



09/10/2012

RAP/Cha/ICE/XXV(2012)

EUROPEAN SOCIAL CHARTER OF 1961

25th National Report on the implementation of
the 1961 European Social Charter

submitted by

THE GOVERNMENT OF ICELAND

(Articles 1, 15 and 18
for the period 01/01/2007 - 31/12/2010)

Report registered by the Secretariat on 8 October 2012

CYCLE XX-1(2012)

EUROPEAN SOCIAL CHARTER

25th report on the
Implementation of the
European Social Charter



Submitted by

THE GOVERNMENT OF ICELAND

Ministry of Welfare

(for the period 1st January 2007 to 31st December 2010)

REPORT

on the application of Articles 1, 9, 10, 15 and 18 for the period 1st January 2007 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 1

The right of work

Article 1§1 – Full employment.

1.

After a long period of continuous economic growth, real GDP decreased by 6.8% and 4.0% for the years 2009 and 2010 respectively. In comparison it had risen by 29.5% in the period 2002 to 2008. For the period 2006 to 2011 real GDP rose by 4.3% while population grew by 4.8%. GDP per capita decreased by 3.6% for the period.

According to provisional national accounts, the gross domestic product amounted to ISK 1,630 billion in 2011, increasing by 3.1% in real terms over the previous year. This growth is in stark contrast to the two previous years which together accounted for over ten percent decline in GDP, and is a hopeful sign that the economy is returning back towards its equilibrium after a situation which can only be described as a financial crisis. Registered unemployment for December 2011 and January 2012 was just over 7% on average which, even though it is high by Icelandic standards, is lower than corresponding months over the last three years. In July 2012 registered unemployment was 4.7%

National expenditure, i.e. consumption and investment including inventory changes, increased by 3.3% in 2011 in real terms, having decreased by 2.7% the year before. National expenditure has decreased considerably in excess of the decrease in national income, the difference being reflected in the current account deficit which has been reduced to 11.3% of GDP in 2010 as opposed to 26.7% of GDP in 2005.

Inflation has been unstable over the period 2006 to 2012, reaching a peak in January 2009, when the twelve-month increase in the consumer price index reached 18.6%. The devaluation of the Icelandic currency plays a big part with the Icelandic krona decreasing in value by 126% in the period from July 2007 to December 2008. Decrease in property prices from the fall of 2008 has dampened the inflation somewhat. The twelve month increase in consumer price index for March 2012 was 6.4%.

Table 1. Overview of the forecast 2010-2013

	Volume change on prev. year, %				
	Bn. kr.	Prov.	Forecast		
	2010	2010	2011	2012	2013
Private consumption	782.6	-0.2	3.1	3.3	3.1
Public consumption	399.0	-3.2	-2.6	-0.8	-0.1
Gross fixed capital formation	198.9	-8.1	15	14.5	14.3
Change in stocks	-3.4	14.0	3.5	5.6	2.2
National expenditures	1,377.1	-2.5	3.5	4.0	4.2
Exports of goods and services	869.3	1.1	2.1	3.3	2.8
Imports of goods and services	706.9	3.9	3.8	4.9	5.5
Gross domestic product	1,539.5	-3.5	2.5	3.1	2.8
Current account balance	-111.9				
		-9.9	-7.4	-6	-7.1

Source: Statistics Iceland.

The Central Bank of Iceland has reduced the key interest rate by a total of 14 percentage points from October 2008 to the summer of 2011 to a low of 4.25%. Due to inflationary expectations, the key interest rate has since been raised to the current level of 5,75% (October 2012).

On the 6th of October 2008, the Icelandic Parliament passed a so-called emergency law. By this legislation all banking deposits were made priority claims and i.a. gave the Financial Supervisory Authority far-reaching powers to intervene in the banking sector. Later that same month the Icelandic Government requested Stand-by-Arrangement from the International Monetary Fund. The subsequent stabilization program arranged by the International Monetary Fund and the Icelandic Government had three main objectives: "To contain the negative impact of the crisis on the economy by restoring confidence and stabilizing the exchange rate in the near-term; to promote a viable domestic banking sector and safeguard international financial relations by implementing a sound banking system strategy that is non-discriminatory and collaborative; and to safeguard medium-term fiscal viability by limiting the socialization of losses in the collapsed banks and implementing an ambitious multi-year fiscal consolidation program." The program ended in August 2010 and all of its objectives have been met.

Projected economic growth for the year 2011 is positive for the first time since 2008.

Unemployment

The employment policies in Iceland has been characterised of the fact that in recent years there has been very low registered unemployment in Iceland, with a plentiful supply of jobs. For example, registered unemployment in 2005 averaged 2.1%; in 2006 it was 1.3% and in 2007 it was 1%. Participation on the labour market has been high: about 82% in

the past few years. The Act No. 55/2006, on Labour Market Measures, sets out certain framework for the policy in this field and the Minister of Welfare, in cooperation with the Directorate of Labour and the Social Partners, decides his/her actions within that framework.

The Icelandic economy began to go into recession in 2008, though this did not affect the labour market until the collapse of the financial system in October 2008. Registered unemployment rose very rapidly in the following months. The average figure for September 2008 was 1.3%; by the end of the year it was about 5%. Registered unemployment peaked at 9.1% in April 2009, falling over the summer months in line with the usual seasonal trend. The average rate in August 2009 was 7.7% but increased again during the winter when it was 8.2% in December that year.

Participation in the labour market still continues at a high level in Iceland, both by women and men although it decreased somewhat after the economic crisis hit in 2008. Table 2 shows the ratio of the labour force to the total population during the period 2007-2010 according to the Statistic Iceland's labour force survey.

Table 2. Participation in employment, by age (%).

Year	2007	2008	2009	2010
Men				
16-24	80	77	71	72
25-54	95	95	94	93
55-74	72	73	73	73
Total	88	87	85	84
Women				
16-24	80	80	76	76
25-54	85	84	85	85
55-74	60	59	59	60
Total	79	78	77	78

Source: Statistic Iceland

There has been a massive reduction in jobs in the construction industry and related occupations, jobs in various types of industry and service activities connected with the construction industry and the architectural and engineering sectors from 2008. Considerable reductions have also taken place in information-related activities, e.g. advertising agencies and consultancies. The same applies to commerce (trade) and services based on imports, e.g. automobile and furniture retailing, and in transportation and communications.

In the year 2010 there were on average 180.900 people, on the Icelandic labour market according to the Statistic Iceland's labour force survey. 167,300 were employed and 13,700 were unemployed. The activity rate was 81%, the employment rate was 74.9% and unemployment rate was 7.6%. There was a small increase in the number of

unemployed between 2009 and 2010. There was a slight decrease in the number of employed persons between 2009 and 2011, but the number of employed persons has decreased by 11,300 people since 2008. In the year 2010 the unemployment rate in the Reykjavík Capital Area was at average 8.9% and 6.8% in other regions.

In 2009 registered unemployment increased to 8.2% according to the Directorate of Labour and in 2010 the proportion was 8.0%. The table 3 shows the number of people registered as unemployed in the period 2007-2010.

Table 3. Unemployment figures, by month 2007-2010 (numbers in thousand)

<i>Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Av.</i>	<i>Av.</i>
<i>Year</i>														<i>%</i>
2007	2.0	2.0	1.9	1.9	1.8	1.6	1.6	1.5	1.3	1.3	1.3	1.4	1.6	1.0
2008	1.5	1.6	1.7	1.7	1.7	1.8	2.0	2.1	2.2	3.1	5.4	7.9	2.7	1.6
2009	10.5	13.3	14.5	14.8	14.6	14.1	13.8	13.4	12.1	12.7	13.6	13.8	13.4	8.0
2010	14.7	15.0	15.1	14.7	13.9	13.0	12.6	12.1	11.6	12.1	12.3	12.7	13.3	8.1

Source: Directorate of Labour

Registered unemployment rose far more rapidly among men than among women from the autumn 2008 to the spring 2009. One of the reasons for this was the recession in the construction industry in which very few women were employed. This is almost the first time since unemployment registration began that more men than women have been without jobs on the Icelandic labour market. In January 2009, the average registered unemployment rate was 6.6%; among men it was 7.5% and among women 5.4%; in March 2009, the average registered rate was 8.9%, with 10.3% among men and 7.2% among women. In 2009 there were 8.8% of men registered on average as unemployed and 7.1% of women. In 2010 the unemployment rate among women increased to 7.6% but at the same time registered unemployment among men decreased to 8.6%. The same development was in 2011 when registered unemployment among men fell more than unemployment among women.

At the close of 2011 there were more men unemployed than women in most areas in Iceland, except west Iceland and east Iceland. The number of men and women who received unemployment benefits at the end of 2011 in north-east Iceland was very nearly equal. The number of both men and women registered as unemployed fell in all parts of Iceland in 2011, although the professions of the job seekers who was unregistered differ. In the greater Reykjavík area, the number of unemployed men fell in all professions; to the greatest extent in industry, or 470 during the year. The vast majority were men in the construction industry. The number of non-specialised male workers and men in the service, sales and retail sector fell by over 500. The number of unemployed women in the greater Reykjavík area also fell in all professions, with the exception of non-specialised workers. This category saw an increase of 50 women. The greatest turnaround was

among women in the service, sales and retail sector, as well as among technically trained and specially trained women. In Sudurnes, the number of men and women in all professions fell, with the exception of female experts registered as unemployed who grew in number in 2011. There was a similar trend in north-west Iceland among female experts registered as unemployed who grew in number in 2011, while their number fell most among non-specialised workers in the area.

Seasonal fluctuations have had a greater impact on unemployment among men than women, so that over the summer months registered unemployment drops much more among men than women. Furthermore, seasonal fluctuations have a more positive impact on the unemployment of men in rural areas than in the metropolitan area. The main reason is that during this time of year demand for workers in construction, industry, shipping/haulage operations and retailing grows. There is also a difference based on the professions from which women and men come when they register unemployed. Over half the men registered as unemployed in 2011 were non-specialised workers or industrial workers. At the same time, by far the largest group of women were from the services, sales or retail sector, or 34%. Non-specialised workers among women also formed a large group (22%). Women who are registered as unemployed with the Directorate of Labour are generally better educated than men, with the exception of those who have completed certified technical study, in which case men are more numerous.

Registered unemployment rose more in the metropolitan area than in the rural areas in the winter of 2008-09. Registered unemployment in the metropolitan area reached a peak of 9.9% in February and March of 2010; the highest rate in the rural areas was 8.2%, registered in February the same year. Regions close to the metropolitan area have been badly hit; one such, Sudurnes, had the highest registered unemployment for the country, 15%, in February 2010.

