, in which the employer was ordered to pay a worker wages for the notice period since it had not succeeded in demonstrating that the employee had been given a satisfactory reproof or warning if the employer considered that poor attendance or other lapses in work were of such a nature as to justify the rescission of the employment contract before the end of the notice period.

Examples of the non-performance by the employee that may justify immediate dismissal include violations of the obligation to obey orders, drunkenness or drug abuse, criminal actions such as embezzlement or theft and violations of confidentiality (non-disclosure) obligations/duty of loyalty. Below follow some examples of the case-law of the Supreme Court where it has discussed the employer's right to dismiss a worker without notice.

Supreme Court Judgment in Case No. 3/2004
In this case, a vessel-operating company was acquitted of a claim for compensation for dismissal without notice. The seaman had been given a written warning in connection with his consumption of alcohol during a fishing trip; in this warning, it was stated that further infringements of discipline would result in dismissal. The court considered that it had been demonstrated that the seaman had been under the influence of alcohol in a later trip, at the end of which he was dismissed. The vessel-operating company was therefore acquitted.

Supreme Court Judgment in Case No. 370/2015.
I, who had been in charge of running the bar in a restaurant owned by V ehf. (Private Ltd), brought an action against the company and demanded payment of under-paid wages and wages during the notice period for termination. He also demanded compensation for non-financial damages in view of the allegation by V ehf. that he had misused a credit card belonging to the company and taken cash from its cash register without authorisation. V ehf. had pressed charges to the police concerning the alleged violation, but the investigation of the case had been dropped with reference to the fourth paragraph of Article 52 of the Code of Criminal Procedure, No. 88/2008. The court considered that V ehf.'s actions towards I constituted termination without notice which had not been justified by the alleged violations by I of his employment obligations. Thus, the court granted I's demands for wages during the notice period. In addition, the court granted I's demand for the payment of under-paid wages. In addition, the court found that the allegations of criminal conduct which V ehf. had made regarding I constituted an unlawful act of malice against his person and reputation under Article 26 of the Tort Damages Act, No. 50/1993. Thus, V ehf. was ordered to pay I ISK 200,000 in compensation for non-financial damage.

Supreme Court Judgment in Case No. 240/2016.
G began working for V ehf. in January 2014 and worked there until August that year when his employment contract was terminated without notice. The reason given for the termination was that G had, without authorisation, sent sensitive confidential information about the operations of V ehf. from his work e-mail to his private e-mail address, thus committing a violation in the course of his work. G brought an action and demanded compensation for dismissal. In the light of the testimony given by the parties and witnesses to the court, the nature of the materials which G had sent and the other circumstances of the case, the court did not concur with V ehf. that G had violated his employment contract in such a way as to justify his dismissal without notice. Thus, the court found that G was entitled to compensation for the dismissal amounting to the sum of the wages that he would have received during the notice period for termination of his employment contract.

Supreme Court Judgment in Case No. 53/2017.
S began working for S ehf. in January 2014 and worked there until May 2015, when her employment contract was terminated without notice. The reasons for S's dismissal were that she had been in a senior position with another undertaking which was also active in the tourist industry and that she had attended to her work for that undertaking during her working time, including sending e-mails in the name of S ehf. on matters that concerned the other undertaking. S brought an action demanding compensation for her dismissal. In its judgment, the Supreme Court found, with reference to the grounds of the judgment against which the appeal was made, that S had not, in the course of her work at S ehf., committed a violation of her employment obligation and duty of loyalty, of such a nature as to justify the rescission without notice of her employment contract. Thus, the court found that S was entitled to compensation for her dismissal, amounting to the sum of the wages that she would have received during the notice period for termination of her employment contract.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee notes from Act No. 72/2002 of 8 May 2002 on the legal status of workers during company transfers that although a transfer does not in itself constitute valid grounds for dismissal of workers, this does not stand in the way of dismissals for economic, technical or organisational reasons when changes in the workforce are necessary. The Committee requests that the next report indicate the notice periods and/or severance pay applying in this case and in the event of a transfer entailing substantial changes in working conditions. It also asks for information on notice periods and/or severance pay applicable to cases of termination of employment other than dismissal (being called-up for military service; bankruptcy or winding up of the employer; death of the employer; temporary incapacity for work; etc.).

Under Article 3 of Act No. 72/2002 on the Legal Status of Workers during Company Transfers, the rights and obligations of the assignor under an employment contract or employment relationship existing on the day on which the transfer takes place be transferred to the assignee (*cf.* the first paragraph of Article 3 of the Act). The second paragraph of the same article states that the assignee shall continue to respect the wage and service terms according to the collective agreement, with the same conditions as applied to the assignor, until the termination or expiry of the collective agreement or until another collective agreement takes effect or is implemented. Thus, the conclusion must be that the notice period applying to the workers in question under the appropriate rules in any given case will continue unchanged in such cases when staff are dismissed.

Call-up for military service.
As Iceland has no armed forces, this does not apply.

Legal standing of workers in the event of insolvency.
An insolvency estate takes over all the financial obligations that were borne by the insolvent at the time of the ruling; the estate is competent in law to have, and to acquire, rights and to bear obligations. The legal standing of employees is defined in Article 98 of the Bankruptcy (Etc.) Act. In fact, the insolvency estate takes over the employment contracts made by the insolvent person; the article contains further provisions on subsequent developments. The second paragraph states that employees are entitled to wages from the time of delivery of the ruling and until the time when the insolvency estate adopts a position on the employment contracts to which the insolvent was a party.

Legal position of a worker in the event of the death of the employer.
The first paragraph of Article 2 of the Administration of Estates at Death (Etc.) Act, No. 20/1991, with subsequent amendments, states that when a person dies, the estate at death is to take over all financial rights that he or she possessed or enjoyed unless other arrangements follow from legal principles, a disposal in law or the nature of the rights. The second paragraph of the same article states that the estate at death is to take over all financial obligations that rested on the deceased at the time of death unless legal principles or disposals in law provided for their expiry or this proceeded from their nature. At the death of the individual, moreover, financial obligations which the deceased placed on the estate at death through a will or other disposal at death pass to the estate. In addition, under the third paragraph of Article 2 of the Act, the estate at death has the competence to acquire rights, and the capacity of the estate to bear and bring upon itself obligations continues until administration of the estate is finalized as provided for in the act.

Temporary incapacity for work.
An employee may be given notice of termination while on sick leave, but if the illness began before the announcement of termination then the employee is to retain the sick-leave entitlement he or she had acquired until it is exhausted (or until the employee becomes fit for work again), i.e. the employer is not permitted to interfere with the employee's right to sick leave when giving notice of termination. Regarding payment during sick leave, reference is made to the section dealing with Article 4, para. 1, above.

