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EUROPEAN SOCIAL CHARTER

23rd National Report on the implementation of
the European Social Charter

submitted by

THE GOVERNMENT OF ICELAND

(Articles 2, 4, 5 and 6
for the period 01/01/2005 – 31/12/2008)

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CYCLE XIX-3 (2010)

EUROPEAN SOCIAL CHARTER

23rd report on the
implementation of the
European Social Charter

Submitted by

THE GOVERNMENT OF ICELAND

Ministry of Social Affairs and Social Security

(for the period 1st January 2005 to 31st December 2008)

REPORT

on the application of Articles 2, 4, 5 and 6 for the period 1st January 2005 to 31st December 2008 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 daily and weekly working hours.

1.

Act No. 46/1980 on Working Environment, Health and Safety in Workplaces, with subsequent amendments.

Act No. 46/1980 on Working Environment, Health and Safety in Workplaces was amended by Act No. 138/2005 which entered into force in December 2005. The Act stipulates that provisions on working hours, as provided for in Chapter IX of the Act, shall also apply to doctors undergoing occupational training. This Act was passed to implement Council Directive 2003/88/EC, concerning certain aspects of the organisation of working time, to which reference is made in item 32h of Annex XVIII to the Agreement on the European Economic Area, as amended by Decision of the EEA Joint Committee No. 45/2004, *cf.* also Council Directive 2000/34/EC, amending Council Directive 93/104/EC, concerning certain aspects of the organisation of working time, so as to make it cover the occupations and activities excluded by that directive. The provisions on maximum working hours, however, did not fully enter into force until 31 July 2009, as authorisations provided in the Directive for a transitional period were utilised. Thus the Act provided that the maximum working hours of doctors undergoing occupational training (interns) should not exceed 58 hours a week, on average, during each four-month period until 31 July 2007. During the period from 1 August 2007 to 31 July 2009, the maximum working hours of doctors undergoing occupational training (interns) was not to exceed 56 hours a week, on average during each four-month period. The Act was fully applicable to doctors undergoing occupational training as of 1 August 2009.

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

2.
As no changes were made to the working-time provisions of Icelandic collective agreements during the period, reference is made to the Government of Iceland's last reports.

Comment by the Committee of Independent Experts.
Conclusions XVIII-2 p. 247
The Committee asks that the next report provide more details and examples of jobs where the reference period for averaging the working hours can be up to 12 months.
As was stated in the 16th report from the Icelandic Government, the Joint EEA Committee approved a proposal to incorporate Council Directive 93/104/EC of 23 November 1993 concerning certain aspects of the organization of working time in the EEA Agreement (*cf.* the committee's decision No. 42/96). The directive was implemented by means of three collective agreements, referred to as the working-time agreements, between the social partners (*cf.* the Ministry of Social Affairs' advertisement No. 285/1997, on the commencement of Council Directive 93/104/EC of 23 November 1993 concerning certain aspects of the organization of working time). These agreements took effect early in the year 1997. The advertisement also stated that in accordance with Article 1 on Workers' Wages and Terms of Employment and Obligatory Insurance of Pension Rights, No. 55/1980 (cf. Article 5 of the Act No. 69/1993), wages and other terms agreed between the social partners are minimum terms.

Under the working-time agreements, average working time per week, including overtime, are not to exceed 48 hours, the reference period for calculating the average being six months. In exceptional cases, the reference period for calculating the maximum permitted working time may be lengthened to up to 12 months in a collective agreement, providing such a decision is based on special and impartial considerations. Such provisions in a collective agreement shall receive the approval of the relevant umbrella organisation or national federation. This approval shall be obtained not less than four weeks after the conclusion of the collective agreement, providing it has been made known to those who have the authority to approve it not more than one week after it has been signed.

Following consultation with the social partners, the government embarked on a general revision of Chapter IX of the Act on Working Environment, Health and Safety in the Workplace, No. 46/1980, which deals with working time. The Parliament accepted amendments of the Act in 2003 by the Act No. 68/2003.

Article 55 of the Act on Working Environment, Health and Safety in the Workplace covers the maximum working hours per week including overtime. It states that workers' maximum working hours per week, including overtime, may not exceed 48 hours, on average, during each four-month period. By agreement between the organisations of the social partners, it shall be permitted to calculate workers' maximum weekly working hours on the basis of a reference period that may be up to six months. If objective or technical reasons obtain, or in view of the special nature of the jobs in question, the organisations of the social partners may determine by agreement that workers' maximum weekly working time shall be calculated on the basis of a reference period of up to twelve months, providing that the general principles of the Act regarding the protection of workers' safety and health are observed. It is stated specifically that only working time as defined in the Act is to be counted in the calculation of averages according to the article. Annual paid minimum leave according to law and absences due to illness may not be included in the calculation of averages.

Instances that fall under the exemption where the reference period for averaging the working hours can be up to 12 months include jobs where there are seasonal peaks in work and troughs in between. This also could include jobs where there are fluctuations in individual industries such as caused by fluctuations in fishing, weather conditions and even by market conditions. Furthermore, situations such as the lack of people in sparsely populated rural communities, or difficulties or impossibility of recruiting for certain jobs might be subject to the provisions of paragraph 3 of Article 55 of Act No. 46/1980 on Working Environment, Health and Safety in the Workplace, with subsequent amendments. However, the general principles of Act No. 46/1980 with respect to the safety and health of employees must at all times be complied with.

An example of an agreement made on the basis of paragraph 3 of Article 55 of the Act on Working Environment, Health and Safety in the Workplace as well as on the basis of the agreement on working hours between the Icelandic Confederation of Labour (hereinafter abbreviated ASI) and the Confederation of Icelandic Employers (hereinafter abbreviated SA) from 30 December 1996 is the agreement between SA for member business enterprises on the one hand and ASÍ, the Icelandic Federation of General and Special Workers (*Starfsgreinasamband Íslands*), Samidn (Samiðn) and the Icelandic Electricians Union (*Rafiðnaðarsamband Íslands*) concerning the annex to the collective agreement for the power plant construction work by Landsvirkjun in East Iceland that was in effect from April 2004 until December 2007. That agreement was made on the basis of a protocol signed by the parties to the collective agreement which covered only the construction work by Landsvirkjun in East Iceland. The agreement had a special clause allowing the use of the twelve months period from January to December as a criterion for reference with respect to maximum working time and made a special reference to the agreement mentioned above between ASÍ and SA- from 30 December 1996.

Comment by the Committee of Independent Experts.
Conclusions XVIII-2 p. 247
The Committee still repeats its question as to what are the absolute limits to individual daily and weekly working hours when these are averaged over a reference period of 4, 6 or 12 months, making the average 48 hours per week.
As was stated in the 20th report from the Icelandic Government, under Article 53 of the Act, working time is to be arranged in such a way that in any 24-hour period, counting from the beginning of a working day, workers are to receive at least eleven consecutive hours of rest. The continuous rest period may be reduced to eight hours by agreement between the organisation of the social partners if the nature of the job involved, or particular occupational hazards, make such a deviation from the norm necessary. It is also permissible to deviate from the eleven consecutive hours of rest in the event of a disruption of operations due to external causes, such as the weather or other forces of nature, accidents, power failure, mechanical failure or other unforeseeable events, to the extent necessary to prevent substantial loss or damage, until regular operations have been restored. If the daily rest period is shortened, then workers are to be given a corresponding rest period later. Deviations of this type are in conformity with EU Council Directive 2003/88/EC concerning certain aspects of the organisation of working time.

The collective agreements contain clauses on minimum rest time, and these clauses are materially identical in most collective agreements. Clauses on daily rest time stipulate that the working time shall be arranged so that during every 24 hours period, counting from the beginning of the working day, workers shall receive at least 11 hours' continuous rest, *cf.* Art.

54 of the Act on Working Environment, Health and Safety in the Workplace, with subsequent amendments. At the same time, it is stated that where possible, this daily rest period shall include the time period between 23:00 and 6:00. It also stipulates that it is inadmissible to arrange work in such a way that the number of working time exceeds 13 hours.

Under certain conditions, collective agreements between the social partners allow for extending a period of work for up to 16 hours. This is then based on the condition that the employee will get a rest period of 11 hours immediately following the work if possible, but if not, then a special supplemental rest time must be granted as provided for in the collective agreements. In instances where an employee is specifically asked to report for work before the 11-hour rest period is finished, then the employee will be entitled to a supplementary rest period that totals 1½ hours (daytime work) for every hour by which the rest period is shortened. It is permissible to pay out ½ hour of the leave entitlement.