Table 4. Unemployment 2008-2010, by region and gender

Region	Women				Men				Total			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
Metropolitan	1.0	1.5	7.3	7.9	0.7	1.5	10.0	9.7	0.9	1.5	8.8	8.9
W. Iceland	1.1	1.7	5.5	5.4	0.5	1.2	4.6	4.7	0.7	1.4	5.0	5.0
Westfjords	1.3	0.6	2.1	3.7	0.5	0.4	2.1	2.9	0.9	0.5	2.1	3.2
Northwest	0.8	0.9	2.7	3.3	0.3	0.6	2.8	3.4	0.5	0.7	2.8	3.4
Northeast	2.5	2.7	6.7	6.3	1.3	2.0	7.4	6.6	1.8	2.3	7.1	6.5
East Iceland	0.7	1.2	4.2	5.6	0.2	0.6	3.3	3.6	0.4	0.8	3.6	4.4
South Iceland	1.7	1.9	5.1	5.6	0.6	1.2	6.3	6.4	1.0	1.5	5.8	6.0
Sudurnes	3.8	5.0	12.9	13.2	1.5	2.8	12.8	13.0	2.5	3.7	12.8	13.1
Nationwide	1.4	1.8	7.1	7.6	0.8	1.5	8.8	8.1	1.0	1.6	8.0	8.1

Source: Directorate of Labour

Approximately 34% of those registered as unemployed in 2010 were in the 16–29 age bracket, the proportion falling slightly from 2009 when the youngest age group was approximately 36% of unemployed workers. People aged 30–49 were 42% of unemployed workers in 2010, the proportion unchanged from the previous year. Finally, the oldest age group, 50 and older, were approximately 24% of the total number of unemployed, as compared to 22% in 2009. There is no great difference between genders in this respect, however there were rather more unemployed men in the oldest age bracket than women.

Long-term unemployment among those who have registered as unemployed at the Directorate of Labour for more than six months has increased steadily since the collapse, as may be expected. Before the collapse, there were very few who had been registered as unemployed for more than one year. However, by the end of December 2009, this group had become 49% of those registered as unemployed and the proportion rose to 52% by December 2010. If account is taken of those who had been unemployed for six months or more the proportion was 17% in 2008, rose to 34% in 2009 and to 54% in 2010.

Table 5. Long-term unemployment.

	2007	2008	2009	2010
3–6 months	366	550	4,539	2,906
6 to 9 months	188	188	2,611	1,937
9–12 months	113	85	1,534	1,430
More than 12 months	274	252	1,006	4,517
Total	942	1,074	9,689	10,789

Source: Directorate of Labour

The Prime Minister’s Office has appointed a committee with representatives from the Ministries including the Directorate of Labour and the Social Partners to prepare a national strategy for employment. The task of this committee is to draft an overall employment strategy in line with the EU guidelines on this matter. It is expected that the committee will submit its proposal to the Prime Minister and the Minister of Welfare in November 2012.

2.

In 2008 the unemployment levels in Iceland rose quickly in the aftermath of the financial crisis. The government enacted targeted labour market measures to address short term needs and to mitigate the impact of longer term unemployment, a situation which has rarely occurred in Iceland in the past decades. Particular consideration has been given to those groups that risk long-term unemployment, such as young and low skilled people. The unemployment rate subsided somewhat over the year 2010 and measured at 6.7% in September 2011 from 7.8% in the beginning of the year. In July 2012 registered unemployment was 4.7%.

Immediately in October 2008, negotiations began between representatives of the government and the social partners on ways to meet the needs of the labour market.

Companies facing temporary difficulties were urged to consider the possibility of reducing the job proportions of their employees rather than laying off staff, since it was regarded as important that workers should remain active on the labour market to some extent. At the same time, the Unemployment Insurance Act was amended in November 2008 to enable those who had partly lost their jobs to apply for partial unemployment benefit without their earnings for part-time work resulting in a reduction of benefit levels. The condition for this is that they remain in at least 50% of full-time employment. In this way, efforts were made to enable as many people as possible to continue to be active on the labour market.

Efforts were also made to meet the needs of self-employed individuals, enabling them to receive unemployment benefit payments as their work levels declined without their activities coming to a complete stand-still; allowance was made for them to accept occasional assignments up to a certain limit. This was worked out in collaboration between the tax authorities and the Directorate of Labour. Both these legislative measures were temporary and came to an end in December 2011.

A regulation was issued in January 2009 regarding the participation in labour-market measures by job-seekers who are covered by the unemployment insurance system. This laid down the conditions for participation in individual labour-market measures.

Among measures taken since October 2008 are innovative programmes. The *Starfsorka* project was set up in the beginning of 2009. This is a joint project by the Directorate of Labour and *Impra* – Innovation Centre Iceland. The project has gone well; nearly 350 placements have been approved in 140 enterprises since January 2009. The project is based on the regulation on the participation in labour-market measures by job-seekers that are covered by the unemployment insurance system, which was published in January 2009. An entrepreneur's agreement is made with a company that is prepared to embark on a new business idea, e.g. an innovative project or a product-development exercise, subject to certain conditions regarding endorsement of the idea by the Innovation Centre Iceland, submission of progress reports, etc. Agreements of this type may be made for up to six months and then it is possible to get an extension for an additional six months.

The Directorate of Labour has also sent job-seekers on various courses held by *Impra*; up to 50% of the course fees (though with a ceiling of ISK 70,000¹) may be paid by the unemployment fund. Chief among these courses are *Brautargengi*, a course for women with new business ideas and women already established in business, a course on the Establishment and Operation of Companies, an Entrepreneurs' course and a course in Project Management. A campaign, *Drifkraftur*, started in the beginning of September 2009 for foreign nationals who were living in Iceland and intended to start-up businesses. It is designed to improve their access to Iceland's corporate environment and utilise the skills and contact network of the persons concerned in overseas market areas. This project was conducted through collaboration between the Directorate of Labour, *Impra* and the Intercultural Centre, and received financial support from the Immigrants'

¹ EUR 388.89

Development Fund. Ten participants from seven different countries finished the project. The program was available for participants from August to November 2009. Their business ideas are in different stages of development at the present time.

The Directorate of Labour was also empowered to enter into special agreements with job-seekers under which they work for up to six months on the development of their own business ideas, the aim being to put these ideas into practice. Many of those who have made agreements of this type have received places in the Innovation Centre Iceland's Entrepreneur projects. The Directorate of Labour has also collaborated with *Impra* on certification of the validity of the business plans that job-seekers are required to submit at the beginning of the project. Agreements covering the development of business ideas may then be extended by six months providing that there is considered to be a strong likelihood that they will result in a permanent job for the job-seeker.

In January 2010 the Ministry of Social Affairs and Social Security (now the Ministry of Welfare) put forward the aim that no one should be unemployed for longer than three months without being offered employment or an opportunity to be active. This goal should be reached with all people younger than 25 years old before the 1st of April 2010 and the 1st of September 2010 for people over 25 years old. The Directorate of Labour reached these goals in close cooperation with the social partners and municipalities as well as educational providers.

The governmental project Youth in action (*Ungt fólk til athafna*) is aimed at 16-30 years old individuals who are unemployed with emphasises on activating them with education and training, job-training and voluntary work. That project has been on-going since the beginning of 2010 and by the end of that year over 45% of those who were unemployed in the beginning of the project had been unregistered for unemployment benefits, most of who had either been employed or gone to school. In addition a large group of individuals or 43% unregistered without explanation but according to the Directorate of Labour many of them are likely to have gotten a job.

The main focus is on the activeness of young people within three months of the loss of employment. In 2011, all young people who lose their job are offered to counselling within three months of first registration. It is hoped that this success, together with the numerous offers of activation measures available, will mitigate the effects of the economic downturn on young unemployed people and will help them to better manage in the labour market when the situation improves.

The University of Iceland Research Institute was requested to carry out an audit of the project. Work on the audit began in February 2011. One aspect of the audit was to survey the attitudes and expectations of the young people themselves toward the projects. The Research Institute carried out this survey in the spring. All the young people registered as unemployed in February and March 2011 were sent an electronic survey, or 3,959 persons. Responses were received from 2,772, gross responses being approximately 70% and the net response proportion 76%. The results indicate that young people are generally very satisfied with the project. Just under 80% considered that they had received a good

introduction to and assistance in the selection of measures. The majority were satisfied with the measures they had been offered. The majority expected that participation in the project and its measures would increase their abilities, increase their options in the labour market, strengthen their communication skills and improve their mental well-being. The results showed, moreover, that those who had completed measures were much more active in their job search than those who were just beginning in the project.

On August 1st 2010 the Directorate of Labour presented new measure for those who have been unemployed for long period of time called *Knowledge and Experience (PØR – Þekking og Reynsla)*. The targeted age group for the Knowledge and Experience measure is 30-70 years old. The target of this measure is to battle the consequences of long-term unemployment.

On 1 July 2010, people who had been registered unemployed for one year or longer were called in to participate in the measure *Knowledge and Experience*. By the end of 2010, 28% of this group had been unregistered, or 729 persons. In August and September, an additional 573 persons who had been out of work for one year or more were added to the project. Of these 24.5% have been unregistered. The next groups were subsequently called in steadily. At the end of September, the Directorate of Labour began calling in people who had been registered as unemployed for 10 months or more to the presentation, or a total of 479 persons (21% were unregistered at the end of the year). At the end of October, the Directorate of Labour began calling in people who had been registered as unemployed for 8 months or more to the presentation, or a total of 707 persons (21% were unregistered at the end of the year). At the end of November, the Directorate began calling in those who had been registered as unemployed for 6 months or more, a total of 638 job seekers, and, at the beginning of January 2011, the Directorate began calling in people who had been unemployed for three months or more. The total number of people who was called in during the first seven months of the programme were 6,742 jobseekers.

Approximately 70 presentation meetings have been held with approximately 40 to 50 persons called to each meeting. In total, approximately 3,500 people have attended these meetings.. Those who are active, for example have study contracts or who are engaged in a 50% part-time job or more, are not called in to presentation meetings. Only those who have not been sufficiently active are called in to the meetings. There is nothing, however, that precludes people from attending courses or other measures if they so wish.

Later the Directorate of Labour began calling in people who had previously participated in courses held by PØR to participate in job seeking courses. The job seeking courses are intended to encourage people in their search for a job by assisting them to apply for positions.

The Directorate of Labour offers various labour market measures for people to choose from when they seek assistance. Included are basic measures, workshops and clubs, courses in languages, computer and clerical work, job-related courses, study agreements, training and trial periods, innovation projects, special projects and educations and training service centre.

Good co-operation with the social partners, municipalities and other entities was in the field in 2011 and 2012. Work on developing a variety of labour market measures has continued. These include *Study is a Working Way*, *Working Way and Job-square*, which will be discussed in greater detail in the next report.

Table 6. Funds allocated to labour-market measures in 2005 to 2011 :

	2005	2006	2007	2008	2009	2010	2011
I. Passive labour-market measures	3,153	2,370	2,419	4,695	25,388	23,849	22,614
Per diem allowances	3,153	2,370	2,419	4,695	25,388	23,849	22,614
% of GDP	0.31%	0.20%	0.18%	0.32%	1.70%	1.55%	1.39%
II. Active labour-market measures	266	269	277	247	300	1,511	946
Vocational education	176	186	186	77	103	72	3
Women's employment	17	21	21	80	27	36	41
Special labour-market measures	73	62	70	90	170	1,403	902
% of GDP	0.03%	0.02%	0.02%	0.02%	0.02%	0.10%	0.06%
Total	3,419	2,639	2,696	4,942	25,688	25,360	23,560
% of GDP	0.33%	0.23%	0.21%	0.33%	1.72%	1.65%	1.45%

Included in **I.** are payments to employers who employ unemployed people for 3-6 months (job-training schemes) which is a sort of a special labour-market measures.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 3.