Severance pay for ministers' assistants.
Under the fourth paragraph of Article 22 of the Government Ministries Act, No. 115/2011, ministers' assistants are entitled to severance pay for three months after stopping work. If an assistant has previously worked as a public employee, he or she has the right to return to his or her previous job, or to take up another job which is not more poorly paid, as regards fixed wages, in the service of the state. If a former assistant to a minister accepts wages for other work done during the period in which he or she is entitled to severance pay for the previous job as a minister's assistant, then his or her severance pay shall be reduced by the equivalent of those wages.

Severance pay for civil servants following abolition of their positions.
Under Article 24 of the Rights and Obligations of Government Employees Act, No. 70/1996, civil servants whose positions are abolished are to retain the wage terms applying to the position without amendment for six months after they leave the position if they have worked in the service of the state for less than 15 years, and otherwise for 12 months, providing that they do not turn down the offer of a comparable position during this time, irrespective of whether it is with the state or another entity.

Severance pay for the president of Iceland.
Under the President of Iceland Act a person who has been elected to, and has served in, the position of president of Iceland is entitled to wages for the first six months after leaving the position. If an ex-president takes up a position in the service of the state, these wage payments shall be discontinued if that position entails wages that are equally high, or higher; otherwise, the difference shall be paid until the end of the six-month period.

Severance pay for members of parliament
Under the Wages and Expenses of Members of Parliament Act, MPs are entitled to severance pay when they leave their positions in parliament. Severance pay equivalent to their wages is

to be paid for three months. Where the person has served in parliament for two electoral periods or longer, severance pay is to be paid for six months.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee also notes that under section 41 of the Government Employees Act No. 70/1996 of 11 June 1996 (No. 70/1996), government employees covered by Part III are entitled to three months' notice, unless stipulated otherwise in a collective agreement. It requests that the next report indicate the notice periods and/or severance pay provided for in such collective agreements. It also asks for details of the notice periods and/or severance pay that apply to the termination of appointment of civil servants covered by Part II and during the probationary periods of government civil servants and employees.

Notice periods for public employees.
Regarding notice periods and probationary periods for public employees, reference is made to the discussion of notice periods above.

Special provisions on civil servants in Part II of the Rights and Obligations of Government Employees Act, No. 70/1996.
Section VI of the Rights and Obligations of Government Employees Act covers the release of civil servants from their positions. Civil servants are appointed temporarily for terms of five years at a time unless other provisions are made in law, and it is not envisaged that their employment may be terminated during this time unless the conditions for granting them temporary or permanent release are met; these are described below. On the other hand, under the second paragraph of Article 23 of the Act, civil servants are to be informed, not later than six months before their term of appointment is due to expire, whether their positions are to be advertised as open for application. If this is not done, then their appointment is automatically extended for five years, unless they themselves ask to stop work in the way described in further detail in the first paragraph of Article 37 of the Act.

Under the second paragraph of Article 26 of the Act, a civil servant may be released temporarily if he or she has exhibited unpunctuality or negligence of other types, disobedience to lawful orders or prohibitions from his or her superior, lack of knowledge or skill or lack of care in the execution of his or her work, has not attained satisfactory results at work, has been drunk while at work or has exhibited conduct, or indulged in actions, at work or outside work, that are considered in other ways indecent, inappropriate or incompatible with his or her position. The third paragraph of Article 26 states that if the civil servant is in charge of funds or accounting, he or she may be granted temporary release from employment without prior warning if it may be considered certain that the accounts or funds are in disarray, or if the civil servant's estate has been taken into bankruptcy proceedings or the civil servant has sought a composition. The same applies if the civil servant is suspected of conduct that could lead to the deprivation of rights under Article 68 of the General Penal Code. Under the fourth paragraph of Article 26, temporary release from employment shall normally be granted in writing, the reasons for it being stated. If a civil servant is granted temporary release from employment for reasons stated in the second paragraph of the Article, then he or she must be given a reproof as provided for in Article 21 and also the opportunity to improve his or her conduct before being granted a release. Apart from this, there is no obligation to give a civil servant the opportunity of expressing his or her position regarding the reasons for the release before it takes effect. The fifth paragraph of Article 26 provides that if the civil servant so requests, then reasons are to be given for the decision to release him or her temporarily from employment. If a government

authority other than a minister has taken the decision, then it may be referred to the appropriate minister. Article 27 of the Act states that where a civil servant has been granted temporary release from employment due to alleged breaches in his or her work, then the case shall be examined immediately by a committee of experts so as to establish whether he or she should be released permanently from employment or permitted to return to his or her position. However, both the government authority and the employee may at any time submit the matter to a police investigation. The second paragraph of the same article states that a committee appointed to examine a civil servant's case as provided for in the first paragraph is to consist of three persons who are specially qualified in public administration. The committee is to state a position, with reasons, as to whether the decision to suspend the civil servant from his or her duties on a temporary basis was correct. The first paragraph of Article 28 of the Act states that during temporary release from employment, the civil servant is to receive half of the fixed wages pertaining to his or her position. The civil servant is to retain the official residential premises and grounds (where these accompany the position), if these perquisites are accounted for in the assessment of the wages he or she receives. The second paragraph of the same article states that if a civil servant who has been granted temporary release from employment resumes his or her position, then the view is to be taken that he or she discharged the position without interruption; as a result of this, he or she shall be paid the wages of which he or she was deprived under the first paragraph of Article 28 of the Act.

The first paragraph of Article 29 of the Act states that a civil servant shall be dismissed fully if he or she has been deprived, by a final court order, of the right to occupy the position in question. If the employee has been deprived of this right by judgment of a district court, then the judgment shall state whether this part of the judgment is to take immediate effect or to be deferred until it has been decided whether an appeal is to be made against it to a higher court, or until the resolution of the higher court has been obtained. A civil servant is to be dismissed completely from his or her position if the majority of the committee comes to the conclusion that the temporary dismissal was the correct course of action unless the misdeeds which he or she was alleged to have committed prove not to have taken place. The second paragraph of Article 29 states that a civil servant is also to be dismissed completely from his or her position, without notice, if he or she has confessed to having committed a criminal act that may be considered as entailing the loss of that right under Article 68 of the General Penal Code.

Furthermore, the first paragraph of Article 30 states that if a civil servant has been absent from work as a result of illness or accident for one continuous year, or for the equivalent of 1/18 of his total length of service with the state, if that period amounts to more than one year, then he or she is to be released from service due to ill-health. This does not apply, however, if a physician issues a certificate stating that there is a likelihood that the person in question will make a full recovery within the next three months, with the proviso that he or she will be granted full release from service at the end of that three-month period if he or she then proves to be unfit for work. The second paragraph of the same article states that if a civil servant falls ill and a physician issues a certificate stating that his or her state of health is of such a nature that it is not practical to expect him or her to continue to work, then he or she may be granted release from employment on grounds of ill-health when wage payments during sick-leave come to an end; this decision may nevertheless be referred to the appropriate minister. The third paragraph of Article 30 states that if a civil servant is released from employment under that article, then he or she shall retain his or her wage terms without amendment for three months. The same rule applies to payments to the spouse of a deceased civil servant.