In the event that a special situation arises due to necessary maintenance, or if there is a disruption of business operations caused by external circumstances such as the weather or other natural forces, accidents, power failure, malfunction in machinery, equipment, or any other device or other comparable unforeseen events so that it becomes necessary to prevent substantial loss or damage, it is permissible to shorten the rest time by eight hours. If an employee does not get eight hours rest within the same 24 hours work cycle the employee shall in addition to the above leave entitlement receive one hour of overtime pay for every hour by which the rest period is less than eight hours.

The clauses in Icelandic collective agreements covering minimum rest periods also discuss a weekly day off. They stipulate that during each seven day period, the employee shall have at least one day off work per week directly follow the daily rest period. For this purpose, the week shall be regarded as beginning on a Monday. In cases where there is no shift work, the general rule shall be that the weekly day off shall be Sunday, and all those who work for the same company or at the same working work shall receive a day off work on that day. In agreement with the employees, the weekly day off may be postponed so that a weekly day off is replaced by two consecutive days off during a two week period. Days off may be arranged in such a way that they are taken together every second weekend (Saturday and Sunday). In special circumstances, a weekly day off may be postponed for a longer period so that the employee receives a corresponding rest period within 14 days. If days off occur on working days due to unforeseen reasons, the employee’s entitlement to regular wages and shift differentials may not be reduced.

The above provisions of Icelandic collective agreements concerning the minimum rest period for employees apply in cases where the period of reference used for the calculation of weekly working time is a period of 4, 6 or 12 months.

3.

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

Table 1. Average actual hours of work per week by economic activity in main job 2005-2008.

Male and female

	2005	2006	2007	2008
Total	**41.8**	**42.0**	**41.5**	**41.4**
Agriculture and fishing	**52.7**	**58.4**	**56.3**	**58.3**
Agriculture	50.8	56.1	54.4	56.0
Fishing	55.3	62.5	59.9	61.1
Industry	**45.3**	**45.2**	**45.2**	**45.4**
Fish processing	43.0	43.3	45.3	46.2
Manuf. except fish processing	43.8	43.1	43.2	43.7
Electricity and water supply	46.9	46.1	42.6	46.5
Construction	47.9	47.9	47.5	46.7
Services	**39.9**	**39.6**	**39.4**	**39.1**
Wholesale, retail trade, repairs	41.3	40.2	40.3	39.5
Hotels, restaurants	41.0	40.9	39.3	38.2
Transport, communication	44.7	45.0	43.8	43.5
Financial services	39.4	39.2	40.3	40.8
Real estate and business activities	40.5	40.4	41.0	40.8
Public administration	42.8	43.7	43.8	42.7
Education	39.7	39.3	37.5	38.2
Health services, social work	35.3	35.3	35.6	35.0
Other social services, cultural work, and unspecified	39.2	38.2	37.3	38.4

Only those who worked for at least one hour during the reference week

Source: Statistics Iceland.

Comment by the Committee of Independent Experts.
Conclusions XVIII-2 p. 6
The Committee concludes that the situation in Iceland is not in conformity with Article 2§1 of the
Charter on the ground that the working hours for seamen are allowed to reach 72 hours per week.
As stated in the 20th report by the Icelandic Government, Article 64 of the Seamen's Act No. 35/1985, with subsequent amendments, provides further details for seamen's rest time. It states that each crew member shall be entitled to adequate rest and that the maximum working week shall be limited to 48 hours on average calculated over a reference period not exceeding twelve months, *cf.* paragraph 1 of Article 64 of the Act. When calculating the maximum number of working hours per week over a twelve month period, the reference point shall be that either the limits for working time or rest time are as follows: that the maximum working time does not exceed 14 hours in any 24 hours period and 72 hours in any seven day period, or that minimum rest time may not be less than ten hours in any 24 hour period and 77 hours in any seven day period. Rest time may not be divided up into more than two periods, one of which shall extend for a minimum of at least six hours, and there must be more than 14 hours between two rest time periods.

The above rules take account of the specific conditions of seamen on fishing vessels which more often than not need latitude in order to be able to retrieve valuable catch from the sea when the fishing is good. These special circumstances have for example generally been taken into account in the compilation of rules applicable to the same issues within the EU. The above provisions of the Icelandic Act on Seamen were based on Council Directive 2003/88/EC, on the organisation of certain aspects of working time, Council Directive 1999/63/EC concerning the Agreement on the organisation of working time of seafarers concluded by the European Community Shipowners' Association (ECSA) and the Federation of Transport Workers' Unions in the European Union (FST), Directive 1999/95/EC concerning the enforcement of provisions in respect of seafarers' hours of work on board ships calling at Community ports and Commission Recommendation 1999/130/EC on ratification of International Labour Organisation (ILO) Convention 180 concerning seafarers' hours of work and the manning of ships, and ratification of the 1996 Protocol to the 1976 Merchant Shipping (minimum standards) Convention. All these EC deeds have been incorporated in the EEA Agreement by decisions of the EEA Joint Committee.

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

Article 2, para. 3 – Annual holiday with pay.
1.-3.
The social partners in the private labour market agreed on an extension of holiday leave during collective bargaining in February 2008 so that all collective agreements between the member associations of the Icelandic Confederation of Labour (ASÍ) and the Confederation of Icelandic Employers (SA) include an extension of holiday leave. According to the agreements, holiday leave entitlement has been extended to 30 days after ten years work with the same company, but the collective agreements also include more encompassing clauses regarding the extension of holiday leave based on seniority. After five years in the same profession, an employee shall have an annual holiday entitlement of 25 days, and after five years with the same company an employee shall have an annual holiday entitlement of 27

days. Additionally, holiday entitlements acquired because of work for the same company will be renewed after three years work for a new company provided that it has been verified.

Comment by the Committee of Independent Experts.
Conclusions XVIII-2 p. 248
The Committee refers to its statement on postponement in the general introduction to these conclusions and asks for information under what conditions holidays may be postponed.
The Holiday Allowance Act, No. 30/1987, entitles everyone who is in the paid employment of others, whether reimbursed by money or other valuables, the right to holidays, and a holiday allowance, according to the rules contained in the Act. The Act does not reduce more comprehensive or more advantageous holiday rights under other laws, agreements or customs.

According to Article 4 of the Holiday Allowance Act, No. 30/1987, a continuous holiday shall be granted during the period 2nd May to 15th September. Under collective agreements shorter holidays may be specified during the above-mentioned period; however, a 14-day holiday shall be granted during the summer holiday season. If a recipient of holiday is not entitled to longer holidays than those specified under this Act, the part of the holidays taken outside the holiday period shall be extended by one fourth, if the holidays are taken outside the holiday season at the request of the employer.

By mutual agreement, parties may make an exception to the rules in this article on the division of the holiday period. However, holidays shall always be taken before the end of the holiday allowance year.

According to Article 5 of the same Act an employer shall, in consultation with his/her employees, decide when holidays are to be granted. He or she shall comply with the wishes of his/her employees, to the extent possible, as to when holidays are granted, taking into account the operations of his/her company. After the employer has ascertained the wishes of his/her employee, he or she shall, as soon as possible and at the latest one month before the beginning of the holidays, announce when they are to begin, unless special circumstances make this impossible.

Article 6 of the Holiday Allowance Act states that if an employee cannot take his/her holidays at the time determined by his/her employer, according to the provisions of Article 5, he or she shall submit proof of his/her inability to do so by presenting a medical certificate to this effect. The employee may then demand to be granted holiday at another time than stipulated in Article 4, but not later than will enable him/her to complete his/her holidays before the next 31st May. If an employee is unable to take his/her holidays before this time, due to illness, he or she shall be entitled to the payment of his/her holiday allowance if he or she is able to submit proof of his/her illness as mentioned above. There is no reference in the Holiday Allowance Act to any minimum number of days that the employee must be ill before his/her planned annual leave in order to be entitled to compensatory days of annual leave.

As stated above, the Act applies to all who are in the employment of others, regardless of whether they are on the private labour market or in the public sector. This article has been considered to apply only when a worker falls ill before he or she starts annual leave but not when he or she falls ill during leave. Collective agreements, however, cover the event when a worker falls ill during annual leave and entitles the worker to compensatory days.