The Committee asks for the next report to give the figure for total expenditure on active and passive employment measures as a percentage of GDP, specifying what proportion is devoted to active measures.

According to the Directorate of Labour, the total 2010 expenditure of the Unemployment Insurance Fund was ISK 25.4bn, which corresponds to 1.65% of GDP, whereof ISK 23.8bn was paid out as unemployment benefits characterised as passive employment measures, while ISK 1.5bn was spent on active labour market measures. The total expenditure of the Unemployment Insurance Fund in 2011 was ISK 23.6bn, which corresponds to 1.45% of GDP, whereof 22.6bn was paid out in the form of unemployment benefits and ISK 945m was spent on active labour market measures.

Participation in international employment projects.

Iceland has participated actively in various European employment projects, and the experience gained from these projects has generally been positive. Furthermore, the Lisbon goals are taken into account when the domestic employment situation is assessed.

One of the projects in which Iceland has taken part is the Mutual Learning Programme (MLP) which was launched at the beginning of 2005 and incorporates the former Peer Review Programme (launched in 1999). Icelandic representatives have attended peer review meetings which have been held by individual member states and have also attended conferences held as part of the programme. In autumn 2007, Iceland held a conference of this type under the title *Increasing Employment of Older Workers through Lifelong Learning*. At this, the emphasis was on sharing the experience gained in the Icelandic labour market in connection with the high rate of participation in employment by older people, and how this high level of participation fitted in with the policy of the government and the social partners regarding continuing lifelong learning and continuing education.

Iceland has also taken part in the EURES project from the outset, with good results. For most of the time, two counsellors have been working within the project at the Directorate of Labour, and together with other members of its staff they have played an active role in various collaborative projects with other states on operating labour exchanges, this taking the form of participation in job fairs, conferences and contact networks.

Article 1§2 – Freely undertaken work (non-discrimination, prohibition of forced labour, other aspects).

1. Prohibition of discrimination in employment.

1. Discrimination based on sex.

a. Equal rights

The Act on Equal Status and Equal Rights of Women and Men, No. 10/2008.

In 2006, the Icelandic Government celebrated 30 years since the approval of the first comprehensive legislation on gender equality in Iceland. The Minister of Social Affairs at the time appointed a committee to review legislation passed in the year 2000 that addressed the equal status and equal rights of women and men. The new committee's members came from every political party represented in Parliament at that time, and they had broad authority for their review of the legislation. The committee paid particular attention to consulting NGOs, the social partners and other parties with concerns about gender equality. The Minister of Social Affairs received a draft bill from the committee in March 2007. The draft legislation was put into an open discussion process on the Ministry of Social Affairs website, where the general public could submit comments. The Minister put the bill before Parliament in autumn 2007. The legislation was approved in February 2008 as the Act on the Equal Status and Equal Rights of Women and Men, or the Gender Equality Act. The new Act revoked the previous Gender Equality Act passed in 2000.

The objective of the legislation is to continue making progress towards gender equality and to give women and men equal opportunities. Its new provisions are aimed at carrying the Icelandic nation forward in the direction of increased equality between women and men. The experience of the old legislation highlighted the need for firmer law regarding the rights and obligations of those who are responsible for implementing gender equality.

The Minister of Welfare is responsible for gender equality within the administration. The Centre for Gender Equality (*Jafnréttisstofa*) is an agency under the Ministry and operates according to the Act on Equal Status and Equal Rights of Women and Men, in which its activities are further defined. There are seven people working within the Centre for Gender Equality. The Centre, the Gender Equality Council and the Complaints Committee on Gender Equality were empowered with the Act from 2008.

Among the Centre for Gender Equality's responsibilities is monitoring of implementation of the gender equality legislation, to educate and distribute information, and to provide gender equality consultation services for a range of bodies, including the government, other public bodies, municipalities and the private sector. The Centre will also monitor gender equality developments within the community, and make comments and proposals for actions that could be taken to achieve gender equality to the Minister, the Gender Equality Council and other administrative bodies.

The legislation specifically states that the Centre for Gender Equality is expected to work against gender-based wage discrimination and other gender-based differences in the labour market; it will also work on increasing the participation of men in gender equality activities. The Centre will also be expected to arbitrate in any disputes referred to it as a result of the legislation.

The legislation gives the Centre for Gender Equality a more powerful supervisory role than before, with wider authority to gather information from companies, institutions and associations on occasions where there are sufficient grounds for suspecting that the law has been broken. When such a case arises, the Centre must ascertain whether there is reason to refer the matter to the Complaints Committee on Gender Equality. The institution, company or association under investigation must then provide the Centre with any information or documents considered necessary in the investigation of the case.

If the Centre's request is not complied with, within a reasonable period, the Centre may impose daily fines until the information or documents have been submitted. If the Centre then decides that the information or documents provide sufficient evidence of a violation of the law, the Centre may request that the Complaints Committee consider the case. The respective institution, company or association will be informed about the decision in writing. This increased authority replaces the more general powers the Centre for Gender Equality had under the old legislation, in which there were no provisions for special penalties in cases where information were not provided on request.

The Complaints Committee on Gender Equality consists of three lawyers nominated by the Supreme Court of Iceland and appointed by the Minister of Welfare. 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 delivers 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.

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 such circumstances, 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 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.

Each ministry is required to appoint a gender equality expert who would mainstream gender equality within the sphere of the ministry and the agencies under that ministry. The gender equality expert has to be a specialist in gender equality issues. The experts may also provide the institutions that work under the auspices of the ministries, with consultancy services on gender equality. The experts' role is to involve themselves in matters of gender equality at work, and to monitor issues in that field within their respective ministries or public bodies.

The legislation provides that gender mainstreaming must be respected in all policy making and planning carried out on behalf of ministries and public bodies. The same applies to all decision making within ministries and public bodies, where appropriate.

In addition to the gender equality expert in the Ministry of Education, Science and Culture, the legislation provides for a special gender equality advisor in this ministry. The advisor is expected to follow up the provisions of the law on education and schooling, which stipulates that students at all levels of schooling must receive education on gender equality issues, with special emphasis on the equal participation of both genders in the community.

According to the Act on the Equal Status and Equal Rights of Women and Men, the Gender Equality Council will continue to work as an administrative committee, operating

within the administration and reporting to the Minister of Welfare. It is important that the members of the committee reflect knowledge of a wide range of fields in gender equality issues.

The Minister appoints the council's chairperson without nomination. Two representatives are jointly appointed by trade unions, two jointly by employers' organisations, two jointly by the Feminist Association of Iceland, the Federation of Icelandic Women's Associations and the Women's Rights Association of Iceland, and one jointly by the Association for Women's Shelter (*Samtök um kvennaathvarf*) and the Education and Counselling Centre for Survivors of Sexual Abuse and Violence (*Stígamót*), one by the Centre for Women's and Gender Studies at the University of Iceland, one by the Organisation for the Equality of Parents, and one by the Association of Local Authorities in Iceland.

The legislation assumes that the Gender Equality Council and the Centre for Gender Equality will work closely together. One of the Council's purposes is to advise the Minister of Welfare and the Director of the Centre for Gender Equality in policy making where gender equality is concerned. This involves placing particular emphasis on the equal status of both genders in the labour market, and the co-ordination of family life and working life.

The Gender Equality Council will also organise a gender equality forum in partnership with the Minister of Welfare every two years. The forums are intended to be a venue for discussion of gender equality matters. One of its objectives is to encourage more vigorous debate in this field among the public and at most levels in the community. The forum will be open for everyone. However, the Gender Equality Council must invite Members of Parliament and representatives from public bodies and local authorities, including gender equality experts, the social partners and NGOs with policies that include gender equality issues. The first forum took place in January 2009 and the second took place in February 2011.

In order to stimulate more effective discussion during the gender equality forums, the Minister of Welfare submits a report on the status and development of gender equality issues in main areas of society at the beginning of each forum. The report will discuss the status of the genders in main areas of society. It will cover a wide range of topics including: the labour market and the development of gender-based wage discrimination; women and men in employment and the participation of the genders in the business community in general; grants provided by public bodies, itemised according to the gender of the recipient; the participation of men and women in politics; and the gender ratio of public committees and boards. The discussions are also expected to cover developments that have occurred in particular areas since the previous report, as well as an assessment of the status and results of projects in the current action plan. The report from the forums in January 2009 is available on the ministry's website: www.velferdarraduneyti.is

The overall objective of the gender equality forums is to render ideas and suggestions to the preparatory work on the governmental gender equality action plan, thus creating a

basis of ownership to the plan amongst different actors in society. As a result, it is important that the Minister does not submit his or her proposals to Parliament until after the gender equality forum. Furthermore, it is the statutory role of the Gender Equality Council to ensure that a summary of the conference discussions is prepared and delivered to the Minister.

The Minister of Welfare will be expected to present a motion for Parliamentary resolution before Parliament regarding the implementation of gender equality action plan for the following four years. The action plan will be formulated after proposals have been received from other ministries, from the Centre for Gender Equality and from the Gender Equality Council. Discussions at the gender equality forum must also be taken into account. The Parliamentary resolution now in force is valid until 2014.

The Ministry of Welfare and the Centre for Gender Equality have attached great importance to informing and activating local authorities in the field of gender equality. Local authorities must appoint gender equality committees that will provide local governments with advice in this field, and will monitor and implement measures, including special measures, to ensure the equal status and equal rights of women and men in each respective district. These committees will also prepare gender equality policies and action plans for the following four years. A new addition to the legislation is that each committee must deliver a report to the Centre for Gender Equality every two years, describing the status and development of gender equality issues in the respective local authority. One purpose of these reports is to encourage local authorities to apply even more effort in the gender equality arena.

For many years, legislation concerning the equal status and equal rights of women and men has included a provision to ensure that there are equal numbers of women and men on public committees, councils and boards. In order to strengthen this provision, there is a clear stipulation that the proportion of genders must be as even as possible, and not less than 40% when there are more than three members. This also applies to the boards of public companies on which the government or local authorities are represented. In order to make sure that this objective is achieved, both women and men must be nominated when appointments are made to committees, councils and boards.

A further addition to the Act on Equal Status and Equal Rights of Women and Men is that one of the tasks of the Centre for Gender Equality will be to seek to change traditional images of the genders and to eliminate negative stereotypes of the roles of women and men. This task has always been regarded as vital in achieving gender equality. For this reason, it has been specifically included in the Gender Equality Act, both as a means of achieving the objectives of the legislation, and as a task that the Centre for Gender Equality will attend to.

The Gender Equality Act prohibits discrimination of all types, direct or indirect, on grounds of gender. The Act contains definitions of direct and indirect discrimination. Previously, these definitions were only found in regulations. In addition, opinions remain unchanged regarding certain special actions, and they are not considered to violate the

Act – taking particular account of women due to pregnancy and childbirth is not considered to be discrimination.