Under Article 31 of the Act, release from an employment position is to be granted in writing, with the reasons being stated at all times, e.g. on grounds of ill-health or due to specific misdemeanours, etc. The letter granting release shall in all cases specify from what date the civil servant is to be released, and at what terms, e.g. as regards pension (where this applies), when the civil servant is required to vacate an official residence, grounds, etc., as appropriate.

Under the first paragraph of Article 34, a civil servant shall, if his or her official position is abolished, retain unchanged the wage terms that pertained to the office for six months after leaving the position if he or she has been in the service of the state for less than 15 years, or otherwise for 12 months, providing that he or she has not, at that time, turned down the offer of another comparable job, irrespective of whether it was with the state or another entity. The second paragraph of the same article states that if a person who enjoys wage terms as provided for in the first paragraph accepts a job in the service of the state or another entity before the six-month or twelve-month period is over, then the wage payments provided for in Article 34 shall lapse if the wages pertaining to the new job are equal to, or higher than, those which the civil servant received in his or her previous position. If the wages paid for the new job are lower, then the civil servant shall be paid the difference until the end of the six-month or twelve-month period.

The first paragraph of Article 35 of the Act states that if a person who has been temporarily appointed to an official position under Article 23 of the Act is not re-appointed to the position, then he or she shall retain, unchanged, the wage terms that pertained to the office for three months after leaving the position if he or she has discharged the position for less than 15 years, or otherwise for six months, providing that he or she has not, at that time, turned down the offer of another comparable job, irrespective of whether it was with the state or another entity. The second paragraph of the same article states that if a person who enjoys wage terms as provided for in the first paragraph accepts a job in the service of the state or another entity before the three-month or six-month period is over, then the wage payments provided for in the article shall lapse if the wages pertaining to the new job are equal to, or higher than, those which the civil servant received in his or her previous position. If the wages paid for the new job are lower, then the civil servant shall be paid the difference until the end of the three-month or six-month period. The third paragraph of the same article states that while the person receives wages as provided for in the first paragraph, he or she shall be obliged to continue working, if this is requested, and to give his or her successor in the position assistance so that there will be the least possible disruption to the functions that he or she previously discharged.

Article 4, para. 5 - Limits to deduction from wages.
1.-2.
No changes were made to law and practice regarding deductions from wages.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee notes that under Act No. 45/1987 (Article 18, paragraph 1) it is possible to request the reimbursement of tax deductions in the event of circumstances such as illness, accident, death or change of job. It also notes that under Article 115, paragraph 1 of the Income Tax Act of 7 May 2003 (No. 90/2003), the protected share of 75% of the wage applies only to income tax and municipal tax debts. Therefore, it asks that the next report state the share covering all simultaneous deductions on competing grounds. It also asks whether the wages concerned are gross or net of contributions to the pension insurance fund and tax deductions. Furthermore, it asks for information on implementation measures of the possibility mentioned

in the report which allows workers to request a reduction in deductions if their wages are not sufficient for them to provide for themselves or their dependants. The Committee also points out that under Article 4§5 of the Charter, national laws or regulations, collective agreements or arbitration awards must define the reasons for deductions from wages in a clear and precise manner and that the protection must include all forms of such deductions. It notes in this connection that under Law No. 19/1979 of 1 May 1979 on the right of employees to a notice period and to continued payment of wages in the event of illness or accident (Article 3), employers are exempted from compensating employees in the event of temporary lay-offs where raw materials have not been delivered or in cases of force majeure. It asks that the next report provide the full list of grounds for other authorised deductions from wages (fines for criminal or disciplinary offences, attachment for recovery of maintenance or tax debts, reimbursement of advances on wages and travel expenses, benefits in kind, etc.). It asks for information on the limitation of assignment or pledge of wages. It also asks whether workers may waive their right to limits to deductions from wages.

When an employee's aggregate wages for a particular period have been worked out, the employer shall deduct payments prescribed in law or an agreement from that sum before disbursing the wage payment.

Reference is made to the last report regarding the applicable rules on deduction of wages in respect of taxes, premiums to pension funds and child support in accordance with the provisions of the Municipal Revenue Base Act (No. 4/1995), the Act on the Withholding of Public Levies at Sources (No. 45/1987), the Act on Workers' Wages and Terms and Obligatory Pension Insurance (No. 55/1980), the Act on the Child Support Collection Centre (No. 54/1971), the Income Tax Act (No 90/2003), the Regulation on Deductions from Wages (No. 124/2001) and the Regulation on the Collection of Child Maintenance Payments (No. 491/1996).

The maximum deduction from wages is specified in Article 2 of the Regulation on Deductions from Wages No. 124/2001, with subsequent amendments. The first paragraph of the article states that employers shall at no time withhold more than 75% of total wages paid on any given occasion for the payment of charges specified in Article 1, together with lawfully required premiums and child maintenance payments; thus, it is ensured that the wage-earner will retain 25% of total wages paid. Pension-fund premiums over 4% of the premium base do not come under this rule. It should be stated that no provision is made in law by which wage-earners are able to waive the protection stated in law as referred to above.

Article 1 of the Regulation moreover states that all those who have people in their service whom they pay for doing work (*cf.* the first paragraph of Article 92 of the Income Tax Act, No. 90/2003, with subsequent amendments) are obliged, at the request of the collection authority, to withhold sums from wage-earners' wages, when disbursing wages, to pay taxes and dues to parties towards which the wage-earner bears personal liability and which are to be collected under Article 112 (*cf.* Article 115) of the Income Tax Act, No. 90/2003 and Section IV of the Municipal Revenue Base Act, No. 4/1995, with subsequent amendments. The taxes and dues referred to are income tax, municipal tax, fees to the Senior Citizens' Building Fund and any corresponding dues according to collection agreements with other states.

The maximum proportion that may be deducted from wages according to the foregoing must be considered in light of the safeguards provided under Icelandic law to ensure that workers can provide for themselves and their dependents. With regard to deduction from wages in respect of taxes and premiums to pension funds, Article 4(1) of the Regulation on Deductions

from Wages, states that workers can request that deductions from their wages be limited if their wages will otherwise not allow them to provide for themselves and their dependents. If such a request is made, the debt collector of the Treasury and the worker draw up a payment plan where the wage deductions are reduced to ensure that the worker can provide for himself and his dependents; such payment plans are quite common. The procedure for requesting a reduction of the wage deduction is simple: the worker contacts the collector of the Treasury, for example via e-mail or telephone, and requests that a payment plan be drawn up. If the wage deduction has already been carried out when such a request is made, the collector of the Treasury reverses the wage deduction and repays the worker what has been deducted, apart from the minimum monthly payment, which is ISK 10,000. Such requests are processed immediately. The payment plan takes into account the worker's wages and number of dependents. In the case of those with the lowest income, the monthly deduction from a worker´s wages will therefore only be ISK 10,000, irrespective of how high the worker's debt may be.