Most collective agreements have special articles regarding employees falling ill during annual leave. In many collective agreements the employee only has to make the employer aware of

his/her illness and provide a medical certificate to that effect to be entitled to compensatory days in accordance with the Holiday Allowance Act. In others there is a minimum number of days that the employee must be ill, from three to six days. Collective agreements on the Icelandic labour market are universally applicable according to the Act on Working Terms and Pension Rights Insurance No. 55/1980, with subsequent amendments, which provides that wages and other working terms agreed between the social partners shall be considered minimum terms, independent of sex, nationality or term of appointment, for all wage earners in the relevant occupation within the area covered by the collective agreement.

It should be emphasised that the collective agreements are concluded between the social partners themselves without intervention by the Government. Thus, the collective bargaining is entirely in the hands of the social partners. It should also be noted in this context that the collective agreements on the private labour market provide only minimum standards and single employers are allowed to negotiate with their employees for higher wages and other working terms.

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.

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 last reports as regards this matter.

Article 4
The right to fair remuneration.

Article 4, para. 1 – Adequate remuneration.

1.–3.

The criterion applied during negotiations for the collective agreement for the private sector in 2004 was that the inflation would be in line with the inflation target of the Central Bank of Iceland and that cost increase calculations included in collective bargaining would be policy defining for other collective bargaining in the labour market. It was assumed that an Agreement Premises Committee (*forsendurnefnd ASÍ og SA*), which would be appointed by the Icelandic Confederation of Labour (hereinafter abbreviated ASI) and the Confederation of Icelandic Employers (hereinafter abbreviated SA), should on two occasions during the term of the collective agreement, namely in November 2005 and in November 2006, assess whether the premises for the collective agreement had been proven correct. If the Committee found that the premises for the collective agreement were no longer in effect, then the negotiating parties could either renegotiate the payroll provision, or terminate the agreement.

In November 2005, the collective assessment of the ASÍ-SA Agreement Premises Committee was that the premises for the collective agreement had not been proven correct. Therefore, an additional agreement was done by the same social partners where special supplement of ISK 26,000 for full employment should be paid to the employees in December 2005; the pay shall be increased by 0.65% in January 2007 in addition to what had already been agreed on in the collective bargaining in 2004. The minimum wages should also be increased during the period, being ISK 108,000 in 1 January 2006 and ISK 110,000 in 1 January 2007. There was also an agreement on increasing the unemployment benefits to ISK 96,000 in the year 2006 and when having been unemployed for ten working days then those who are insured within the unemployment fund should have benefits related to his or her former income (70%) for three months but no more than ISK 180,000 each month.

In a special announcement related to the collective bargaining, the Government accepted to submit a bill to the Parliament to propose an amendment to the Act on Unemployment Insurance according to what the social partners had already agreed on. The Government also accepted to submit a bill on Temporary-work Agencies and to add ISK 100 million to the life-long learning and vocational training and to give the people on the labour market more opportunities to have more education and have it recognised.

During the spring 2006, the collective assessment of the ASÍ-SA Agreement Premises Committee was again that the premises for the collective agreement had not been proven correct. The social partners on the private market started collective bargaining and the revision of the collective agreements between the member associations of the ASÍ and SA were signed on 22 June 2006. According to the collective agreement, an employee who was actively employed in early June 2006 and had worked continuously with the same employer for at least twelve months would be guaranteed a minimum 5.5% wage increase during that period. If the employee's wage increase had been less during that period, his or her pay would increase from 1 July by the amount of the shortfall from the 5.5% increase until that rate of wage increase had been achieved. Collective agreements made through this settlement by the collective agreement between the member associations of ASÍ and SA were meant to remain in effect throughout 2007. In addition, ASI and its national associations negotiated with the SA for an ISK 15,000 supplement that was in addition to the whole monthly pay scale of the

collective agreements between these parties. The rate supplement should not affect the pay of anyone other than those who were paid according to the agreed pay scales. Employees who had higher pay than that which was equal to the pay scales after the increase should not be entitled to an increase equal to the rate supplement. The Government gave a new announcement related to the collective bargaining where the Government accepted to have a close co-operation with the social partners to ensure the economical premises of which the collecive agreement had been based upon. The Government would also revised the system for child benefits and the interest benefits, giving additional contribution to life-long learning and vocational training and increase the unemployment benefits.

On 17 February 2008, a new collective agreement between the national associations and the largest unions within ASÍ and SA was signed. This agreement was valid from 1 February 2008 to 30 November 2010.

Collective agreements in the private sector included an increase in the main pay scales of ISK 18,000 upon signing in February 2008, ISK 13,500 in 2009 and ISK 6,500 in 2010, while the pay scales of skilled workers increased by ISK 21,000 upon signing in February 2008, ISK 17,500 in 2009 and ISK 10,500 in 2010. It was assumed that new pay charts would become effective each year (1 February 2008, 1 March 2009 and 1 January 2010) and was not expected that it would be permissible to reduce differentials against the rate alteration.

A settlement was made regarding the pay trend individual guarantees (*launaþróunartrygging).* It stated that employees who had been working with the same employer and had not received a minimum 5.5% pay increase since 2 January 2007 until the signing of the agreements would receive what was lacking. Furthermore, there were provisions for those employees who had changed jobs up until 1 September 2007. The agreements assumed that in 2009 the pay trend individual guarantee would be 3.5%. The agreements also provided for a general pay increase of 2.5% from 1 January 2010 in addition to the previously mentioned pay scale increases.

The collective agreements from February 2008 were intended to raise the lowest pay rates and did so by 32% during the period of the agreement.

Soon after the economic collapse of October 2008, it was apparent that the premises for the contract for the collective agreements had not proven correct given the high rate of inflation, so the ASI and SA representatives began negotiating through their Agreement Premises Committee which was commissioned to go over the contract premises for the collective agreements. At the same time, unemployment had grown rapidly. With this in mind, the negotiating parties decided in February 2009 to postpone the decision to revise the collective agreement, but nevertheless planned to complete the revision by than the end of June 2009 at the latest. The parties regarded this postponement as an important contribution to the stability of the economy. Despite this postponement, a settlement was reached raising the minimum wage to ISK 157 thousand by the first of March 2009 and implementing other agreement clauses such as an extension of holiday leave.
A stability pact concerning the reconstruction of the Icelandic economy was signed on 25 June 2009 by the Government, municipalites and the social partners. In addition to making this pact, the social partners were united in an attempt to eliminate uncertainties in the labour market by concluding the negotiations for the collective agreements that would be valid until the end of November 2010. The stability pact will be discussed further in the next report by the Icelandic government.

Table 2 shows the unskilled workers' minimum wages for full employment on the Icelandic labour market according to Icelandic collective agreements. It should be mentioned that each collective agreement specifies the minimum wages for the particular occupation group to which it applies. According to Article 1 of the Terms of Service and Obligatory Pension Insurance Act, No. 55/1980, the wages and other working terms 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.

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

	ISK per month
January 2005	98.904
January 2006	101.377
January 2007	119.752
January 2008	137.752

Source: Statistics Iceland

Table 3 shows minimum wages for daytime work, together with average wages for daytime work and average aggregate wages after deduction of pension-fund premiums and taxes for the years 2004-2008.

Table 3. Minimum and average monthly wages in the private sector, after deduction of pension-fund premiums and taxes, 2001-2008

Year	**Net average *daytime wage***	**Net average *aggr. wage***	**Net minimum *wage***
2001	144,002	171,045	70,052
2002	153,445	180,586	73,892
2003	162,507	192,003	79,206
2004	170,187	204,385	84,114
2005	190,920	234,559	87,445
2006	209,453	261,697	95,170
2007	235,789	293,178	106,048
2008	253,100	314,192	119,039

Sources: Statistics Iceland, Confederation of Icelandic employers, Internal Revenue.

* Figures for 2001-2004 may differ from previous figures.

Wages rose overall by 30% from February 2004 to February 2007. The weighted average of all wage adjustments is 31.6%. The wages of workers and shop assistants increased the most i.e. by approximately 34%. Special clauses in the collective agreements concerning increasing the lowest wages weighed heavily for these groups.

Comment by the Committee of Independent Experts.
Conclusions XVIII-2 p. 252

However, according to the report, there are lump-sum supplements agreed in collective agreements paid to workers on a minimum wage, such as December supplement and holiday pay supplement. The Committee asks whether these are included in the figures on net minimum wage provided in the report.
The December supplement and a holiday supplement are not only paid to those with minimum wages. As was stated in the last report every employee who are in jobs in the first week in November receive a special bonus payment on 1 December and is named "December supplement". The employees are entitled to a full supplement without reduction if they have been in full employment from 1 January to 31 October during the current year; those who are in part-time positions or have worked for only part of the year receive payments in proportion to their proportion of full employment. Also, those who have stopped work, but have worked for at least three consecutive months during the year, are entitled to December supplement in proportion to their job proportion.