Special provisions on education and schooling remain in the Act on the Equal Status and Equal Rights of Women and Men. They specifically require gender mainstreaming in all policy formulation and planning in education and schooling, and expect students to be educated on gender equality issues.

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 institution. 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 institutions and enterprises with more than 25 employees are to create gender equality policies, or to make special provisions regarding gender equality in their human resources policies. No changes were proposed as regards their obligations, although the Act gives the Centre for Gender Equality greater authority to monitor compliance with the law.

The companies and institutions involved are under obligation to deliver a copy of their gender equality policies, or human resources policies if no gender equality policies 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 institution has not prepared a 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 and may impose daily fines until its instructions are met. The same applies if the Centre believes that a company's or institution'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 institution 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 institution 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. This amendment is considered to be extremely important; it gives the Centre clearer authority for more active monitoring of companies and institutions regarding their compliance with the Act.

In the Act from 2008, a new provision has been added 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.

Judgements of the Supreme Court in equality cases

During the period from 1 January 2007 to 31 December 2010, the Supreme Court delivered judgement in two cases dealing with gender equality. Both involved appointments to office. Both cases were judged to be in compliance with the equality legislation in force at the time.

Supreme Court Judgement in Case No.686/2008 from 24 September 2009.

I was among 14 applicants for the position of Rector of L, which was advertised as available in July 2004. L's Council provided an opinion on which of the applicants met the requirements made by law to fill the position of Rector. All the applicants were subsequently invited to an employment interview in the Ministry of Agriculture. The Minister of Agriculture appointed Á for the position in August that same year. I requested that the Ministry provide its reasoning for the appointment. The reasoning stated that Á held strong views on the future of Icelandic agriculture and the role of L within it. I sent a complaint on the appointment to the Althingi Ombudsman and also referred the case to the Gender Equality Complaints Committee. I subsequently initiated proceedings and requested recognition that by appointing Á to the position of Rector of L, the Minister of Agriculture had violated the provisions of law relating to the equal status and equal rights of women and men. Moreover, she requested recognition of the defendant's liability to pay damages to her. I based her claims on the grounds that due to her education and experience she had been more qualified to be appointed to the position as Rector of L than the person who was appointed. She was of the opinion that gender views were the grounds for the appointment as the Ministry had been unable to adequately explain why she had been passed over. Furthermore, she was of the opinion that if the Court did not accept that she had been more qualified than the person who was appointed, the Court must recognise that she was at least as qualified as the person appointed and that the Ministry should have appointed her to the position due to the low proportion of women in management positions under the authority of the Ministry. The District Court reached the conclusion that in light of the documentation on the case as regards the work and management experience of I and Á, the comparison between the two must be seen as unfavourable for I. Furthermore, Á's performance in the employment interview was seen to be much better than I's performance. Although the employment interviews had considerable weight in the assessment of the suitability of applicants, and although this fact was not specifically mentioned in the advertisement for the position of Rector, the Court did not agree that it could be argued that the reasons behind the Minister's decision on the appointment were based on unjustified reasoning. Furthermore, the Court does not consider that the flaw whereby no effort had been made to register the substance of the replies of applicants in the employment interview, was of any importance as regards the Minister's decision on the appointment. The Court agreed with the Minister of Agriculture that Á had been more qualified for the position than I and that no probability had been shown that the case involved discrimination on the basis of gender. I's claims

were rejected. The Supreme Court upheld the District Court's judgement with reference to the grounds.

Supreme Court Judgement in Case No. 25/2009, from 10 October 2009.

A was one of four applicants to the position of Associate Professor in Computer Sciences at the Faculty of Computer Science in the Department of Engineering of H, which was advertised as vacant in October 2004. In the opinion of a special panel of judges, two applicants, A and K, were considered qualified to hold the position of Associate Professor. The Department of Engineering of H received the opinion for discussion and addressed it at a Department meeting on 8 June 2005. The meeting agreed to recommend that K be appointed to the position and sent a request thereto in a letter sent by the Department Dean to the Rector on 23 June that same year. The letter stated that in the opinion of the majority of attendees at the above meeting the view that had been most important in the decision on who to appoint to the position was that the Engineering Department was in need of a teacher in the basic programme, and in light of this K was seen to be the most qualified for the position. The Rector requested further reasoning for this decision and this was provided on the basis of the approval of the Department meeting on 14 October 2005. On the submission of this reasoning, the Rector approved the recommendation of the Department. A subsequently initiated proceedings against H and requested recognition that by passing her over in the appointment to the position, H had violated the provisions of law relating to the equal status and equal rights of women and men. Moreover, A requested recognition of H's liability with respect to the above appointment and to pay damages to her. The Supreme Court reached the decision that in the assessment of which of the qualified applicants was considered the most qualified to fill the position of Associate Professor, it must be considered a legitimate viewpoint to focus on the teaching aspect, as had been done by the Engineering Department. The Department had, on this basis, assessed K as more qualified than A and therefore the assumption that the assessment was based on unjustified reasoning, or that it is clearly wrong, must be rejected. The Court did not agree that the rules of administrative procedure had been violated or that there was any probability that any direct or indirect discrimination based on gender had been used in the appointment for the position. It was therefore rejected that there had been any violation of the then applicable legislation on the equal status and equal rights of men and women and H therefore acquitted of the claims of A.

During the period from 1 January 2007 to 31 December 2010 the Gender Equality Complaints Committee received thirty-one cases. Five were considered violation of the Gender Equality Act; seventeen were not. Three of the cases of which were considered a violation of the Act related to job appointments, one concerned gender-related wage discrimination and one the payment of maternity/paternity leave. The committee rejected five cases. Four of the cases were revoked.

b. Measures to promote equal opportunities.

The Ministerial Committee on Gender Equality has been operating in accordance with the resolution of the Government from 15 September 2009. Members of the Committee were the Minister of Social Affairs and Social Security, the Minister of Finance and the

Minister of Justice and Human Rights, together with the Prime Minister, who chairs the Committee. After 1 January 2011, the Minister of Welfare replaced the Minister of Social Affairs and Social Security and the Minister of the Interior replaced the Minister of Justice and Human Rights. The role of the Committee is principally to integrate gender and equality issues into the policy formulation and actions of the Government, to coordinate its work and to implement the Government's action plan on gender equality issues.

The Centre for Gender Equality was involved in a project relating to gender mainstreaming. The project received a grant from the European Union's Progress programme. The object of the project was to strengthen the mainstreaming of gender and equality views in public administration by presenting the methodology of gender mainstreaming and developing ways to implement it. In August 2009, the book *Levelling the Playing Field, Handbook on Gender Mainstreaming (Jöfnum leikinn, handbók um kynjasambættingu)* was published, together with a small booklet and bookmark to present the issue. The handbook is extremely useful in implementing gender mainstreaming as it contains a review of effective methods. It also contains examples of Icelandic mainstreaming projects. The examples show how to increase quality in services and all working practices in public bodies and companies with equality as the guiding light. In March 2010, another book was published in connection with the project. The title of the book is *Levelling the Playing Field, Gender Mainstreaming and Gender Equality Programmes (Jöfnum leikinn, kynjasambætting og jafnréttisáætlanir)*. This book is specifically intended for state administrators. In addition, the booklet *Levelling the Playing Field* was published in 2010. This booklet is intended to present the benefits of gender mainstreaming to public bodies and companies and to be a useful tool in the preparation of gender equality programmes.

The Gender Pay Gap

An important issue in the government's programme on gender equality is bridging the gender pay gap. Since 1961 Iceland has had an Act on Equal Pay for Equal Work. Despite the law, the gender pay gap was still 16.3% in 2008 in general and up to 38% in rural areas. The recession has led to the pay gap decreasing, since sectors where employment of men is more predominant, were initially harder hit by the crisis (Gíslason, 2011). Challenges identified for the gender pay gap include: gender segregated workforce, additional wage payments go to men, women's participation in managing corporations and institutions is low, women's work is valued differently from men's work, competition from the private sector, and women tend to value their own work less. One of the important challenges ahead is increasing the number of women on boards and as directors of corporations and institutions. Research has shown that there is a need to identify gender equality principles in wage policies of corporations and institutions and job evaluation needs to be standardised. The Government continues to develop policies and promote initiatives that focus on decreasing the gender pay gap and its causes.

In order to encourage companies to establish policies on equal pay, and to follow them through, the Minister of Social Affairs and Social Security (now the Minister of Welfare) should, 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. The provisions was supposed to be implemented in co-operation with the social partners.

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 made an agreement with the Icelandic Standards (*Staðlaráð Íslands*) for the creation and management of a standard on the implementation of equal pay and equal opportunities policies. Work on the preparation of the standard took longer time than expected at the beginning and the work of the Technical Committee ended in the spring of 2012. A motion for a new standard, ÍST 85 Equal pay management system – Requirements and guidance was advertised for comments at Icelandic Standards. The process ended on 20 September 2012. It is estimated that the new standard will be issued in December 2012.

In 2007, the Minister of Finance appointed a committee to address the gender pay gap in the public sector. The 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 of the government then in power, as well as to prepare proposals on how to reassess the terms enjoyed by women in the public sector, particularly in sectors where women are a significant majority. The committee published its findings in March 2009 on the gender pay gap in the public sector. The report thus preserves in one location all the information and an overview of the data that the committee used in its work. The committee is of the opinion that the gender divided Icelandic labour market is one of the main reasons for gender based wage discrimination and that percentage increases in collective agreements have led to the result that wage differences between groups remain for the most part unchanged. The report, moreover, reveals that according to surveys on wage differences between public officials, there is less of a difference between basic wages than total wages, indicating that men are more likely to receive various types of additional payments than women. In other words, there is less discrimination between men and women in the wage determination itself (placement in wage bracket), but men are more likely to receive payments in excess of that stipulated in collective agreements than women.

In Autumn 2007 the Minister of Social Affairs and Social Security appointed a committee on wage equality policies in the private market. The committee’s report was published in October 2008. The committee focused on examining ways that directly concerned the procedures used to determine wages in companies and could thereby be used to increase wage equality in the private market. In this respect it appeared of the greatest importance

to try to have permanent effect on the working practices used in wage formations and wage developments within the companies. In its report, the committee points out three ways in this respect, i.e. job assessment, certification and a road map. These methods should not exclude each other. The report states that it would be appropriate for each company to choose the method best suited to ensure wage equality within its own environs.

The committee placed a great deal of importance on wage formation being examined on a regular basis within companies, and on the senior management of such companies understanding that they play the most important role in eradicating gender-based wage differences. Moreover, the committee placed great importance on continuing to make the social environment for people's participation in the workforce such that it encourages equal opportunity and terms for men and women in the labour market, and the necessity for gender equality to be ensured in all upbringing and school work from the beginning of nursery schooling right through to university education.