As regards wage deductions in respect of child support, there is a corresponding provision in Article 5(4) of the Act on the Child Support Collection Centre. This states that the Child Support Collection Centre can reduce the monthly amount that is deducted from a worker's wages in the light of the worker's difficult social conditions, including, but not limited to, such factors as low wages, a heavy debt burden and number of dependents. The Article states that in such circumstances, the Child Support Collection Centre is to make a temporary agreement with the worker on a payment plan in which the monthly amount that is deducted from his wages is reduced. Such agreements are to be reviewed on a regular basis and at least every six months. The Article furthermore states that in cases where there are continued difficult social and financial conditions and the Child Support Collection Centre considers that the worker will not be able to pay what he owes, the Centre can decide to waive the debt, either partially or in its entirety, provided that the worker has respected his obligations according to the aforementioned payment plan for a period of at least three years.

Thus, notwithstanding the legislative provisions described above regarding maximum deductions from wages, whether these are to cover taxes or premiums to pension funds or child support, a mechanism is always guaranteed by which wage-earners can enter into agreements with the relevant authorities on the reduction of deductions from their wages so as to ensure that they can provide for themselves and their dependents.

In addition to deductions to cover obligatory premium payments to pension funds, which were described in the last report, deductions may be made from wages to cover additional pension savings (which are voluntary). In addition to the obligatory premium paid by wage-earners to pension funds, workers may pay up to 4% of their total wages into private pension fund savings. Under most collective wages and terms agreements, the employer is also obliged to make a corresponding counter-payment of 2% of the worker's wages into the worker's pension savings fund, assuming that the worker pays at least 2%. It is up to workers themselves to choose to pay into private pension savings funds; to do this, they enter into agreements with the party managing the private pension savings funds. These agreements are then sent to the employer, who is obliged to deduct the premiums from workers' wages and make them over to the parties managing the funds, together with the employer's own counter-payments. Regarding authorisation for these deductions from wages, Article 4 of Regulation No. 698/1998, on the disposal of insurance premiums to pension savings and additional insurance protection, states that the employer is obliged, at the request of the worker, to deduct the agreed premium from the worker's wages and make it over to the appropriate management entity.

As was stated in the last report, under the second paragraph of Article 6 of Act No. 55/1980, on Workers' Wages and Terms and Obligatory Pension Insurance, the employer is also obliged to withhold from the worker's wages his or her dues to the appropriate trade union in accordance with the rules stated in the collective agreement on this point.

Collective agreements also contain provisions on deductions from wages by the employer for the payment of employees' membership dues to the appropriate trade union.

Deductions may not be made from wages in response to the collection of fines or the cost of criminal court actions; collection of such sums is to be effected by enforcement measures under the Enforcement Measures Act. Wages are exempted from enforcement measures under Articles 45 and 47 of the Enforcement Measures Act.

If an employee receives over-payment of wages paid in advance, the employer may nevertheless correct the employee's wages at the next payment, as wages paid in advance are generally viewed as provisional payments. If the employer considers that he or she is entitled to a reimbursement from the employee in view of an over-payment of wages, on the grounds that the employee accepted the payment in bad faith, then the employer may not effect a set-off against subsequent wage payments unless other arrangements have been agreed. Article 1 of the Wages for Work Act, No. 28/1930, with subsequent amendments, states that wages may not be paid by a set-off arrangement unless this has been specially agreed in advance. Thus, if an employer intends to recover over-paid wages which he or she believes the employee did not accept in good faith, he or she may not set this claim off against the employee's wages; on the other hand, the employer may send the employee an ordinary claim/payment slip.

Article 5
The right to organise

1.-2.

The information stated in the 17th and 23rd reports of the Icelandic authorities is reiterated and reference is made to those reports.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)

Freedom to join or not to join a trade union

In its previous conclusion (Conclusions XIX-3 (2010)) the Committee concluded that the situation was not in conformity with Article 5 of the 1961 Charter, on the ground that the existence of priority clauses in collective agreements which give priority to members of certain trade unions in respect of recruitment and termination of employment infringed the right not to join trade unions. The report provides no new information on this issue; it simply refers to previous reports. The Committee therefore reiterates its conclusion of non-conformity.

Reference is made to previous reports.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)

The Committee notes the judgment of the European Court of Human Rights of 27 July 2010 (Vörður Ólafsson v. Iceland), which concerns a violation of Article 11 of the European Convention of Human Rights on the ground that the statutory obligation on an employer to pay the industry charge had amounted to an interference with his right not to join an association. Given the absence of information in this respect in the report, the Committee therefore concludes that the situation is not in conformity with Article 5 of the 1961 Charter on the ground that the statutory obligation on an employer to pay the industry charge infringes the right to organise.

Following the judgment of the European Court of Human Rights of 27 July 2010 in the case of Vörður Ólafsson v. Iceland, the Icelandic Parliament passed an Act in 2010 to repeal the Act on the industry charge. According to the preparatory works, the purpose of this Act No. 124/2010 was to abolish the collection of the industry charge in light of the judgment of the Court in the aforementioned case. The Act entered into force on 1 January 2011.

Consequently, the industry charge has not been collected since Act No. 124/2010 entered into force in 2011.

Article 6
Right to bargain collectively

Article 6, para. 1 - Joint consultation.
1.-3.
Reference is made to the last report.

No amendments were made either to the Information and Consultation in Undertakings Act, No. 151/2006, with subsequent amendments or to the Collective Redundancies Act, No. 63/2000, with subsequent amendments, during the relevant period.

Amendment of the Act on European Works Councils in Undertakings, No. 61/1999.
The Act on European Works Councils in Undertakings, No. 61/1999, was amended by Act No. 104/2014. The reason for the amendment was the transposition of Council Directive 2009/38/EC, on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purpose of informing and consulting employees; this was a re-issue of Directive 94/45/EC, on the same topic, so repealing the older directive. As Directive 2009/38/EC constituted substantive amendments to the older directive, No. 94/45/EC, it was necessary to make corresponding amendments to the Iceland act which implemented it to ensure the implementation of Directive 2009/38/EC, the aim of which is to guarantee employees of undertakings that operate in two or more countries of the EEA information and consultation and to ensure the proliferation of European works councils, and to ensure the continuing functioning of agreements that have already been made.

Article 6, para. 2 - Negotiation procedures.
1.-3.
No amendments were made to the Trade Unions and Industrial Disputes Act, No. 80/1938, with subsequent amendments, or to the Civil Servants' Collective Agreements Act, No. 94/1986, with subsequent amendments, during the period.