The same applies to the holiday pay supplement. Workers who have been in employment up to 30 April receive a special lump-sum payment, named "holiday pay supplement" based on full employment during the reference year that ends on that date; this is paid in proportion to the job proportion or proportion of the year worked. Also, those who have stopped work by that date following a minimum of three consecutive months of work during the reference year are entitled to proportional payments.

The supplements described above are fixed monetary sums and are not related to the employee's wages. The December Supplement and the holiday pay supplement are included in the calculations in the amounts shown in Table 3 on net average aggregate wages.

The December supplement and holiday pay supplement was as following for the years 2004-2009, see table 4.

Table 4. Lump-sum payments.

Year	December supplement * (ISK)	Holiday pay supplement* (ISK)
2004	38,500	21,100
2005	39,700	21,800
2006	40,700	22,400
2007	41,800	23,000
2008	44,100	24,300
2009	45,600	25,200

* According to collective agreements in the private sector.

Source: Ministry of Finance.

Table 5 shows the numbers of workers whose annual gross income is under ISK 1,000,000, and the proportion (%) they constitute of active participants in the labour market during the period 2004-2008.

Table 5. Number of individuals with annual income below one million ISK*

Year	Individuals - nominal ISK 1 mill.	Per cent of employed	Individuals - real ISK 1 mill. (1997)***	Per cent of employed
1997**	55,300	38,9%	55,300	38,9%
1998**	52,600	35,6%	53,500	36,2%
1999**	51,900	33,9%	54,600	35,6%
2000**	49,500	31,6%	54,900	35,1%
2001**	47,400	29,8%	56,200	35,3%
2002**	47,200	30,1%	57,900	36,9%
2003**	42,000	26,8%	52,900	33,7%
2004**	41,000	26,3%	53,200	34,1%
2005	39,700	24,6%	53,200	33,0%
2006	38,400	22,6%	54,600	32,2%
2007	36,000	20,3%	54,400	30,7%
2008	33,300	18,6%	57,600	32,3%

Sources: Ministry of Finance, Statistics Iceland, Internal Revenue.

*It should be noted that the high number of individuals earning less than 1 million ISK may give a distorted image of the actual picture, due to the high number of young individuals working concurrently with their studies and during school holidays.

To illustrate that point, the number of wage earning individuals aged above 25 earning less than ISK 1 million by the 1997 index was 32,400 in 2008, representing 18.1% of the total employed.

** Figures for 1997-2004 may differ from previous figures. Figures in Table 14 are based on tax revenue data.

*** ISK 1,000,000 at 1997 prices was multiplied by the consumer price index for each year.

When examining the above figures, it must be borne in mind that they cover all persons who submit tax returns, irrespective of the proportion of full jobs they work, including school pupils over the age of 16, who work only during the summer months or concurrently with their studies.

The Government monitors the index of purchasing power of the minimum wage, with and without the lump-sum supplements agreed in collective agreements such as vacation pay supplement and December supplement. Table 6 shows the trend in the purchasing power of the minimum wage, with and without lump-sum payments, for 2004-2008.

Table 6. Purchasing power of minimal wage with lump sum payments 2004-2008.

Year	Consumer price index (2001=100)	Purchasing power with lump sum payments
2001	100	100
2002	104,8	100,7
2003	107	105,7
2004	110,4	108,7
2005	114,8	108,7
2006	122,7	110,8
2007	128,8	117,5
2008	144,8	117,4

* Using the net minimum wage and the consumer price index.
Source: Ministry of Finance

Personal tax credit.
In 2005 the personal tax credit was ISK 339,852 per person; in 2006 it was ISK 348,348, in 2007 it was ISK 385,800 and in 2008 it was ISK 408,408. For the period, unutilised tax credit was fully transferable between spouses. The income tax rate in 2008 was 35,7% and the tax-free income ceiling ISK 95,280 per month for a single person and ISK 190,560 per month for cohabiting couples if the secondary earner had no income. The employee's contribution to pension funds, 4% of earned income, was deductible from taxable income.

Child benefit.
The State Treasury had paid child benefit for children under 16 years of age who are resident in Iceland and supported by an individual who is taxable according to the Income Tax Act, No. 90/2003 (the older Income Tax Act was re-issued, under Article 17 of the Act No. 22/2003, as the Act No. 90/2003). From 1 January 2007, the age criterion was raised from 16 years to 18 years in accordance with the Act on Legal Competence No. 71/1997 which stipulates that a person's age of majority is 18 years, *cf.* Article 8 of Act No. 174/2006 on amendments to Act No. 90/2003 on Income Tax, and Act No. 94/1996 on a withholding tax for financial income, with subsequent amendments.

The amount varies depending on whether the custodial parent is single or not. Benefit is partly linked to income. In 2008 for the income year 2007 all parents received ISK 57,891 kr. per year for children younger than seven years of age, irrespective of income. For the income year 2007, maximum child benefit for single parents was ISK 240,034 for first child and ISK 246,227 for each child after the first. Maximum child benefit for couples was ISK 144,116 for the first child and ISK 171,545 for each child after the first. Child benefits to married couples were reduced if their annual income exceeded ISK 2,880,000; the corresponding reference amount for a single parents was ISK 1,440,000. The reduction was 2% for one child, 5% for two children and 7% for three or more children.

Interest benefit.

Those who pay interest on loans for the purchase of private housing or the construction of residential housing are entitled to interest benefits and the same applies to those who have purchased a share in a lease purchase home. The right is established in the year when the flat or share is acquired or construction begins. Interest benefits are determined according to tax return information, and in order to receive interest benefits a detailed account of loans and interest expenses must be prepared.

The maximum amount of interest benefit in the year 2008 was ISK 179,713 for a single person, ISK 231,125 for a single parent and ISK 297,194 for a married couple. Interest benefit is calculated on the basis of total interest payments on mortgages. However, the amount of interest payments used as the basis for calculating interest benefit may not exceed 5% of debts undertaken in connection with the purchase of residential accommodation for the person's own use, as they stand at the end of the year. Interest payments for the calculation of interest benefit may never exceed ISK 524,469 in the case of a single person, ISK 688,517 in the case of a single parent and ISK 852,562 in the case of a married or cohabiting couple.

A deduction of 6% income tax base (of the combined income tax base in the case of married or cohabiting couples) is made from the interest payments. The remainder is interest benefit. If assets less liabilities exceeded ISK 7,119,124 in the case of an individual or single parent in 2008 interest benefits began to be reduced while the right to interest benefits expired as soon as net assets reached ISK 11,390,599. In the case of married or cohabiting couples, the reduction began at ISK 11,390,599 and the right to interest benefits expired as soon as net assets reached ISK 18,224,958.

Rent benefits.
Rent benefit are regulated by Act No 138/1997, on Rent Benefits, with subsequent amendments. Means-tested rent benefit are available from local communities taken into account the family size, income and cost of housing. According to Regulation No. 378/2008, on the Amendment of the Regulation on Rent Benefits, No. 118/2003, the basic amount of rent benefits is determined so that the base amount for the calculation of rent benefits shall be ISK 13,500 for each apartment. An additional ISK 14,000 is paid for the first child, ISK 8,500 for the second and ISK 5,500 for the third. An additional 15% is paid on the part of the rent amount lying between ISK 20,000 and ISK 50,000. Rent benefits pursuant to these base amounts, however, can never be higher than the equivalent of 50% of the rent amount, a maximum of ISK 46,000 per month.

Local communities may decide to pay a higher amount in the form of special rent benefits. Special rent benefits is aimed at assisting persons in particularly difficult social and financial circumstances. The benefits are not liable to taxation.

Article 4, para 2 – Increased rate of remuneration for overtime work.
1.–3.
No changes occurred during the period regarding remuneration for overtime work, and reference is therefore made to the Government's last reports on this matter.

Article 4, para 3 – Non-discrimination between men and women workers with respect remuneration.
1.
The new Act on the Equal Status and Equal Rights of Women and Men took effect 18 March 2008. As before, employers are not permitted to discriminate between their employees with regard to wages, or other terms, on the grounds of gender. The same applies to promotion, continuing education, vocational training, study leave, working conditions, and other matters.