In February 2010, Statistics Iceland published the results of a new study of the gender pay gap in the private market in 2000–2007. The study was extremely far-reaching and its results revealed that women commonly receive lower wages than men. The proportionate pay gap had, however, narrowed during the period. The report revealed that in 2000, women had a 24.8% lower regular hourly daywork rate than men. The difference had decreased to 15.9% in 2007. When account was taken of the total hourly daywork rate, women had a 24.9% lower hourly daywork rate than men in 2000, while seven years later in 2007 the difference had decreased to 18.5%. Various aspects can explain the gender pay gap to some extent. However, when the experts of Statistics Iceland itemise the pay gap using a linear regression analysis there still remains a 7.3% unexplained gender pay gap. This is the gap that cannot be explained by differing education, length of service or in any other manner than as gender-based in the private market. It should be noted, however, that this study focused for the most part only on the greater Reykjavík area. When the effects of different explanatory aspects on the wages of men and women are examined specifically, a university degree appears to have a greater effect on raising the wages of men than women. Moreover, the number of children in the household has a positive effect on men's wages and a negative effect on women's wages, and the younger the children are the more negative effect it appears to have on the hourly daywork rate of women.

In July 2010, the Reykjavík local authorities published a report on gender based pay gaps among the City's employees. The audit was carried out in co-operation with the City's Human Resources Office and RIKK, the Centre for Women's and Gender Research at the University of Iceland. The principal results of the audit indicate that the gender pay gap among the City's employees first and foremost involves driving and overtime payments. If the results of the audit are compared with information from previous years, however, it is clear the gender pay gap among the City's employees has narrowed. The audit shows that if the proportional difference of all City employees is calculated, irrespective of employment ratio, men have 3% higher hourly dayrates than women and 17% higher

total wages. Over 22% of men working for Reykjavík City are paid driving payments while 9.7% of women working for Reykjavík City receive such payments.

According to VR's (trade union) annual salary survey, the gender based pay gap remained the same from 2009 to 2010, or 10.1%, and, according to the survey, the difference between total wages is negative for women by 15.5% for full-time positions in 2010. According to VR's salary survey in 2009, the difference between the total wages of the genders, however, was 14.7%. Comparing the two surveys shows that men's wages increased more than the wages of women between years, or 5.4% as opposed a 4.2% increase in the wages of women. In the opinion of those who carried out the survey, the different wage increases according to professions explain that the gender pay gap is unchanged, despite the fact that the difference in the total wages of the genders has increased between years, as women's professions appear to be less likely to obtain or receive wage increases between years. The survey shows that wages in female dominated professions (70% or more of employees) rose by 4% between the years 2009 and 2010, while male dominated professions rose by over 6% during the same period. It is noted that the opposite was the case in 2009, when wages in male dominated professions fell by just under 2% from 2008, while female dominated professions rose by 5% during the same period.

The difference between the total wages of men and women was significantly less according to VR's salary survey for those who had completed a masters' degree or longer education at university level than in other educated groups. On average, the difference between the total wages of men and women according to education ranged from 15% among those who had completed a BA or BSc degree to 18% of respondents that had completed primary school or less. The wage gap between men and women who have completed further studies at university level, such as MA, MSc or doctorate, on the other hand, was much less, or 4%. The difference between total wages among men and women was lowest in the youngest age group, members younger than 25, in which case the difference was 11%. In the next age group, i.e. members aged 25–29, the difference was greatest, or just under 18%.

The Economic Crisis and Gender Equality

In the wake of the economic crisis in 2008 and the political shifts in 2009, gender equality has been highlighted as an important principle in the political and economic responses to the challenges that have appeared during this period.

In the beginning of 2009 the government appointed a working group (Equal Rights Monitoring) tasked with evaluating the impact of the economic situation from a gender perspective and with the objective to ensure that gender equality principles will be reflected in the initiatives taken to restore the economy. The report of the working group highlighted this focus, and underlined the importance of ensuring that women and men are equally represented in decision-making bodies and positions. Topics covered by the report: men and women's participation in the reconstruction of the Icelandic economy, the unemployment of women and men, gender-based violence and the impact of the crisis on health care institutions. The report underlines that all actions focused on the labour

market need to consider the benefits for society as a whole and how they affect women and men. It is also important to consider implications for vulnerable social groups and other groups, e.g. men who have been unemployed for an extended period. The work of this group and its recommendations was later integrated and mainstreamed into the mandate of another working group titled the “Well Being Watch”.

In order to gather more information and insights the Well Being Watch Group published a report titled “Women in the time of crisis” (*Konur í Kreppu*) in early 2011. The report gathered and analysed available statistics in order to assess the impact the crisis has had on the welfare of women in Iceland. The main conclusions of the report show that in the beginning of the crisis more men than women became unemployed and women’s unemployment increased when the public sector initiated budget cuts. The job-development plans proposed by the government are more likely to counteract the unemployment of men because of the focus on increasing traditional male jobs. Based on this there is reason to suspect that the unemployment of women will last longer than men’s. However, in 2010 information from Statistic Iceland contradicts this prediction, substantially more men were unemployed and women’s jobs increased in that year. The report also shows that budget cuts to the paternal leave fund has affected the use of paternal leave, concluding that the lower maximum payment seems to lead to fewer fathers using their leave.

The report also has a special focus on the economic status of women. The financial situation of single women and single mothers has gotten worse. In Iceland women account for 91% of single parents and 77% of single parents have difficulty making ends meet. Referring to international research, the report highlights the issue of increased gender based violence in the time of economic recession and points out that since the fall of 2008 an increasing number of women have sought assistance from the Women’s Shelter in Reykjavík, including more first-comers and women of foreign citizenship.

The Minister of Welfare’s report on Maternity/Paternity Leave and Parental Leave, which was submitted to the Althingi in September 2011, states that the number of fathers who have received payment during paternity leave has steadily increased between 2004 and 2009. Between the years 2008 and 2009, however, their number increased by only 0.4%. The number of fathers receiving payments during paternity leave fell by 5.3% between the years 2009 and 2010, despite the fact that more children were born during these years than in the preceding years. It should be noted, however, that these figures are based on the year of payment and not the birth year of the child. Moreover, 1.8% fewer mothers received payment from the Maternity/Paternity Leave Fund in 2009 when compared with 2010. When account is taken of the total number of mothers who have received payments from the Maternity/Paternity Leave Fund or have been paid a maternity/paternity grant based on each payment year, the reduction was only 0.5% between the years 2009 and 2010.

In order to examine the reasons for the above reduction in the number of parents taking maternity/paternity leave, the report attempted on the one hand to assess the estimated impact that maximum payments from the Maternity/Paternity Leave Fund have on

parental leave taking, and in such cases whether many parents suffered reductions due to decreasing maximum payments from the Maternity/Paternity Leave Fund compared with the amount they would otherwise have received, and, on the other hand, whether the income amount of parents influences parental leave taking in light of the fact that the decrease in the maximum amount paid by the Maternity/Paternity Leave Fund only has an effect on higher income groups. Based on the statistical information in the report, this means that the decrease in the amount of maximum payments has had an effect on the amount of payments that parents are entitled to from the Maternity/Paternity Leave Fund during their parental leave, so that proportionately more parents have received maximum payments from the Fund after the payments were first reduced on 1 January 2009 than before that time. It may therefore be assumed that fewer parents take parental leave than before and, in particular, fewer fathers, as they still seem to have generally higher wages than women. However, it should be noted that there have been considerable changes in Icelandic society since autumn 2008, not least in the domestic labour markets, as unemployment has increased significantly and, one may assume, job security thereby also decreased. These changes in society may also have an impact on the maternity/paternity leave taking of parents who are participants in the labour market. Statistical information from the Maternity/Paternity Leave Fund indicates that this is the case. The report states that a lower maximum on payments from the Maternity/Paternity Leave Fund does not have an impact on paternity leave taking among fathers in the highest wage bracket, as the number of these increased between the years 2008 and 2009. On the other hand, the number of fathers with lower incomes that used their right to paternity leave fell between the years 2008, 2009 and 2010. It must be assumed, therefore, that there are reasons other than the decrease in the maximum amount of payments from the Maternity/Paternity Leave Fund that explain the reduction in the number of fathers taking paternity leave. Without being able to state that this is unequivocally the case, there is every indication that the economic assumptions that changed for many families in Iceland following the economic crisis in the autumn of 2008, as well as the instability that has been in the labour market since that time, may have had a greater effect on paternity leave taking of fathers in that income bracket, rather than the reduction in the maximum payment from the Maternity/Paternity Leave Fund.

In addition to the increasing body of knowledge about the gender impact of the crisis, a report was commissioned by the Parliament to conduct a gender analysis of the Special Investigation Commission's report on the economic crisis. The aim of the analysis is to look into the role of gender in the collapse of the Icelandic banking system in 2008. In brief the report shows that the main players of the collapse were men and that certain gendered social and cultural discourses and stereotypes were dominant during this period. Many of the larger economic projects that lead up to the crisis, including big industrial projects, tax cuts and housing projects, led in many cases to more opportunities and employment of men than women. Importantly the financial sector was run by a small homogeneous group of men, where certain masculine stereotypes and characteristics cast a shadow over prudent business planning and oversight.

The analysis also includes suggestions for governmental measures:

- The Centre for Gender Equality must be strengthened to be able to fulfil its role in monitoring in accordance to the gender equality act.
- The Government should monitor systematically key corporations in order to prevent that a small and homogeneous group consolidates too much power.
- To formulate and implement a gender responsive tax policy and gender responsive budgeting.
- To use gender mainstreaming principles when developing labour and regional policies.
- That government supports education and critical discussion on nationalism to counteract gender stereotypes of women, men and nationality.

In the autumn of 2011, an agreement was reached between the Ministry of Welfare and the Social Research Centre of the University of Iceland to the effect that the Centre was to perform an audit of the position of low income groups in the economic crisis and evaluate how successful the Government's goals to mitigate the effects of the crisis for low income and medium income groups have been. The Centre was asked to include the gender pay gap in its assessment. This report was issued in April 2012 and states that in the debate on the gender pay gap in recent years consideration is commonly given to unexplained wage differences, i.e. the difference that remains after account has been taken of different work volumes, education, management responsibilities and profession, to mention the main aspects. The results of such measurements commonly show that the gender based pay gap has often been in the range of 10–20%.

Figures from Statistics Iceland are useful as they are based on measurements that are comparable from year to year and are therefore suitable to use to show changes between years. The figures from Statistics Iceland show that the gender pay gap has narrowed significantly among wage earners who work full time. All indicators show the same trend, the wage gap has steadily narrowed, from being around 30–35% to 13–20%, depending on what wage term is taken into account. The gender pay gap according to regular wages has, for example, more than halved.

It is interesting to note that in 2009 and 2010, the difference decreases considerably if account is taken of total wages and regular total wages in which there is less overtime income, particularly among men. This trend is comparable to that in many European countries where the gender pay gap has narrowed during the economic downturn (Eurostat). The reason is generally the same as it is here in Iceland, men have lost more income due to less work contribution (shorter working hours, increased unemployment). It appears that in the collective agreements between the social partners there is an increased tendency toward equality among men and women. Nevertheless, the wages of top management increased more than the wages of many less paid professions during the period between 1998 and 2007, which led to increased inequality of wages among professions. Thus, in part, increased inequality between professions and less difference between genders went hand in hand.

2. *Discrimination based on grounds other than sex.*

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 4.