No changes were made to the arrangements described in the last report concerning negotiations; reference is made to that report on the matter.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
*The report refers to an agreement dated 11 June 2003 by means of which the most representative organisations of social partners established a collaborative committee on information on wages and economic premises of collective agreements. This Committee was appointed after the Minister of Welfare commissioned the State Mediation and Conciliation Officer to head a joint effort on the part of the Government and the social partners to make improvements in the procedure for negotiating collective agreements between the social partners. The pros and cons of the current structure of negotiations were examined, as were the arrangements in place elsewhere in the Nordic countries. It was decided to create a formal framework for this collaborative effort and to initiate preparatory work of certain types prior to the next round of collective agreements. The work resulted in the publication of a report in October 2013, outside the reference period, entitled: Approaching collective agreements: the economic environment and wage trends (*Í aðdraganda kjarasamninga: efnahagsumhverfi og launaþróun*). The Committee wishes the next report to provide information on the outcome of this report.*

By an agreement dated 11 June 2013, the largest organisations on the labour market in Iceland formed a collaborative committee on wage data and the economic premises of collective agreements ('SALEK'). The committee included representatives of four national workers' federations (the Icelandic Confederation of Labour, ASÍ; the Alliance of State and Municipal Workers, BSRB; the Alliance of University Graduates, BHM and the Teachers' Association of Iceland, KÍ) and, on the employer's side the employers' association SA, the Association of Local Authorities and the Ministry of Finance and Economic Affairs.

The background to the formation of the SALEK committee was that following the collective negotiations of 2011, BSRB requested that the government coordinate a joint effort to improve the negotiating procedure. The outcome was that the minister of welfare commissioned the State Conciliation and Arbitration Office with leading the review. At the same time, the Icelandic Confederation of Labour ASÍ and the employers' union SA made an agreement on the review and extension of the collective agreements between them on 21 January 2013, including provisions on improved methods to be used for preparing negotiations and achieving more efficient results in negotiations. Many other parties on the labour market had also called for the adoption of new methods.

During 2012, the collaborative committee organised meetings and conferences on improvements in this area. The pros and cons of the existing methods of negotiating collective agreements were examined. It was pointed out that discipline and regularity have long been features of similar negotiations elsewhere in the Nordic countries, where, for example, preparation consists of the adoption of a common assessment by the negotiating parties of the economic situation and wage trends and the scope for wage increases that can be accommodated within the framework of economic stability. The situation at the unions' sister organisations in the other four Nordic countries was examined and a special report, 'Collective agreements and the labour market in the Nordic countries,' was published (in Icelandic) in May 2013. It was agreed to move in the direction of the arrangement in use elsewhere in the Nordic countries, even though conditions in Iceland are different in certain ways. It was decided to formalise these procedures and to launch a programme of preparatory work for the coming round of negotiations.

The collaborative committee (the SALEK committee) set up two task forces, one on wage data, the other on the economic premises for the coming round of negotiations. The first part of the report on wage data gave an account of wage trends since 2006, showing changes in regular wages of workers aged 18 and older in full-time employment, both by national federations and by geographical regions and occupations. The second half of the report described the economic environment for the coming negotiations. Emphasis was placed on the importance of having agreements based on a realistic assessment of the economic situation, not least as regards the external environment and its effect on the Icelandic economy, i.e. economic trends in Iceland's main trading partners and trading competitors, the terms of trade, the production potential of the nation, productivity and overall economic performance.

The main conclusion of the report was that it was important that the players on the Icelandic labour market should follow the same path as the other Nordic countries. Greater emphasis should be placed on establishing a shared vision of labour and economic issues so that a clear ideology could be laid down regarding small, open economic systems. This was seen as particularly important in view of the general instability that reigned in Iceland, with a currency whose exchange rate fluctuated and the constant threat of inflation that could wreak havoc with

people's standard of living and up-end the operational basis of enterprises. Thus, collective agreements were seen as being an important part of the solution to this problem, while the instability itself posed a threat to the viability of the agreements.

The report was viewed as having produced a useful outcome, and the next time the collective agreements were to be renegotiated, in 2015, a similar report was commissioned. This was structured in the same way as the first report, dealing with wage data on the one hand and the economic environment on the other. The first part covered wage trends in Iceland from 2000 to 2014, focussing mainly on the wages of members of four workers' federations and three of their negotiating partners. This revealed the wage spread, the purchasing power of wages and the different trends in men's and women's wages. The latter part of the report attempted to assess the economic background against which the collective agreements were to be made, with the focus on two points: the wage ratio (i.e., the proportion of wealth generated that went to workers) and the real exchange rate of Iceland's currency, the króna (ISK). These figures are of significance when it comes to assessing the freedom of manoeuvre for change in wages.

In October 2016 the SALEK group decided to discontinue its work for the time being since no conclusion had been reached on the equalisation of the pension rights of private-sector workers and those in the public sector; no agreement had been reached on draft legislation on the issue in the Althingi. Later in the same year, the Althingi approved amendments to the Public Employees' Pension Fund (LSR) Act as a step towards putting private and public employees on a similar footing as regards pension rights, but BHM, BSRB and the Teachers' Union raised objections as the substance of these amendments was not in conformity with their agreement with the Ministry of Finance and the Association of Local Authorities on changes in the public employees' pension scheme. Since then, collaboration among the SALEK group's members has not been revived.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee asks the next report to indicate the percentage of the workforce being covered by collective agreements.

Reference is made to the information found on this subject above in the chapter on Article 4(1) of the Charter.

Article 6, para. 3 - Conciliation and arbitration.
1.-3.
Amendment of the Trade Unions and Industrial Disputes Act, No. 80/1938, with subsequent amendments, by Act No. 130/2016 on the Wage Council (Kjararáð).
Under item 21 of Article 8 of Act No. 130/2016, on the Wage Council (Kjararáð), an amendment was made to the first sentence of the seventh paragraph of Article 20 of the Trade Unions and Industrial Disputes Act, No. 80/1938, with subsequent amendments, by which the Wage Council was to determine the wages of the State Conciliation and Arbitration Officer, instead of the legislature, as had previously been the case. Under the previous arrangement, the wages of the State Conciliation and Arbitration Officer were determined in the same way as those of government ministers and justices of the Supreme Court. Also, under Act 130/2016, an amendment was made to the first paragraph of Article 66 of the Act by which all the costs of the Labour Court are to be paid by the Treasury in accordance with a ministerial decision, while the Wage Council is to decide the fees to the judges. Previously, all costs of the Labour

Court, including the fees to the judges, were borne by the Treasury in accordance with a ministerial decision.

Comment by the European Committee of Social Rights.
Conclusions XX-3(2014)
The report does not provide any information on arbitration procedures. The Committee wishes the next report to provide detailed information on arbitration procedures.