Employers and trade unions are expected to work systematically to equalise the position of women and men in the labour market. Employers are also expected to continue to work specifically on equalising gender status within their company or public body. At the same time, they must focus on increasing the proportion of women in management and positions of influence.

Since the year 2000, there has been a provision in the Act stating that public bodies and enterprises with more than 25 employees are to prepare a gender equality policy, or to make special provisions regarding gender equality in their human resources policies. No changes were proposed as regards their obligations, although the Act does give the Centre for Gender Equality greater authority to monitor compliance with the law. The seven year period since the enactment of the provision was regarded satisfactory for companies and public bodies to adapt to changed circumstances.

The companies and public bodies involved are under obligation to deliver a copy of their gender equality policy, or human resources policies if no gender equality policy has been prepared, to the Centre for Gender Equality whenever it so requests. They must also provide the Centre with a report on their progress within a reasonable time, when so requested.

If a company or public body has not prepared an gender equality policy or has not integrated equality perspectives into its human resources policy, the Centre for Gender Equality will instruct it to remedy the matter within a reasonable timeframe. The same applies if the Centre believes that a company's or public body's gender equality policy is not acceptable, or if equal rights perspectives have not been integrated into its human resources policy sufficiently clearly.

If the company or public body does not comply with the Centre's instructions, the Centre may impose daily fines until its instructions are met. The same applies when a company or public body neglects to deliver a copy of its gender equality policy or human resources policy to the Centre for Gender Equality, or refuses to deliver a report on its progress. Fines may be up to ISK 50,000 *per diem* until the matter has been remedied in an acceptable manner.

The provisions of Article 19 of the Act provide for wage equality and state that women and men who work for the same employer must be paid equal wages and enjoy equal terms of employment for the same jobs or jobs of equal value. The first paragraph of Article 14 of the earlier Act provided that women and men should be paid equal wages for "equally valuable

and comparable" jobs. The new Act provides that women and men shall be paid equal wages and enjoy equal terms for the "same or equally valuable" jobs. The explanatory notes to Article 19 of the bill that became the current Act states that the "principle of [e]qual pay in Icelandic law must be interpreted in accordance with the provisions of the EEA Agreement as well as the regulations incorporated into the Agreement. Council Directive No. 75/117/EEC refers to jobs of equal value. Many judgments by the European Court of Justice have found that dissimilar jobs can be of equal value. Whether jobs are of equal value must be based on a comprehensive evaluation. The currently applicable wording "equally valuable and comparable" has been considered vague, while the proposed wording in the bill does not constitute a material change. This provision 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 equally valuable and equivalent." Furthermore, the explanatory notes state that 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". In other respects, reference is made to earlier reports submitted by the Icelandic Authorities on this issue.

In the new Act, a new provision has been added in article 14 stipulating that employees are at all times permitted to disclose their wage terms if they so choose; companies may no longer prohibit employees from discussing their salaries with a third party. This amendment is in accordance with the Government's Policy Statement dated the 23rd of May 2007. The Government feels that it is a matter of great importance to find ways to fight the chronic problem of gender-based wage discrimination and to increase wage transparency.

2.–3.
In 2007, the Minister of Social Affairs and the Minister of Finance established three committees, two having representatives from the social partners and one with experts on gender equality matters, which have the role to propose measures to bridge the gender pay-gap. The Minister of Social Affairs appointed two of the committees. One was intended to seek a means to eradicate unexplained gender-based wage differences in the private labour market as well as to ensure gender equality in committees and on the boards of public bodies and companies. The other committee was commissioned to advise the Minister on the progress of matters in this field and prepare or have prepared an assessment of the actual success of actions. The Minister of Finance appointed the third committee to address comparable issues relating to the public sector. The main task of this committee was to prepare a schedule on how to reduce the unexplained gender-based wage difference in the public sector with the goal of halving the difference during the electoral term as well as reassessing the terms enjoyed by women in the public sector, particularly in sectors where women are a significant majority. The Chairmen of these three committees, moreover, formed a consultation venue to coordinate the work of the committees and review their proposals.

The committee appointed by the Minister of Social Affairs which had, among other things, the task of finding ways to eradicate unexplained gender-based wage differences in the private labour market, submitted a report in October 2008. The report revealed that few things mattered as much as secure day-care in the effort to equalise parents' opportunity to participate in the labour market. The report shows that mothers are historically more likely to reduce their participation in the labour market than fathers when day-care issues arise. It is, therefore, an extremely important equality issue to ensure that parents have the option of secure day care for their children aged 9–18 months, for instance on the completion of parental leave, as well as a secure and beneficial placement for children of primary school age after normal school hours in the similar way that children aged 18 months - 6 years are secured daycare at kindergartens.

One of the annexes attached to the report is the *Roadmap for equal pay assessments in companies and public bodies* which states that the Roadmap is a form of manual based on the ideas of human resources managers in some of the largest companies in Iceland. It states that the abovementioned human resources managers believe that it is possible to use simple but effective means to increase equality in wage issues and avoid the extensive formal processes that other methods involve. Moreover, the report states that the human resources managers believe that it is possible to achieve success by ensuring the participation of the most senior managers in each company in an effort to ensure wage equality without expending considerable funds or effort on a job assessment system or the preparation of a standard.

The committee was of the opinion that there were generally three ways available to prevent gender-based wage gaps: job assessment, certification and a road map. In the opinion of the committee, these methods are closely related and each does not necessarily exclude the others. The committee was of the opinion that it would be appropriate for each company to choose the method best suited to ensure wage equality within it own environs. Furthermore, the committee placed a great deal of importance on wage formation being examined on a regular basis within companies and that the senior management of such companies understood that they played an important role in eradicating gender-based wage differences. In the opinion of the committee, the regular examination of information on wage formation should be a matter of course and continuous as in the monitoring of other key indicators in the operation of companies. A change of attitude is necessary to establish equal rights as it is clear that gender-based wage differences are based on old customs and behavioural patterns that have deep roots in the fabric of society. As a result, it is vital to ensure gender equality in all upbringing and school work from the beginning of nursery schooling right through to university education.

The committee appointed by the Minister of Finance for the purpose of addressing gender-based wage differences in the public sector focused on collecting data. Moreover, the committee invited a number of guests with special knowledge of equality issues as well as specialists on the performance and processing of wage surveys. In December 2008, the committee initiated a survey among the directors of public bodies on various issues relating to human resources management, equality and gender-based wage differences as it was clear that the directors of public bodies played a key role in all direct actions taken to reduce gender-based wage differences in the public sector. Participation in the survey was quite good at 65%.

The results of the survey showed that there was less difference in basic wages than total wages, indicating that men are more likely to receive various types of additional payments than women. Thus, it seems that there is less discrimination between men and women when allocating wage brackets under collective agreements, although men are more likely to receive payments in excess of that stipulated in collective agreements than women.

The committee noted that there are three methods which could be useful to ensure wage equality in the public sector. Regular wage assessments, in which a regular examination of the wages of all the employees of the public body is carried out, could be useful. Such an examination could be based on the *Roadmap for equal pay assessments in companies and public bodies* which contains simple yet effective methods to improve wage equality. Moreover, it focuses on a clear human resources policy and effective decision-making processes for wages and follow-ups. One of the methods that the committee considered likely to succeed is job assessments, whereby dissimilar jobs are systematically and uniformly evaluated. Such assessments are based on objective criteria used to compare jobs according to the demands they make on employees independent of their individual capabilities or performance. Furthermore, the committee considered that the certification of the implementation of a policy on wage equality and equal opportunity for the genders for jobs and career development could be useful in preventing gender-based wage differences.

In order to encourage companies to establish policies on equal pay, and to follow them through, the Minister of Social Affairs and Social Security shall, according to temporary provisions in the Act, oversee the development of a certification system for implementations of equal pay and equal rights policies as regards recruitment and termination of employment.

Collective agreements reached in the private sector in February 2008 contained a special clause that draws particular attention to co-operation between the social partners, as regards gender equality issues during the term of the agreement. The clause states, among other things, that work on "developing procedures for certifying the implementation of the gender equality policies of companies shall begin immediately with the objective of completing such work by the end of 2009."

In order to fulfil their obligations above, the Minister of Social Affairs and Social Security, the Confederation of Icelandic Employers and the Icelandic Confederation of Labour signed together on 24 October 2008 a declaration to the effect that they will embark on negotiations with Icelandic Standards (*Staðlaráð Íslands*) for the creation and management of a standard on the implementation of equal pay and equal opportunities policies.