As to discrimination on grounds other than sex, the Committee notes that there have been no changes in the situation which it previously considered not to be in conformity with Article 1§2 the Charter. It notes only that the Ministry of Social Affairs has set up a working group to look into the content of Council Directives 2000/43/EC of 29 June 2000, implementing the principle of equal treatment on grounds of racial and ethnic origin, and 2000/78/EC of 27 November 2000, establishing a general framework for equal treatment in employment and occupation. The Committee therefore concludes that the situation in Iceland is not in conformity with Article 1§2 of the Charter in this respect.

At first the Icelandic Government would like to emphasised there are important provisions in Icelandic Acts which have the aim to tackle discrimination. An important provision, the principle of equality, is in Article 65 of the Constitution of the Republic of Iceland, Act No 33/1944:

“Everyone shall be equal before the law and enjoy human rights irrespective of sex, religion, opinion, national origin, race, colour, property, birth or other status.

Men and women shall enjoy equal rights in all respects.”²

It should be noted that in the explanatory report to the bill amending the Constitution in 1995, clear reference is made to international conventions in the field of human rights as guiding principles on how the Constitution should be interpreted.

Furthermore, a discrimination on grounds other than sex is further emphasised in the Executive Procedure Act, No. 37/1993, which states the basic principle that when handling a case, government authorities are to ensure consistency and equality in the legal context. It is specifically stated that when resolving cases, it is prohibited to discriminate between parties on the basis of a position based on their ethnic origin, gender, colour, nationality, religion, political conviction, family, or other comparable considerations. The executive includes, *inter alia*, the social services, the health system, the social security system and the educational system.

Then the Icelandic legislation does provide some protection in certain fields. As an example, it can be mentioned that the Act on Working Terms and Pension Rights Insurance No 55/1980, with subsequent amendments, stipulates that the 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 employees in the relevant occupation within the area covered by the collective agreements. Contracts made between an individual employee and employer on poorer working terms than those specified in the general collective agreements shall be void.

² The Constitution of the Republic of Iceland: www.government.is/constitution

Furthermore, everybody shall have access to public labour exchange services and their programmes, which aim at increasing the vocational skills of people, as well as other public vocational training, irrespective of age, sexual orientation, religion or nationality on the basis of the Act on Labour Market Measures No 55/2006 and the principle of equality in administrative law. Furthermore, Icelandic trade unions have accepted all applications for membership to their organisations irrespective of the nationality, origin, religion or sexual orientation of the applicants, although that is not stipulated by law. On the other hand, the Act on Trade Unions and Industrial Disputes No 80/1938, with subsequent amendments, stipulates that everyone is entitled to form a trade union.

The Ministry of Welfare is working on, in co-operation with the social partners, a proposal for a new bill which is supposed to implement the two Directives 2000/43/EC and 2000/78/EC. The plan is to submit the bill to the Parliament in the Autumn 2012.

The bill will counter discrimination based on grounds such as racial or ethnic origin, disability, sexual orientation, age and religion. This will include establishing in law, definitions of direct and indirect discrimination, harassment and prohibiting victimization and incitement or instruction to discriminate. The bill will also include the strengthening of national protection as regards employment and training. This bill will also include stipulations specifically prohibiting discrimination in working life on the grounds of age, disability, religion, belief or sexual orientation.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 4.

The Committee recalls that under Article 1§2 of the Charter, remedies available to victims of discrimination must be adequate, proportionate and dissuasive. Therefore the imposition of pre-defined upper limits to compensation that may be awarded are not in conformity with Article 1§2 as in certain cases these may preclude damages from being awarded which are commensurate with the actual loss suffered and not sufficiently dissuasive. The Committee notes that Gender Equality Act No. 96/2000, as amended in 2008, makes no provision for an upper limit. The courts decide on the amount of compensation to be granted to victims of discrimination on the ground of sex. The Committee asks what the situation is as regards other types of discrimination.

Determining the amount of damages to be awarded is always the responsibility of the courts according to Icelandic law as there are no limits found in legislation on the amount of damages.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 4.

In disputes relating to an allegation of discrimination in matters covered by the Charter, the burden of proof should not rest entirely on the complainant, but should be the subject of an appropriate adjustment. The Committee notes that Gender Equality Act No. 96/2000 provides for an adjustment of the burden of proof in sex discrimination cases. Thus, if employees can provide sufficient evidence to establish a presumption of discrimination, it is for the other party to prove that there was no discrimination, as

defined in the legislation. The Committee asks what the situation is as regards other types of discrimination. The Committee points out that to ensure that the prohibition on discrimination is effective, states must allow associations, organisations or other legal entities which, in accordance with criteria set by national legislation, have a legitimate interest in ensuring compliance with equal treatment within the meaning of Article 1§2 of the Charter to seek a ruling in court that the prohibition on discrimination in employment has been infringed and to support those who consider themselves to have been victims of discrimination. It asks what the situation is in Iceland in this respect, with regard to all types of discrimination.

It is assumed that the bill to be submitted to the Althing in the Autumn 2012 to implement Directives 2000/43/EC and 2000/78/EC will contain comparable provisions on rules of evidence as may be found in the legislation on the equal status and equal rights of women and men.

II. Prohibition of forced or compulsory labour

Reference is made to the previous Government of Iceland's Reports.

III. Other aspects of the right to earn one's living in an occupation freely entered upon.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 5.

In the General Introduction to Conclusions XVIII-1, States Parties are invited to "include in their next report information allowing the Committee to assess how employees' individual dignity and freedom are protected by legislation or through case law of courts from interference in their private or personal lives that might be associated with or result from the employment relationship" (Conclusions XVIII-1, General Introduction, §37). The Committee notes that the report does not contain this information. It therefore asks for the next report to provide this information in the light of the observations on Article 1§2 in respect of the right to privacy.

In force are rules no. 837/2006, on Electronic Surveillance. The objective of these rules is to promote a balance between, on the one hand, the right to privacy, and, on the other hand, the interest of data controllers in ensuring security and reasonable monitoring of employees and other persons, subject to electronic surveillance, e.g. by regulating the use of hardware and software in the interest of the relevant activity or operation. The rules apply to electronic surveillance in the workplace, in schools, and in other areas generally traversed by a limited number of people. The rules apply irrelevant of the type of devices used, such as servers, devices to monitor telephone use, surveillance cameras, web cameras, vehicle tracking systems, positioning systems etc. The rules do not apply to devices used to monitor attendance, e.g. time sheets. Discreet surveillance is only permissible on the basis of a legal act or a court order. Electronic surveillance must be carried out for specified, explicit and legitimate purposes, such as security or property protection. Electronic surveillance shall not be excessive in relation to the purposes for which it is conducted. Privacy rights of the individuals subject to surveillance shall be respected and any unnecessary interference with their privacy shall be avoided. When determining whether to conduct electronic surveillance, it should be established that the

objectives of the surveillance cannot be reached by other, reasonable, and less intrusive means. Electronic surveillance for the purpose of monitoring workers' efficiency is subject to the condition of a specific need, e.g. if:

- a. employee supervision cannot be managed by other means; or
- b. safety of the monitored area cannot be ensured by other means, e.g. from the point of view and in the light of legislation on hygiene and pollution control;
- c. the surveillance is necessary on the basis of provisions of a wage contract or a similar agreement on terms of employment, e.g. when wages are based on performance-based or time-based systems.

Personal data collected by electronic surveillance shall only be stored if necessary for the purposes of the surveillance. Personal data, collected by electronic surveillance, shall be erased when there is no longer a reasonable need to retain them. A reasonable need can be based on provisions of law or the pending processing of data by a controller for the original purposes of the surveillance. Notwithstanding, personal data, collected by electronic surveillance, cannot be retained for a longer period of time than 90 days, unless otherwise provided for by law. That does not apply to personal data, collected by logging or stored in backup files. Neither does it apply to data to be used for the purposes of existing legal proceedings.

Personal data, collected by electronic surveillance, can only be used for the purpose of their collection and only if necessary for that purpose. They shall not be further processed or disclosed, unless the data subject gives his consent or when permitted by the Data Protection Authority. Notwithstanding, data on accidents or alleged criminal activities, can be disclosed to the police. The use of vehicle tracking systems and electronic positioning systems are only permissible in case of a specific need, e.g. significant security factors, by consent of the data subject, or according to other specific authorisation, e.g. by wage contracts or provisions of law. The use of vehicle tracking systems for the purposes of monitoring the positioning and whereabouts of drivers are subject to the condition of a specific need to reach lawful and reasonable objectives.

Private e-mail cannot be viewed except when expressly needed, e.g. in the case of a computer virus or for similar technical purposes. Data on internet browsing, connections to websites, and data volume of an employee or a student can be viewed, if there is a substantiated suspicion that the relevant individual is violating law, or rules by the employer or school authorities. In case of suspicion of criminal activities, the police should be contacted. When viewing the use of e-mail or internet, the employee or student should be notified beforehand and give the possibility to attend the viewing. That does not apply if the attendance of the individual is not possible, e.g. because of his serious illness. If the individual cannot attend the viewing he shall have the possibility of appointing a representative. At the termination of employment, an employee should be given the possibility to erase or copy e-mail not relating to the employer's activities. E-mail of students should be erased at the end of their school attendance, provided that they have had adequate time to make personal copies. Information on employees' or students' use of the internet shall not be viewed after termination of employment or end of school

attendance, unless the conditions of the rules are fulfilled, or otherwise provided by law. The controller of electronic surveillance shall adopt rules and/or provide the individuals subject to the surveillance with information, by which these rules are not referring to a notification according to Art. 48 of Act no. 81/2003 on Telecommunication. Before the provisions of such rules by the controller are applied, they shall be presented by verifiable means, e.g. at the time of signing an employment agreement.

Rules or information shall address the purpose of the surveillance, who shall have access to the collected data, and for how long the data will be retained. A wage contract or a binding agreement between the parties, ensuring the data subject further rights prevails over such rules. Otherwise, where relevant, information should be given on the following:

- a. The type of equipment used, e.g. digital cameras, vehicle tracking systems, or sound recording devices.
- b. The right to object to the surveillance and the consequences of such an objection.
- c. Access rights and the right to correction or erasure.
- d. Rules on internet use, e.g. whether it is forbidden to download and/or forward by e-mail illegal and/or pornographic material.
- e. The processing of private e-mail and other e-mail.
- f. Whether telephone use is monitored, and whether the private use of telephones is restricted.
- g. The consequences of violating rules on e.g. the use of telephones or internet.
- h. Other information, in so far as such information is necessary with regard to the specific circumstances, to enable the data subject to protect his interests.

The provisions do not apply when it is clear that the individual, subject to the surveillance, already has knowledge of the items stipulated in the rules.