If the Althingi passes a provisory act banning a strike, such legislation contains a provision on a court of arbitration. Here follow, by way of example, provisions from Act No. 31/2015, on the Wages and Terms of the Members of Certain Unions within the Alliance of University Graduates and the Icelandic Nurses' Union, and Act No. 45/2016, on the Wages and Terms of the Icelandic Air Traffic Controllers' Union. Further discussion of the industrial disputed in these cases is given later in this section; reference is hereby made thereto.

Act No. 31/2015, on the Wages and Terms of the Members of Certain Unions within the Alliance of University Graduates and the Icelandic Nurses' Union.
Article 2 of the Act provides for the appointment of a court of arbitration. The first paragraph of the article states that if the parties referred to in Article 1 [i.e. the parties to the industrial dispute] have not concluded a collective agreement by 1 July 2015, the Supreme Court of Iceland shall nominate three persons to sit on a court of arbitration which shall, prior to 15 August 2015, determine the wages and terms of the members of the unions named in Article 1. The decisions of the court of arbitration are to be binding as a collective agreement between the parties from and including the date of commencement of the Act and are to apply to the period decided by the court of arbitration. The final settlement of wages is to take place not later than one month after the conclusion of the court of arbitration is known. The second paragraph of Article 2 states that the Supreme Court is to rule on which of the three members of the court of arbitration is to be the president of the court; that person is to convene the court. The third paragraph of the same article states that the court of arbitration is to set itself procedural rules and gather the necessary materials and that it may require reports, oral and written, from those parties that the court of arbitration considers necessary. The parties are to have the right to explain their positions to the court of arbitration. The court of arbitration is to allow them a suitable length of time for this purpose. The fourth paragraph of Article 2 states, amongst other things, that the court of arbitration may call in experts to work in the service of the court and provide counsel in resolving the case. Finally, the fifth paragraph of the same article states that the costs of the court of arbitration are to be paid by the Treasury.

Article 3 of the same act, which deals with the decision or ruling of the court of arbitration, states in the first paragraph that the court of arbitration, in its decisions on the wages of the members defined in Article 1 and their other terms of service, is to take account of the wages and terms of others who may be regarded as comparable in terms of educational qualifications, jobs, working hours and responsibilities and, as appropriate, of collective agreements that have been concluded since 1 May 2015 and general development in wages and terms in Iceland. When making its decisions, the court of arbitration is also to take account of economic stability. The second paragraph of Article 3 states, furthermore, that if the parties to the industrial dispute agree on any substantive points in the dispute, without being prepared to enter into a court agreement on the dispute as a whole, the court of arbitration is to take account of this in its decision, but is nevertheless to have a free hand in its disposals. Moreover, the third paragraph of Article 3 of the Act states that the court of arbitration may use its influence to bring about an agreement, or a court settlement, between the parties, which will have the same effect in law as

the decisions of the court of arbitration, whether it applies to individual points or a comprehensive agreement between them, and the court of arbitration will then not take a decision on the matters covered by the agreement or court settlement.

Act No. 45/2016, on the Wages and Terms of the Icelandic Air Traffic Controllers' Union.
Article 2 of the Act, which provides for the appointment of a court of arbitration, states, in the first paragraph, that if the parties named in Article 1 [i.e., the parties to the dispute] have not concluded a collective agreement by 24 June 2016, then a court of arbitration shall, by 18 July 2016, determine the wages and terms of the members of the Icelandic Air Traffic Controllers' Union. The decisions of the court of arbitration are to be binding as a collective agreement between the parties from and including the date of commencement of the Act and are to apply to the period decided by the court of arbitration. The final settlement of wages is to take place no later than one and a half months after the court of arbitration's conclusion is known. The second paragraph of the same article states that the court of arbitration is to consist of three persons appointed by the minister. One is to be nominated by the Supreme Court of Iceland, one by the Icelandic Air Traffic Controllers' Union and one by the Confederation of Icelandic Enterprises. The judges shall be competent for the task in the light of their professional careers and their knowledge of collective agreements and industrial disputes. In addition, they are to be without connections with the parties named in Article 1. The person nominated by the Supreme Court of Iceland is to be president of the court and shall convene the court. The third paragraph of Article 2 of the Act states moreover that the court of arbitration is to set itself procedural rules and gather the necessary materials, and that it may require reports, oral and written, from those parties that the court of arbitration considers necessary. The parties are to have the right to explain their positions to the court of arbitration. The court of arbitration is to allow them a suitable length of time for this purpose. Finally, the fourth paragraph of the same article states that the costs of the court of arbitration are to be paid by the Treasury.

Article 3 of the Act, which covers decisions taken by the court of arbitration, states in its first paragraph that in making its decisions on the wages and terms of the members of the Icelandic Air Traffic Controllers' Union, the court of arbitration, is first and foremost to take account of recent wage trends according to the collective agreements that have been concluded in the private sector. The second paragraph of the same article goes on to state that the court of arbitration may use its influence to bring about an agreement, or a court settlement, between the parties, which will have the same effect in law as the decisions of the court of arbitration, whether it applies to individual points or a comprehensive agreement between them, and the court of arbitration will then not take a decision on the matters covered by the agreement or court settlement. Finally, the third paragraph of Article 3 of the Act states that if the parties to the industrial dispute agree on any substantive points in their dispute, without being prepared to enter into an agreement or court settlement on the dispute as a whole, the court of arbitration is then not to take any decision regarding those points covered by the agreement between the parties.

Paragraph 4 - Collective action.
1.-3.
Reference is made to previous reports as no amendments were made to the legislation concerning collective action in the period in question.

Comment by the European Committee on Social Rights.
Conclusions XX-3(2014)
The Committee notes that social partners have taken the view that it is not lawful to call strikes while the collective agreements between them are still valid. The Committee asks if strikes not aimed at concluding a collective agreement are prohibited in Iceland. Meanwhile, it reserves its position on this point.

Under Article 14 of the under the Trade Unions and Industrial Disputes Act, No. 80/1938, trade unions, employers' associations and individual employers are permitted to strike or to impose lock-outs with the aim of advancing their demands in industrial disputes and to defend their rights as defined under the Act, subject only to the conditions and restrictions that are stated in law. A work stoppage is a coercive measure which is permitted under certain conditions and providing that certain conditions are met regarding both form and content.

While collective agreements are in force, there is an obligation to keep the peace, i.e., the parties who are bound by a collective agreement may not, during the term of the agreement, bring about changes on matters that have been agreed by means of a work stoppage. It is unlawful to effect work stoppages while the obligation to keep the peace is in place. The obligation to keep the peace is based on the fundamental view that contracts are to be respected. Collective agreements on wages and terms are mutual contracts which it is socially important to respect during the period for which they are supposed to be valid. It should also be noted that this obligation to keep the peace is mutual. It is therefore borne not only by the trade union, but also by the employers and their associations.