The declaration reveals that Icelandic Standards will be assigned the responsibility of preparing a standard that will be used to verify whether the wages and human resources policies of public bodies and companies is in accordance with the policy of wage equality and equality in recruitment and termination of employment. The Board of Icelandic Standards appointed a separate technology committee to manage the project. Stakeholders are also members. This work is still in progress.

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The Committee asks for other studies to be conducted, particularly with a view to collecting reliable data to be able to determine whether qualifications have an impact on the scale of the pay gap between women and men.

The survey "Wage Formation and Gender-Based Wage Differentials" (*Launamyndun og kynbundinn launamunur*) is part of the current gender equality action plan; it involved a repetition of the 1994 survey of the factors influencing the wages and career prospects of women and men. The results of that survey were published in 1995. Capacent Gallup carried out the survey for the Ministry of Social Affairs, and the findings were presented in autumn 2006. The survey was made in January-May 2006 and involved presenting a questionnaire covering wages, job content, motivation, responsibility, changes of position and attitudes towards gender equality to 2,200 employees of eight companies and public bodies (four public bodies and four private companies). The response rate was 50.5%. Eighty in-depth interviews were also taken with managers and ordinary employees on the situation regarding gender equality.

A statistical analysis was also made of data from the payroll of the companies in the survey, and the conclusions were compared with the replies given to the questionnaires. Finally, some questions on attitudes towards gender equality issues were presented to a broad general sample of 1,800 in the "Gallup Wagon" in the period between 26 April and 17 May 2006; the response rate was 61%.

Very considerable changes had taken place in the working environment and working methods in the eight companies and public bodies which took part in the survey on wage formation and gender-based wage differentials in 1994 and again at the beginning of 2006. The main changes were that the working week of both men and women in full-time employment had become shorter, the number of women in full-time employment had risen and their attitudes towards their jobs had undergone certain changes. These changes should, in all likelihood, have resulted in a reduction in gender-based wage differentials; however, the difference in wages was almost the same as it had been in 1994. When all the factors influencing wages were taken into account (e.g. education, occupation, length of working experience, age and working hours) the unexplained differential between the wages of men and women was found to be 15.7%, to women's disadvantage; in 1994 it was found to be 16%. The differential among managers was found to have grown smaller; it was in this category that gender-based wage differentials were found to be smallest, with women drawing about 7.5% lower wages than men.

The findings of the wage survey also indicated that the difference between the highest and lowest wages had grown larger, being fourteenfold in the case of men and elevenfold in the case of women in the latter survey against eightfold among men and fivefold among women in 1994. In 1994, managerial wages had been, on average, 64% higher than those of machine minders and unskilled labourers; in the 2006 survey the difference was 98%.

Even greater wage differentials come to light when data from the payrolls is examined; there, the highest rates of daytime pay, with supplements, per hour in private companies are nearly 26 times higher than the lowest. The difference between the highest and lowest wages paid to men is far greater than that between women in private companies. The difference between the highest and lowest wages paid for daytime work, with supplements, in public bodies, was nearly tenfold, with a slightly greater gap between the highest and lowest wages paid to women than in those paid to men.

Great changes had taken place, compared with 1994, in how wages and terms of service were determined. In 1994, about 60% of men received pay according to the pay-scales of their trade unions; this applied to about 85% of women. In the latter survey (2006), it was found to be very common for people, and particularly men, to work according to special agreements with their employers and to receive fixed wages irrespective of the hours they actually worked. More than 48% of the men who participated in the survey received fixed wages; this applied to just under 18% of the women. In addition, supplementary payments of various types were found to be far less common, and women received higher supplementary payments than men (unlike the situation in the earlier survey). About 25% of both women and men received some sort of supplementary payments in the form of "unworked overtime" and/or automobile grants. In 1994, 13% of women and 37% of men received such payments.

Interviewees who worked in public bodies considered that relatively little change had taken place over the previous ten years, though they thought many more managerial positions had been occupied by men ten years previously and people were now probably more aware of gender equality issues and wage equality.

Managers were found to be far more likely than before to encourage women to show initiative in their work, to represent the company, to ask for promotion, etc., than they had been in 1994, though they were still rather more likely to encourage men to do these things. Women also appeared to be more likely than before to seek promotion and to attend courses and conferences. It was particularly striking how much interest there was in career advancement (promotion) among younger workers; this applied both to women and men. Managers also mentioned fairly frequently in the course of the in-depth interviews that young women were unlike their seniors; to a large extent, they had acquired a "male" sense of values, demonstrating more initiative, seeking more demanding tasks and striving after career advancement. All this indicates that further progress in the direction of gender equality can be expected. Nevertheless, women were still found to have less confidence than men about their possibilities regarding promotion in their current places of work.

The VR trade union has also made regular surveys of gender-based wage differentials among its members. According to a survey made in autumn 2006, education was seen as an important element in achieving wage equality: gender-based wage differentials become considerably smaller as workers' educational qualifications increase. Differentials were found to be 20% among those with only basic compulsory schooling, while they were under 10% in the case of university graduates. The main explanation of this is that university education resulted in greater benefits, in terms of wages, for women than for men: masters' degrees and doctorates brought men a 7% increase in wages and a 13% increase for women. Even though gender-based wage differentials were found to be largely unchanged compared with the previous year for the union's members as a whole, they were smaller among the younger age-groups. Among workers aged 18-34, gender-based wage differentials were 14%, while they

were 16% among older workers. In this, however, there is a discrepancy between the findings of the VR survey and the survey by Capacent Gallup, in the latter the difference between the sexes regarding wages was found to be 14.3% amongst workers with only compulsory schooling, 12.3% among those who had completed senior school and 17.1% among university graduates: the gap was found to widen as educational qualifications increased. The explanation for this discrepancy probably lies in the different occupations of the workers in the two surveys.

On the basis of the partnership agreement between Statistics Iceland (*Hagstofa Íslands*), the Icelandic Confederation of Labour (ASÍ) and the Confederation of Icelandic Employers (SA), regarding research into wage differences between men and women, performed following the issue of the protocol to collective agreements in the private labour market from February 2008, Statistics Iceland has begun preparations for the implementation of a three-fold research project summarising the main methods and covariates that scientific theories on wages difference have formulated, to discuss the pros and cons of the data that Statistics Iceland has available to calculate the wage difference between men and women and also plans to present proposals for the basis of calculations of the difference in the wages of men and women. The work is expected to conclude with the issue of a report.

Statistics Iceland published in 2010 the findings of the survey on the gender-based wage differences for the period 2000-2007. The results show that the unexplained differential between the wages of men and women is 7,3%. The results are based upon nearly 185,000 studies on the wages of individuals working on the private labour market, in particular in the greater capital area.

In 2007, the Centre for Gender Equality, in collaboration with the Ministry of Social Affairs, took part in a project supported by the 2007 European Year of Equal Opportunities for All. The goal of the project was twofold. On the one hand, the goal was to increase existing knowledge of gender-based wage differences and, on the other, to increase discussion about gender-based wage differences, with a focus on discussing methods to address such differences. In autumn 2007, the Centre for Gender Equality, in association with the Ministry of Social Affairs, held two seminars (in Reykjavík and Akureyri) on gender-based wage differences which were intended to provide the opportunity to engage in a debate on the different methods that have been used for the purpose of resolving the problems that gender-based wage differences pose. The seminars were held under the title *Gender-based Wage Differences – Methods for Improvement.* The head of the research department of the Centre for Gender Equality presented the preliminary findings of the Centre's study of gender-based wage differences which was a part of the previously mentioned project. The study processed data from Statistics Iceland on the nation's income where, among other things, the wage income and the total income of the genders were examined, by marital status, age and residence.

The study revealed that at a national level, women earn approximately 81% of the wages of men, after taking into account working hours. This proportion has risen from just under 74% in 1991. The greatest difference was in *Vestmannaeyjar* (Westman Islands), and the smallest in the post code areas 101 and 105 in Reykjavík.

In early 2008, the Ministry of Social Affairs and Social Security commissioned the University of Iceland Research Institute to perform a wage survey that was to cover the entire labour market. The initiative for conducting such a survey came from the advisory committee of the

Ministry of Social Affairs and Social Security on gender-based wage differences, which is one of the three abovementioned committees from 2007. The advisory committee believed that it was necessary to conduct a wage survey that reflected the labour market as a whole as the majority of surveys that have been performed with respect to gender-based wage differences have only covered the members of individual trade unions or the employees of specific employers. Moreover, the purpose of the survey was to provide a basis for comparison for subsequent wage surveys in order to be able to measure the success of the Government's actions and the development of gender-based wage differences.