A controller of electronic surveillance shall notify the Data Protection Authority of the surveillance, in accordance with Rules on the Obligation to Notify and Processing which Requires a Permit. The notification shall contain information on how the surveillance is conducted, what information has been supplied about it, and other items specified in Art. 32 of Act no. 77/2000, on the Protection of Privacy as regards the Processing of Personal Data. The subject of electronic surveillance has the right to access collected data relating to him, e.g. by listening to sound recordings, in accordance with Art. 18 of Act no. 77/2000 on the Protection of Privacy as regards the Processing of Personal Data, provided that provisions of Art. 19 do not apply. A request for such access can be submitted either orally or in writing. The controller or, where relevant, the data processor, shall provide the access as promptly as possible and no later than within a month after receiving a request according to the Article. A disagreement thereof can be resolved by the Data Protection Authority. In such cases the Data Protection Authority can order the controller to retain the data until it has reached a conclusion. The Data Protection Authority can order the cessation of electronic surveillance, violating the provision of these rules, and the erasure of the data collected by the surveillance equipment.

More information on electronic surveillance can be found on the Data Protection Authority's website: <http://www.personuvernd.is/information-in-english/greinar/nr/610>.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 5.

The Committee again invites the Government to reply to its question in the General Introduction to Conclusions XVIII-1 as to whether any legislation against terrorism precludes persons from taking up certain types of employment.

No specific legislation is in force in Iceland in respect of terrorist activities, rather penalty provisions are only to be found in the General Penal Code No.19/1940, with subsequent amendments, cf. Article 100 a-c. This states that for acts of terrorism the penalty shall be up to life imprisonment for anyone who perpetrates one or more of the violations listed therein, such as homicide, physical assault, deprivation of freedom, upsetting traffic safety or disturbing the operation of public transport, hijacking aircraft or arson, for the purpose of causing the public considerable fear or in an illegal manner forces Icelandic or foreign authorities or an international organization to do or omit something with the object of weakening or damaging the constitution or the political, economic or sociological foundations of a State or an international organization. The same applies to a person who for the same purpose threatens to commit the above violations.

1. Loss of unemployment benefits for refusal to take up employment.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 5.

The Committee considers that in general the conditions to which the payment of unemployment benefits is subject, including any obligations to take up proposed employment, should be assessed under Article 12§1 of the Charter (or Article 12§3 in the case of new developments). However, in certain cases and under certain circumstances the loss of unemployment benefits on grounds of refusal to accept proposed employment could amount, indirectly, to a restriction on the freedom to work and as such the situation would be assessed under Article 1§2 (see General introduction to Conclusions 2008, §10). The Committee has ruled that the right to earn a living in an occupation freely entered upon means that for a reasonable initial period job seekers must be able to refuse job offers that do not correspond to their qualifications and experience without risking the loss of their unemployment benefits (Conclusions 2004, Cyprus). It takes note of Unemployment Insurance Act No. 54/2006, which sets out the conditions for entitlement to unemployment benefit. It asks for this information to be included in the next report on Article 12.

Information on this material will be provided in the 26th report of the Icelandic authorities.

2. Part time work.

The Part-Time Workers Act No. 10/2004, was amended with the Act No. 85/2009. The provisions of the third and fourth paragraph of Article 2 of the Act were deleted so that the Act applies to the employees of the State and municipalities who, on the basis of

objective reasons, are paid hourly rates on the basis of collective agreements, the decision of the authorities or according to tradition, as well as those who engage in work on the basis of basic education and study contracts or an employment relationship that is part of a training, adaptation or life-long learning programme that enjoys the support of public entities.

Table 7. Average working hours of women and men, 2007-2010

	2007	2008	2009	2010
Total, hours	41,9	41,6	39,6	39,5
Men	46,9	46,2	43,8	43,6
Women	35,6	35,8	34,9	34,8

Source: Statistic Iceland.

There was a slight reduction in the number of working hours of both men and women during 2006 and 2007, according to information from Statistics Iceland. The information states that the average working week for people aged 16–74 on the Icelandic labour market was 42.2 hours per week in 2005, as compared to 41.9 hours in 2007. According to information from Statistics Iceland, the average working week on the domestic labour market has shortened even further, as it was 41.6 hours per week in 2008, 39.6 in 2009 and 39.5 in 2010. On average, men worked 46.2 hours per week in 2008. This number had fallen to 43.8 hours per week in 2009 and 43.6 hours per week in 2010. Working hours among women, on the other hand, were on average 35.8 per week in 2008 and then fell to 34.9 in 2009 and to 34.8 in 2010. The number of working hours has therefore remained almost stable between the years 2009 and 2010, among both men and women, having fallen by just under two and half hours for men between 2008 and 2009 and just under an hour for women during the same period. If account is taken of the working hours of only those who work full time, the average working hours per week was 46.3 hours in 2008, whereof men were working 48.9 hours per week while women were working 42.0 hours per week. In 2009 and in 2010, the average working hours per week for workers in the labour market working full time was 44.8 hours. The average working hours among men working full time in 2010 was 47.0 hours while women worked 41.3 hours. This comparison indicates that the working hours of those active in the labour market, and who are working full time, are fewer per week, both among men and women. Moreover, it appears that women working full time work fewer hours per week than men on average, although this difference has narrowed when the figures from 2008 and 2010 are compared.

Those who commonly work less than 35 hours a week are considered to be engaged in part-time work. In recent years, more women than men have been employed part-time. According to information from Statistics Iceland, 38,000 persons were employed in part-time work in 2008, of which 9,700 were men and 28,300 were women. In 2009, the number of people working part-time had risen to 40,500, or 11,200 men and 29,400 women. The number of men had risen slightly more than women between the years 2008 and 2009. In 2010, there were 42,500 people working part-time in the Icelandic labour market. Of this figure 12,200 were men and 30,300 were women. A large majority of the

women employed part-time in 2010, or 16,100, were aged between 25 and 54. In comparison there were 16,700 women in the same age bracket employed in part-time positions in 2007, so there has been little change in this respect. Men who were employed part-time during 2010 were most numerous in the age bracket between 16 and 24, or 5,000. Their division between age groups, however, is more even than among women. In comparison, 3,100 men aged 16 to 24 worked part-time in 2007.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 4-5.

The Committee recalls that under Article 1§2 of the Charter, States Parties may make foreign nationals' access to employment on their territory subject to possession of a work permit but they cannot ban nationals of States Parties, in general, from occupying jobs for reasons other than those set out in Article 31 of the Charter. Restrictions on the rights embodied in the Revised Charter are only acceptable if they are prescribed by law, serve a legitimate purpose and are necessary in a democratic society to safeguard the rights and freedoms of others or protect the public interest, national security, public health or morals. The only jobs from which foreigners may be banned therefore are those that are inherently connected with the protection of the public interest or national security and involve the exercise of public authority. Under the Civil Servants' Rights and Obligations Act (No. 70/1996), staff recruited for more than one month must have Icelandic nationality or be nationals of one of the States Parties to the Agreement on the European Economic Area (EEA) or the European Free Trade Association (EFTA), although exceptions may be made for other nationals. The report seems to indicate that this condition applies to all civil service posts, whether or not they involve exercising public authority. The Committee requests confirmation that this is the case. In its previous conclusion (Conclusions XVIII-1), the Committee noted that it was necessary to be an Icelandic national or the national of a State Party to the Agreement on the EEA to obtain a licence to practise as a pharmacist, be employed as a teacher or head in a junior school or be granted a licence to operate an industrial, craft or factory facility. In respect of operating licences for pharmacists or the operation of an industrial, craft or factory facility, exceptions could be made where the individual had been residing in Iceland for more than one year; exceptions could also be made for junior school teachers and heads, but only in specific circumstances.

Civil Servants:

According the second paragraph of Article 20 of the Constitution, no person may hold public office unless he or she has Icelandic nationality. Persons considered to hold public office are listed in Article 22 of the Civil Servants' Rights and Obligations Act No. 70/1996 and are as follows:

- The Head of Staff of the Althingi, the State Auditor General, the Ombudsman of the Althingi.
- The Secretary to the President, Permanent Secretaries of ministries, directors in ministerial offices, ambassadors and counsellors in the foreign service.
- Justices of the Supreme Court, Secretary to the Supreme Court and regional court judges.
- The Bishop of Iceland, ordainment bishops, provosts and ministers of the church.

- The Director of Public Prosecutions, the Deputy Director of Public Prosecutions and other prosecutors.
- The Solicitor General, the State Mediator and the Ombudsman for Children.
- District magistrates, the State Police Chief and Deputy State Police Chiefs, the Police Chiefs and the Deputy Police Chiefs, the Head of the State Police Academy, the director of the Directorate of Immigration and police officers.
- The State Director of Customs, the Reykjavík Director of Customs and customs officers.
- The State Director of Prisons, prison directors and prison wardens.
- The Director of Internal Revenue, the Director of Tax Investigations and full-time members of the Appellate Tax Committee.
- The State Veterinarian.
- Heads of state agencies and state enterprises not listed above.

According to item 4 of the first paragraph of Article 6 of the Civil Servants' Rights and Obligations Act No. 70/1996, Icelandic citizenship is a condition for being appointed or hired to a government position. However, it is not an absolute condition that applicants applying for work governed by the Civil Servants' Rights and Obligations Act must have Icelandic citizenship, as the provision permits exemptions, cf. the same provision.

Pharmacists:

A new Act No. 34/2012 on Healthcare Workers, which also applies to the work carried out by pharmacists, will enter into force on 1 January 2013. A separate regulation will be issued at the same time and will address the education, rights and obligations of those who are granted an operating licence as a pharmacist in Iceland. Neither the Act nor the regulation contain any condition of pharmacists having to be Icelandic nationals. On the Act's entry into force the older Pharmacists Act No. 35/1978 will be repealed.

Teachers:

According to Act No. 87/2008 on the education and employment of teachers and administrators at pre-schools, junior schools and upper secondary schools, pre-school, junior school and upper secondary school teachers do not need to be Icelandic nationals to be entitled to use the professional title teacher as was obligatory under the older law. Furthermore, the Act does not require applicants applying for a management position in a pre-school, junior school or upper secondary school to be Icelandic nationals.

The Industrial Act

The Industrial Act from 1978 is still in force and its provisions in this respect, therefore, remain in effect.

A foreign citizen having legal domicile in Iceland and having had this uninterrupted for at least a year shall, however, be exempted from the condition for Icelandic citizenship, as provided for in the second sub-paragraph, item 1 of Article 3 of the Industrial Act, so that such person need not specifically apply for the exemption.

Foreign nationals who are not nationals of the European Economic Area member states, from Switzerland or the Faeroe Islands, and who do not have legal domicile in Iceland or have had legal domicile in Iceland for less than one year, can apply for a permit to work in a regulated branch of industry in Iceland on the basis of overseas technical education. The person in question shall apply for official recognition of his/her qualifications and experience from the Ministry of Education, Science and Culture and the ministry will provide an opinion on the application. On receiving a positive opinion from the Ministry of Education, Science and Culture, the district magistrate in the region where the applicant lives will confirm the legitimacy of the submitted documentation and will issue a special permit, as provided for in Regulation 585/2011 on the recognition of qualifications for working in regulated trades in Iceland.

According to Article 4 of the Industrial Act, a company or other legal persons do not need to fulfil the conditions of item 1 of Article 3 as regards Icelandic citizenship. Instead they need only fulfil the conditions set in items 2 – 6 of Article 3. However, in the event of a foreign national or an Icelandic entity in which a foreign national has a shareholding, the conditions set by the Act on investments by non-residents in business enterprises must be fulfilled.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 5.