The obligation to keep the peace is linked to the collective agreement in question; if no collective agreement has been concluded between the parties, or if the one that was made has expired, then the parties involved are no longer under any obligation to keep the peace. Moreover, it is a premise for the obligation to keep the peace that a provision has been made to this effect in the relevant collective agreement.

The obligation to keep the peace covers work stoppages that are aimed at forcing through amendments to existing collective agreements. Thus, work stoppages that have other aims are not in violation of the obligation to keep the peace. In this connection mention may be made of work stoppages that are aimed at bringing about a collective agreement between parties that have not yet made any such agreement, sympathy strikes and work stoppages to enforce judgments of the Labour Court; work stoppages of the last two types listed here are permitted during the term of a collective agreement.

Comment by the European Committee of Social Rights.
Conclusions XX-3(2014)
The Committee asks for information on any future cases of compulsory arbitration in the report that take place within the relevant reference period. The Committee notes that during the reference period the Icelandic Parliament adopted legislation to terminate a strike. Prior to the strike, negotiations on a dispute over wages and terms between aircraft mechanics and the Confederation of Icelandic Employers, representing the airline Icelandair, had gone on for some time under the auspices of the State Mediation and Conciliation Officer, but without any progress being made. The strike began on 22 March 2010. When the strike had lasted for 16 hours, the Althingi *(Icelandic Parliament) passed legislation (Act No. 17/2010 on Aircraft Mechanics' Wages and Terms) to end the strike. The Act put an end to the strike, prolonging the collective agreement that was then in force between the parties until 30 November 2010, if*

no new agreement were concluded between them. The reasons for the passing of the Act were described in the explanatory notes to the bill. These stated that a strike by aircraft mechanics resulted in substantial disruption of air traffic both to and from Iceland, Icelandair being by far the largest aviation operator in Iceland and one of the main pillars of Iceland's tourist industry. It was estimated that a strike would cause substantial damage to the Icelandic economy at a time in which it was ill-prepared for it and would have a negative impact on the jobs of thousands of individuals and enterprises all over the country that depended on the tourist industry and on reliable air communications at a time when the operating environment of all enterprises in the country was very sensitive. The Committee notes that in the case at hand, even though a work stoppage in the aviation sector may have had important consequences on the economy and this being the primary consideration on which state intervention to terminate the strike was based, it has not been established that such intervention falls within the limits of Article 31 of the 1961 Charter, namely that it was necessary for the protection of the rights and freedoms of others or for the protection of public interest, national security, public health or morals. It considers that the situation is not in conformity with Article 6§4 of the 1961 Charter, on the ground that during the reference period the legislature intervened in order to terminate collective action in circumstances which went beyond those permitted by Article 31 of the 1961 Charter.

During the period covered by this report, the Althingi was obliged to intervene in wages and terms disputes on three occasions.

On 12 April 2014, the Althingi passed a law ending strike action by the Icelandic Seamen's Union on the ferry Herjólfur VE, which had begun on 5 March the same year. The strike meant that work on the ferry came to an end between 5.00 p.m. and 08.00 a.m. the following day, and no work at all was allowed at the weekend. Then, from and including 21 March 2014, the strike also included the whole day on Fridays, with the result that the ferry sailed only four days a week between Vestmannaeyjar (a group of islands off the south coast of Iceland, sometimes referred to as 'the Westman Islands') and the mainland. The bill which was passed as law postponing the strike action emphasised the special position of the islands with respect to transportations with the mainland as being evident and unequivocal. Transport of goods between the mainland and the islands is effected mainly by sea, as a consequence of which the strike had a negative impact on business operations in the islands, in addition to the impact on the people of the islands who depended on the ferry Herjólfur to access essential services of many types on the mainland. Reference was also made to an entry in the minutes of a meeting of the Vestmannaeyjar Town Council of 19 March the same year recording that the council was gravely concerned at the situation. In order to ensure the economic well-being and stability of the community of the Vestmannaeyjar islands, it was decided to pass a law ending the strike. In doing this, the interests of the 4,300 inhabitants of the islands were given priority over those involved in the wages and terms of service of six subordinate workers on the Herjólfur.

On 15 May 2014, the Althingi passed a law ending strike action by pilots working for the airline Icelandair. The Act provided that if the disputing parties had not reached agreement by 1 June 2014, the dispute would be resolved by a court of arbitration. An agreement was reached by the parties on 22 May and thus the matter did not need to be resolved by a court of arbitration. The strike involved an open-ended ban on working overtime and a temporary strike which, together, were supposed to span the period 9 May to 3 June 2014. The wage dispute between the Association of Icelandic Airline Pilots and the employers' association SA, which had a mandate from Icelandair to negotiate on its behalf, was referred to the State Mediation and Conciliation Officer on 25 February 2014. Attempts at mediating between the two sides

produced little results and they were broken off on 14 May. The industrial action by the pilots' association was to cover the 300 pilots at Icelandair and would affect about 600 flights to and from the country, disrupting the travel plans of about 100,000 passengers during the 9 days that the temporary strike was supposed to last; in addition, about six flights were to be cancelled every day during the open-ended ban on overtime work. Icelandair had to cancel dozens of flights, with concomitant costs and inconvenience for its passengers. In the bill which was passed as a law banning the action, reference was made to the economic interests at risk, i.e. the income that would be lost by the tourist and seafood-exporting industries. The bill gave the negotiating parties in the dispute the opportunity of resolving their differences by 1 July, failing which the dispute would be referred to a court of arbitration. In order to create greater acceptance of the idea of the court of arbitration, the bill allowed for representatives of workers and employers to nominate one representative each to the court.