The results of the above survey were published in October 2008; this is the first survey in Iceland that reflects the labour market as a whole. The survey involved sending a letter to a 2,000-person sample of people aged 18–67 taken from the National Registry. Data was then collected by telephone during the period from March to May in 2008 where the respondents gave information on their wages in February 2008. The response rate was 63% and the respondents reflected the overall labour market quite well. The results of the survey show, taking into account total wages, that the overall gender-based wage difference in the labour market is 16.3%. The difference is greater among people working in the private labour market and even greater outside the greater capital area than within. In the public sector, i.e. the State and local authorities, no significant gender-based wage difference was measured among employees with primary school education and with university education. However, there were significant differences among employees in the secondary school education category.

According to the survey, women generally receive 16.3% lower total wages than men taking into account working hours, position, education, age, sector, responsibility at work, etc. and a 16.4% lower basic wage. This gender-based wage gap appears differently depending on whether the public or private sector is examined on the one hand and areas within and outside the greater capital area on the other. In the public sector, the gap is only measureable among those in the secondary school education category. Here, women receive 22.1% lower wages than men. Examining the private sector reveals that women receive 18.3% lower total pay than men and 18.9% lower basic wages.

The gender-based wage gap is not equally distributed over the entire country with the gap being greater outside the greater capital area. Within the greater Reykjavík area, women receive 9.3% lower total pay than men and 12.8% lower basic wages. Outside the greater capital area, women receive 27.5% lower total pay than men and 22.8% lower basic wages. Due to the smallness of the sample, it was not possible to analyse the gender-based wage gap within the public sector based on whether the greater capital area was involved or not. The figures reveal how proportionately lower women's wages are compared to men's wages when aspects such as working hours, education, position, age, sector and responsibility are the same. Whether the person was self-employed or a wage earner was taken into account.

The results of this survey indicate that the battle for equal pay for the genders has been a success with respect to State and municipal authority employees who have a primary school or university education. Comparable success has not been achieved among those who have secondary school education. Moreover, gender-based wage differences seem to be greater in the private sector with the problem being particularly bad outside the greater capital area.

Opinions delivered by the Gender Equality Complaints Committee.

According to the new Gender Equality Act from 2008, the Complaints Committee on Gender Equality consists of three lawyers nominated by the Supreme Court of Iceland and appointed

by the Minister of Social Affairs and Social Security. The Supreme Court of Iceland now nominates all three, whereas previously it nominated only two. The Committee considers cases brought before it, concerning alleged violations of the Act on the Equal Status and Equal Rights of Women and Men. This means that the committee plays the same role as before, but under the new laws, it can deliver a binding decision about whether or not the Gender Equality Act has been broken. Previously, the committee could only deliver a non-binding opinion. These measures seek to give the committee's decisions more weight than before.

It must be stated that the committee is an independent administrative committee – neither the Minister nor any other authority can give the committee binding instructions regarding the outcome of a case. The committee's decisions are final, and they will not be referred to any other administrative authority. However, the parties may refer the committee's decision to a court of law. In this case the committee can decide to postpone the legal effects of the decision on the request of either party, on the fulfilment of the particular provisions of the legislation.

New legal provisions allow complainants to request that the Centre for Gender Equality follows up the Complaints Committee's decisions when those decisions are not complied with. The Centre will then issue an appropriate instruction to the party that is subject to the decision, concerning reparation consistent with the committee's ruling within a reasonable period. If the instruction is ignored, the Centre may decide to impose daily fines on the party until the order is complied with.

In addition, the legislation allows the Complaints Committee, after consulting the complainant, to refer a case for arbitration by the Centre for Gender Equality. This applies to cases in which a result may be reached more quickly without infringing on the rights of the complainant. Another new legal provision allows the Complaints Committee on Gender Equality to demand that a party found to have violated the law must pay the complainant's costs in bringing the matter before the committee.

The Gender Equality Complaints Committee ruled in eight cases in 2005, sixteen cases in 2006, five cases in 2007 and nine cases in 2008.

The Gender Equality Complaints Committee ruled in eight cases in 2005. One was considered to constitute a violation of the Act on the Equal Status and Equal Rights of Women and Men; seven were not. Five of the cases were related to job positions, one was related to wage discrimination and two were related to dismissal from employment. The complainants were male in two of the rulings.

The Gender Equality Complaints Committee ruled in sixteen cases in 2006. Three were considered to constitute a violation of the Act on the Equal Status and Equal Rights of Women and Men; twelve were not. One case was dismissed by the committee. Twelve of the cases were related to job positions, one was related to dismissal from employment and one involved advertisement. One case was related to the refusal of an application for payment from the Family and Benefits Fund of Association of Academics (BHM), the Federation of State and Municipal Employees (BSRB) and the Icelandic Teachers' Union (KÍ) due to the utilisation of childbirth leave, and one was related to pension payments for retirement. The complainants were male in three cases.

The Gender Equality Complaints Committee ruled in five cases in 2007. Two were considered to constitute a violation of the Act on the Equal Status and Equal Rights of Women and Men; three were not. One of the cases related to job positions, three concerned wage discrimination and one was related to the refusal of an application for payment from the Family and Benefits Fund of BHM, BSRB and KÍ due to the utilisation of childbirth leave. The complainants were male in two cases.

The Gender Equality Complaints Committee ruled in nine cases in 2008. One was considered to constitute a violation of the Act on the Equal Status and Equal Rights of Women and Men; eight were not. Eight of the cases were related to job positions, one concerned wage discrimination.
One man was among the complainants.

Supreme Court Judgements.
During the period 2005–08, three judgements were passed by the Supreme Court on the basis of Act No. 96/2000 on the Equal Position and Equal Rights of Men and Women. All the cases related to job appointments. One case was considered to constitute a violation of Act No. 96/2000 on the Equal Position and Equal Rights of Men and Women while the others were not.

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Since the law makes no provision for declaring a dismissal null and void and/or reinstating an employee in the event of a reprisal dismissal connected with a claim for equal pay, the Committee considers that the situation regarding this point is not in conformity with Article 4, para. 3. of the Charter.
One of the conclusions of the European Committee of the Social Rights states that according to the latest report by the Icelandic authorities, it is maintained that, "according to the case-law of the Icelandic courts, a judge may not under any circumstances order the employee's reinstatement."

In this context it should be noted that Icelandic law does not discuss the right of individuals who believe that their rights to demand reinstatement to their positions with the same employer have been violated. Moreover, it has not been the norm in Iceland to reinstate workers to their positions by 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. Court precedents in this respect are unanimous. According to Icelandic law, it is not possible to unequivocally state that a judge may not under any circumstances order the employee's reinstatement as circumstances which could possibly alter earlier precedents or render them irrelevant could arise at any time.

Article 4, para. 4 – Reasonable notice of termination of employment
1.–2.
The chapter on termination of employment, contained in collective agreements on the private labour market between the member associations of Icelandic Confederation of Labour (ASÍ) and the Confederation of Icelandic Employers (SA), was amended during collective bargaining in February 2008. New provisions were added on the right of employees to an interview with the employer as to the reason for the termination within four days from the time that the termination was received, and that the interview must take place within four days from that time. On the conclusion of the interview, employees may request, within 4 days thereafter, that the reasons for the termination be provided in writing. In the event that the employer acquiesces to such request, the request shall be fulfilled within 4 weeks thereafter.

If the employer does not acquiesce to the request of the employee as regards written reasoning, the employee is entitled, to another meeting with the employer within 4 days as regards the reason for the termination of employment in the presence of his or her shop stewards or other representative of his or her trade union if the employee so requests. Provisions on restrictions to termination of employment can also be found in acts of law, such as in Act No. 95/2000 on Maternity/Paternity Leave and Parental Leave and Act No. 80/1938 on Trade Unions and Industrial Disputes.

A separate protocol on the termination of a contract of employment is attached to the collective agreement and states among other things that the parties to the agreement agree to promote the appropriate implementation of employment terminations in the labour market.

Article 4, para 5 – Limitation of deduction from wages.
1.–2.
No changes have been made to the situation since the previous report was submitted.

Article 5
The right to organise.