On 13 June 2015 the Althingi passed legislation against industrial action by the Alliance of University Graduates (BHM) and the Icelandic Nurses' Association, cf. Act No. 31/2015, on the Wages and Terms of the Members of Certain Unions within the Alliance of University Graduates and the Icelandic Nurses' Union, ending the strike action and establishing a court of arbitration to resolve the dispute. The collective agreements between the constituent unions of BHM and the minister of finance (on behalf of the Treasury) expired at the end of February 2015, and that between the Nurses' Association and the minister of finance (on behalf of the Treasury) expired at the end of April. Seventeen constituent unions within BHM banded together in their negotiations. These were: the Icelandic Veterinary Association, the Icelandic Society of Radiographers, the Union of Graduate Employees of the Ministries, the Union of Social Scientists in Iceland, the Icelandic Musicians' Union (the Employees' Union of the Iceland Symphony Orchestra), the Icelandic Actors' Union, the Union of Natural Scientists in Iceland, the Icelandic Association of Biomedical Scientists, the Icelandic Physiotherapy Association, the Icelandic Association of Social Workers, the Icelandic Occupational Therapy Association, the Icelandic Midwives' Association, the Icelandic Association of Psychologists, the Union of Library and Information Scientists, the Union of Graduates in the Food and Nutrition Industry, the Lawyers' Association and the Association of Developmental Therapists in Iceland. A large number of negotiation meetings were held, without result, and eventually they were discontinued because of the great difference between the two sides. In the bill which was passed as the Act on the Wages and Terms of Certain Unions within BHM and the Icelandic Nurses' Association, it was stated that it was necessary to respond to the widespread disruption that the strike entailed, particularly in the health services. The measures taken by the unions had been aimed specifically at the functioning of hospitals and related occupations which were unable to defend themselves or respond to the measures except in cases of absolute emergency. The bill stated that the conditions for abridging workers' right to strike and freedom to negotiate wages and terms were met, these being: 1. That the abridgement is based on law; this was met by the bill; 2. That the abridgement must be in the interest of the public and of the rights of others. In this connection it was pointed out that the state was not able to discharge its legally-prescribed duties and services and that strikes in the health services could have serious consequences for patients; 3. That the abridgement must be necessary. On this point, reference was made to the negative impact of the strike action on the public interest, and the fact that services delivered by the state were placed in jeopardy. A hazardous situation, with threats posed to the lives, health and safety of individuals, could develop within the health services, according to memorandums published by the Directorate of Health. Under the Act, if the parties to the dispute had not reached an agreement by 1 July, the Icelandic Supreme Court was to appoint a court of arbitration. A judgment by the Reykjavík District Court of 13 July 2015, which was upheld by the Supreme Court on 13 August 2015, established that the state was able

to pass legislation against the strike by BHM. In its summing up, the Supreme Court noted that the level of functions maintained in the health-care institutions under the exemptions granted by the strikers was insufficient to prevent a serious threat to public welfare and the right of the general public to medical assistance which, under the constitution, the state is obliged to guarantee.

On 8 June 2016, Althingi passed a law ending strike action by air traffic controllers, cf. the aforementioned Act No. 45/2016, on the Wages and Terms of the Icelandic Air Traffic Controllers' Union. The Act provided that if the disputing parties had not reached agreement by 24 June 2016, the dispute would be resolved by a court of arbitration by 18 July 2016. In making its decisions on the wages and terms of the members of the Icelandic Air Traffic Controllers' Union, the court of arbitration was first and foremost to take account of recent wage trends according to the collective agreements that had been concluded in the private sector. The decisions of the court of arbitration were to be binding as a collective agreement between the parties from and including the date of commencement of the Act and were to apply to the period decided by the court of arbitration. On 25 June 2016, the parties to the dispute reached agreement but it was subsequently rejected by the members of the Icelandic Air Traffic Controller´s Union. A court settlement was then reached by the parties, bringing the dispute to an end.

Comment by the European Committee of Social Rights.
Conclusions XX-3(2014)
The Committee asked in its previous conclusion (Conclusions XIX-3 (2010)) for updated information on the consequences of a strike. The Committee notes that the information provided in the report does not concern the consequences of a strike in the sense understood by the case law. In general, the Committee recalls that a strike should not be considered a violation of the contractual obligations of the striking employees entailing a breach of their employment contract. A strike should be accompanied by a prohibition of dismissal. However, if in practice, strikers are fully reinstated when the strike has ended and their previously acquired entitlements (for example concerning pensions, holidays and seniority) are not affected, then formal termination of the employment contract does not violate Article 6§4). Any deduction from strikers' wages should not exceed the proportion of their wage that would be attributable to the duration of their participation in the strike (Conclusions XIII-1 (1993), France, and Confédération française de l'Encadrement – "CFE-CGC" v. France, Complaint No. 16/2003, decision on the merits of 12 October 2004, §63). Workers participating in a strike who are not members of the trade union that called the strike are entitled to the same protection as trade union members (Conclusions XVIII-1 (2006), Denmark). The Committee asks for information in the next report on the way in which the principles referred to above are respected.

During a strike, the main obligations of an employment contract are suspended, but the contractual relationship remains in force. Thus, wage payments are suspended, as are the corresponding obligations of the worker to carry out work. The worker also loses the right to payment in the event of illness, even if he or she was ill before the strike began; in this, it makes no difference whether the illness was caused by a disease or by an occupational accident. If the worker was on annual leave, his taking of leave ceases during the period for which the strike lasts. When the strike ends, the obligations apply once more, and workers are obliged to return to work immediately; the employer is also obliged to accept them back to work. A strike is a collective action which affects the trade union first and foremost; it does not interfere with the contractual relationship between individual workers and their employer. It should be

mentioned, however, that provisions may be found in individual collective agreements which state that the worker is free to terminate his or her work during a strike and is not obliged to respect the notice period for termination.

Regarding the acquisition of entitlements, the general view has been that this is not affected by strikes; time spent on strike is regarded as working time when entitlements are calculated. This interpretation is partly enshrined in law. For example, the fourth paragraph of Article 1 of the Notice of Termination and Wages during Absence due to Illness Entitlement Act, No. 19/1979, with subsequent amendments states that workers are regarded as having worked within an occupation or been engaged by an employer for one year if they have worked a total of at least 1,550 hours during the past 12 months, including at least 130 hours during the last month preceding termination. For this purpose, hours worked include absence time due to illness, accidents, annual leave, strikes and lock-outs, amounting to up to 8 hours on each day of absence. From this it follows that strikes do not affect the earning of entitlement to notice of termination. The same applies, for example, regarding entitlement to sick leave: i.e., strikes do not affect the earning of the right to take sick leave; time spent on strike is counted as working time when the length of sick-leave entitlement is calculated. It may also be mentioned that the Annual Leave Act does not specifically address the effect that strikes have on the right to annual leave. Thus, Article 3 of the Act mentions only illness, accidents and annual leave, stating that absence for these reasons will generally not affect the right to annual leave. Nonetheless, the view has been taken that strikes do not interfere with workers' right to take annual leave in the light of the general principle that workers are at all times entitled to take annual leave under the Annual Leave Act. On the other hand, a strike will influence the payment of pay during leave, since the payment of wages during annual leave is in fact determined as a proportion of the wages earned during the year on which the leave entitlement is based. If part of the year has been without wage payments, then the payment during annual leave will be correspondingly reduced.

Article 23
Consultation and communication of copies of the report

In the preparation of this report, consultation meetings were held with the Icelandic Confederation of Labour and SA (the Confederation of Icelandic Enterprises), which are, respectively, the main organizations of workers and employers in Iceland.

Copies of this report have been communicated to the following national organizations of employers and trade unions:

The Icelandic Confederation of Labour.
SA – Confederation of Icelandic Enterprises.
The Federation of State and Municipal Employees.
The Alliance of Graduate Civil Servants.