Forming trade unions.
1. -2.
Comment by the Committee of Independent Experts.
Conclusions XVIII-1 p. 429.
The committee notes that the report supplies no information on the situation in law and in practice since 2001 and asks again for information on the application of Article 74 of the Icelandic Constitution and on measures to abolish closed shop clauses in Iceland.
The information stated in the 17th Report of the Icelandic authorities is reiterated.A worker may choose to remain non-unionised, and this right is protected in the Constitution. The Constitution contains a special provision guaranteeing the right to remain non-unionised; paragraph 2 of Article 74 (as amended by Article 12 of the Act No. 97/1995) states that no one may be obliged to be a member of an association. The explanatory notes accompanying the bill that was passed as the Constitutional Law Act of 1995 state that *"without prejudice to the scope of the legislature to issue instructions on the obligations of individuals to join associations, the circumstances may arise in which a person is obliged to become a member of an association that works towards goals that are contrary to his convictions, and even to pay contributions towards it"*. The notes also state *"an obligation to join an association may*

infringe the right of the individual to found another association for the corresponding purpose". Regarding trade unions specifically, reference is made to the judgement by the European Court of Human Rights of 30 June 1993 in a case brought against Iceland, in which *"it was established without doubt that it had violated its obligations under Article 11 of the European Convention on Human Rights by having, with the Act No. 77/1980, obliged taxi-drivers to be members of trade unions in their occupation. This was seen as being at variance with the fundamental right to remain non-unionised; this right was considered as being enshrined in the aforementioned Article 11, even though that article contains no direct mention thereof."* Under Icelandic law, it is absolutely prohibited to oblige workers to join trade unions or other associations (see, however the second sentence of paragraph 2 of Article 74 of the Icelandic Constitution, which has been discussed in previous reports submitted by the Government of Iceland).

Regarding priority clauses, it was stated in the opinion of the Constitutional Committee of the Althingi that the priority clauses of collective agreements did not entail compulsory membership of the type covered in Article 74 of the Constitution. The provision was not intended to change the legal situation then prevailing on the labour market as regards priority clauses. The Labour Court recently confirmed this in its judgement of 28 May 2002 in Case No. 2/2002. The Labour Court found that an employer had violated the priority clause of the collective agreement of 5 July 2001 between the Confederation of Icelandic Employers and the Sleipnir Drivers' Union when he terminated the employment of members of the Sleipnir Drivers' Union at the same time as he had in his employment, as passenger-vehicle drivers, members of the Reykjavík Shop and Office Workers' Union, whose employment was not terminated. The judgement stated that other trade unions could have priority right to employment with the employer in parallel with the priority right of the Sleipnir Drivers' Union, but that members of the Reykjavík Shop and Office Workers' Union had not had a priority right to employment as passenger-vehicle drivers with the employer in question. Furthermore, it was stated in the premises of the judgement that the priority clause was not considered as being at variance with Article 74 of the Constitution, with subsequent amendments. Under Article 67 of the Trade Unions and Industrial Disputes Act, No. 80/1938, judgements by the Labour Court are final and no appeal may be made against them (*cf.*, however, Article 67 of the Act No. 80/1938). Thus, the Supreme Court accepted the compensation demand made by a member of the Sleipnir Drivers' Union due to unlawful termination of employment (*cf.* Supreme Court Judgement in Case No. 265/2003 of 12 February 2004).

It must be reiterated that priority clauses have a long history in the Icelandic labour market, and came into being in free collective bargaining between workers and employers. In fact, it could be said that the structure of the Icelandic labour market is partly based on such clauses, as they encourage the existence of trade unions, and consequently the right to collective bargaining. The Government's view is that intervention by means of legislation or other measures with the intention of prohibiting the priority clauses in free collective agreements could have a serious effect on the stability of the Icelandic labour market, with unforeseeable consequences. Thus, the Government attaches great importance to having the social partners agree on the conclusion of the European Committee of Social Rights (ECSR) regarding priority clauses.

As is stated in the Labour Court judgement cited above, the existence of a priority right enjoyed by one trade union does not preclude the establishment of more trade unions within the same occupation in the same geographical union area. The Labour Court had previously

found that the right of a trade union to negotiate on behalf of its members, even though another union had made an agreement on priority rights for its members, was recognized. Therefore, the priority rights under Icelandic collective agreements do not entail an exclusive right of the trade union to negotiate an agreement. The employer is free to agree on priority rights with other trade unions if he so wishes, and if such unions exist.

This constitutes a negotiated priority right, which means that the employer undertakes to accept union members in preference to non-unionised workers as long as they are available. Such a priority right also entails an undertaking by the trade union to accept as a member any person who desires membership and fulfils the general conditions for membership.

During the period between 2003 and 2008, at least one ruling was issued by the Labour Court involving the priority clauses contained in collective agreements. Case No. 7/2006 from 23 January 2007 involved a dispute on the legality of the termination of employment of two aircraft maintenance technicians. The Union of Icelandic Aircraft Maintenance Technicians initiated proceedings against the employer on behalf of its members and maintained that the priority clauses contained in their collective agreement had been violated.

In its ruling on whether the priority rights clauses violated the provisions of the second paragraph of Article 74 of the Constitution of the Republic of Iceland, *cf.* Article 12 of the Constitutional Amendment No. 97/1995, on the protection of the right to remain non-unionised, the Court refers to the amendment proposals submitted by Constitution Committee, including as regards Item 1 of the first paragraph of Article 12 of the Bill, to the effect that political parties and trade unions should be specifically named in the Article, "in light of the fact that these are some of the most important categories of associations in every democratic nation", cf. the committee's opinion (Parliamentary Records 1994–95, Section A, page 3886). Moreover, the committee's opinion specifically referred to priority clauses in collective agreements and the ruling describes, as described above in the comments of the parliamentary committee on Article 74 of the Constitution, *cf.* Article 12 of Constitutional Amendment No. 97/1995.

Furthermore, it is the opinion of the court that according to the committee's stated opinion, the constitutional assembly assumed that on the passing of the Constitution Act No. 97/1995 there would be no alteration to the priority clauses in the labour market. Moreover, it is clear that this stance held by the constitutional assembly emerged after the European Convention on Human Rights, together with its protocols, was accorded force of law in Iceland by means of Act No. 62/1994. It cannot be seen that there were any changes to interpretation in this regard through the stated judgment of the European Court of Human Rights from 11 January 2006, given that the case dealt with forced membership and the circumstances therefore, are not comparable.

The judgment, moreover, states that priority rights apply not only to recruitment but also to termination of employment. In this case, the court found that the employer violated the priority clauses contained in the applicable collective agreements and to which the parties were bound in light of the fact that the aircraft maintenance technicians had priority rights to aircraft maintenance work with the employer irrespective of whether the work was conducted in accordance with a contract of employment or a contracting agreement.

Article 6
The right to collective bargain.

Article 6, para. 1 – Joint consultation.
1.–3.
Reference is made to the last reports.

Article 6, para. 2. – Negotiation procedures.
1.–3.
No changes have been made since last reports.

Article 6, para. 3 – Conciliation and arbitration.
1.–3.
No changes have been made since last reports.

Article 6, para. 4 – Collective action
1.–3.

Table 7. Strikes and lockouts 2004–2008,

				Working days lost			
	Strikes and lockouts	*Days of strikes or lockouts*	*Employees directly affected*	*Total*	*Land based workers*	*Fishermen and other seamen*	*Others*
2004	1	33	4,256	140,448	–	–	140,448
2005	–	–	–	–	–	–	–
2006	–	–	–	–	–	–	–
2007	–	–	–	–	–	–	–
2008	3	6	515	1,145	–	–	1,145

Comment by the Committee of Independent Experts.
Conclusions XVIII-1 p. 434
The committee asks the next report to provide updated information on Government interventions to terminate strikes during the reference period.
The Government has not taken action to terminate strikes in the Icelandic labour market since November 2004.

Comment by the Committee of Independent Experts.
Conclusions XVIII-1 p. 434-435
The committee asks the next report to clarify whether the right to strike for civil servants is now guaranteed in the context of any negotiation between employers and employees in order to settle a collective dispute and is no longer limited to situations where the strike is aimed at the conclusion of a collective agreement.
After the amendments were made to the Civil Servants' Collective Agreements Act No. 94/1986, in 2000 and described in the 17th Report of the Icelandic Authorities, comparable rules on the right to call a strike apply to the private labour market and the public sector.

Article 23
Consultations and communication of copies of the report

In the preparation of this report, consultations were held with The Icelandic Confederation of Labour and the Icelandic Confederation of Employers, 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.
The Confederation of Icelandic Employers.
The Federation of State and Municipal Employees.
The Alliance of Graduate Civil Servants.