The Committee notes that Act No. 112/1984 on the Employment Rights of Deck Officers on Icelandic Vessels and Act No. 113/1984 on the Employment Rights of Engineers and Mechanics on Icelandic Vessels were repealed, outside the reference period, by Act No. 30/2007 on the Crews of Icelandic Fishing Vessels, Coastguard Vessels, Pleasure Craft and other Vessels. The clause under which nationality of Iceland or one of the States Parties to the Agreement on the European Economic Area (EEA) or the European Free Trade Association (EFTA) is required to work on Icelandic vessels as a deck officer or engineer was not changed however. The Committee asks again why it is necessary to have Icelandic nationality to work as a deck officer or engineer on board an Icelandic vessel. It does note, however, that section 10 of the new Act allows foreign licences to be recognised as a basis for employment on Icelandic vessels.

Paragraph 1 of Article 8 of Act No. 30/2007 provides for the requirements for the issue of certificates of competency by the Icelandic Maritime Administration (IMA), i.e. to Icelandic citizens fulfilling the specified requirements. Citizens of other states are eligible for the issue of certificates of competency in their respective states of citizenship, e.g. Norwegian citizens in Norway and Danish citizens in Denmark and so on.

However, if a foreign national wishes to work on board a ship registered in Iceland, he/she must submit a certificate of competency issued in the country of origin to verify the certificate of competency. IMA seeks confirmation of the certificate of competence with the maritime authorities in the issuing state. Subsequently, the IMA issues an endorsement attesting the issue of a certificate to the applicant. In this respect, there are no requirements for Icelandic citizenship. As provided for in paragraph 4(d) of Article 8 of the Act, this requirement is only applicable with regard to the master. These provisions

are in full compliance with International Conventions adopted by the IMO, i.e. the STCW Convention and STCW-F Convention.

Article 1§3 – Free placement services

The Act on Labour Market Measures, No 55/2006, applies to the labour exchanges services. According to the Act the Minister of Welfare shall exercise overall supervision of labour market measures. Labour exchange services in the sense of the Act on Labour Market Measures, are one aspect of the labour market measures. Such measures include assessing the abilities of job seekers and organising remedies designed to enhance the job seeker's capacity for work, as provided for in the second paragraph of Article 1 of the Act. The Directorate of Labour shall maintain a register of job vacancies on offer in Iceland, which constitutes a single employment area.

The object of the Act on Labour Market Measures is to provide individuals with the appropriate assistance to be active participants in the labour market for their own and the community's benefit, as well as to encourage a balance between supply and demand for labour in Iceland. This is why every effort is made to view those who seek the services of the Directorate of Labour as active job seekers and it underlines how important it is to find successful ways to ensure that as many as possible become active in the labour market again. Furthermore, the goal is to ensure that as many as possible who have lost their jobs remain out of work for as short a time as possible given the well-known negative consequences of long-term unemployment.

In light of this, the labour exchange service is a key aspect in supporting the success of active labour market measures, even if the length of time from when a job seeker requests the services of the Directorate of Labour until labour exchange services are provided may vary. Some require considerable assistance before being provided with direct labour exchange services, while others receive immediate assistance in their job search when they request the services from the Directorate. It should be noted that applications for unemployment benefits include applications for participation in labour market measures, as provided for in Article 9 of Act No. 54/2006 on Unemployment Insurance.

The provisions of Article 10 of the Act on Labour Market Measures specifically provide for labour exchange services. The article states that the Directorate of Labour must maintain a register of job vacancies on offer in Iceland, which constitutes a single employment area. Records in the register shall include details of what the job involves, the demands made of applicants and other matters of significance. Moreover, the Directorate of Labour shall also make information on job vacancies available to job seekers and help them find suitable jobs. For the purpose of ensuring equal access to information on available jobs and thereby ensure equality among job seekers that have requested the services of the Directorate of Labour, as provided for in Article 11 of the Administrative Procedures Act No. 37/1193, the Directorate has placed information on its website regarding available positions of which it has been notified by employers. When a job seeker is considered to meet the requirements stated in the job description of an available position, the Act assumes that the Directorate of Labour will provide assistance in establishing contact between the job seeker and the employer who is looking for a

worker. Furthermore, the Act seeks to ensure that the Directorate of Labour will assist employers who seek general information about the labour supply or assistance with engaging workers.

The object of this statutory service provided by the Directorate of Labour, therefore, is mainly to encourage those who have for some reason left the labour market to remain active job seekers, as it is clear that the success of labour market measures would be severely limited if there were not easy access to information on the jobs currently available. Inevitably this involves services to employers seeking workers to employ. It is, moreover, always the objective of the Directorate of Labour's labour exchange services to make every effort to ensure that recruitments lead to the permanent employment of the job seeker as this is seen to be to the benefit of all parties. Moreover, the Act assumes that in the organisation of labour market measures, the Directorate of Labour will examine what the job prospects are on the Icelandic labour market, as it is necessary to organise labour market measures based on the actual opportunities of individuals obtaining suitable employment. Such an assessment is based on information on the number of available jobs in the domestic labour market. To ensure that the goals of the Act on Labour Market Measures are achieved, the focus is on ensuring that the services provided by the Directorate of Labour to both job seekers and employers are free of charge, as provided for in Article 16 of the Act.

Article 19 of the Act provides for private labour exchanges, stating that enterprises, individuals and non-governmental organisations may act as intermediaries regarding employment engagements, providing that this is done at the employer's expense. The Ministry of Welfare has not been entrusted with specifically monitoring the work of privately operated labour exchanges. However, in the event that they violate the above rules, they may be subject to fines.

The total number of those who registered with the public regional labour exchanges in 2007 was 7.190, in 2008 the number was 15.163, in 2009 the number was 33.678 and in 2010 the number was 29.737. A large proportion of these people were unemployed and received unemployment benefit.

In 2007, a total of 4834 vacancies were reported to the public labour exchanges; this number was 4221 in 2008, rose to 6659 2009 and 2010 was 3348. The number of job engagements handled by the public labour exchanges in 2007 came to 791; in 2008 the number was 688, in 2009 was the number 2193 and 2010 it was 1992. Engagements in positions are only recorded where it is known with certainty that the individual concerned accepted the position; it may also be assumed that some people receive jobs through the services of the public regional labour exchange without this being reported to the labour exchange. The services of the public labour exchanges are free for both job-seekers and employers.

Article 1§4 – Vocational guidance, training and rehabilitation.

Adult and continuing education came under one single ministry in 2010, the Ministry of Education, Science and Culture.

Iceland has taken part in the Lifelong Learning Programme (LLP) since 2007, when the programme was established, and complies with the Decision of the European Parliament No. 1720/2006/EC on establishing an action programme in the field of lifelong learning. Iceland operates a national body for the lifelong learning programme. The body manages and handles presentations of LLP sub-programmes such as Comenius, Erasmus, Leonardo and Grundtvig. All universities in Iceland, and most of the junior and upper secondary schools, have taken part in projects run by the LLP. Iceland also participates in the European Centre for the Development of Vocational Training (CEDEFOP) as an observer and in the Advisory Committee on Vocational Training (ACVT).

The Iceland 2020 policy statement, which is meant to guide policy planning within the government over the next years, identifies a number of key challenges related to employment policy and measures necessary to address them. Unemployment soared in the wake of the financial collapse in 2008, particularly among the young and less educated. Long-term unemployment is a growing challenge, as well as difficulties related to people living on benefits for long periods of time. This cannot be prevented without targeted measures and major efforts to guarantee a broad range of study and continuing education opportunities, as well as flexibility and security on the labour market. It is crucial to ensure that these groups are given access to schooling or other forms of education, continuing education and support to prevent long-term unemployment from taking hold. The policy statement sets out objectives aimed at reducing the unemployment rate to less than 3% by 2020 as well as to reduce the percentage of Icelanders aged from 20-66 without any formal secondary education from 30% to 10% with emphasis put on vocational education and job-training. In addition, a project with the aim to increase the efficiency of the adult education system for unqualified workers to improve their employability has been approved as part of the IPA National Programme 2011.

Iceland has been reviewing its educational system during the last years and it was decided to aim at Lifelong Learning as a national strategy. This strategy is in line with the Lifelong Learning Strategy European countries are following to form a European Education Area where each education system retains its distinctive characteristics, but where students will find it easy to have their education evaluated between countries.

Adult Education

The educational opportunities provided by public authorities are open to all, although with certain restrictions in some cases. They are intended to serve everyone according to their needs, especially young school leavers and adults who want to improve their basic education, general knowledge or professional capabilities, or who want to cultivate their hobbies.

Upper secondary schools are allowed to offer special programmes, including evening classes for students who are unable to avail themselves of regular instruction at the upper secondary schools but wish to complete studies comparable to the programmes offered by them. The evening programmes offered are comparable to those of the day school, but the students get half the number of lessons. In those upper secondary schools which offer adult education programmes through evening school there is a unit-credit system.

Students that drop-out of school or leave school temporarily have various opportunities to re-enter the school system. There is no age limit to students entering upper secondary school. Some schools have programs in the evening for mature students in employment. There are also schools that offer e-learning distance courses. The vocational programs are flexible, allowing students to incrementally add their qualifications.

The Ministry of Education, Science and Culture issues a national curriculum guide for upper secondary schools, which also applies to adult education. Some of the higher education institutions offer courses in adult and continuing education. Upper secondary and higher education institutions have in recent years increasingly been offering distance education courses.

Upper secondary schools can in cooperation with bodies such as municipalities, employers and trade unions, organizations, companies and other groups establish lifelong learning centres to provide courses and counselling for a particular geographical region in the country. Nine lifelong learning centres have been established, with one in each of the main regions of the country as well as one in the capital. The lifelong learning centres provide educational opportunities to where the participants actually live. The centres have also been providing for distance education at the higher education level. Evening schools run by the municipalities offer hobby-related courses as well as courses for employees that relate to their work, preparatory courses for upper secondary schools and courses in Icelandic as a second language for immigrants.

No particular academic preparation has been required for adult education programs at the upper secondary level. Schools are allowed to evaluate previous studies and give credits that count towards the completion of studies. Validation of non-formal education has increasingly been accepted. Admission requirements for adults at the higher education level vary. Most often students are required to have passed the matriculation examination or have comparable education. However, in certain cases, the work experience of the applicant is taken into consideration.

Courses in Icelandic as a second language for adult immigrants are organised by various actors, such as lifelong learning centres, municipal schools and companies. The Ministry of Education, Science and Culture has issued a guide on the teaching of Icelandic as a second language for adults. As a general rule, qualifications achieved by adults through participation in formal adult education are equivalent to those in mainstream education. This relates to all educational levels.

Stakeholders in the labour market have in recent years placed emphasis on increased access to education for those who have no qualifications. Validation of non-formal education is an emerging phenomenon in Iceland. Provision in the Upper Secondary School Act of 2008 stipulates the students right to validation of non-formal education.

Vocational education

In the year 2008 there was a total of 25,590 students in upper secondary education. That same year 33.9% of the upper secondary students were studying in vocational programs. In 2007, 27.9% of the adult population (25 – 64 years old) participated in lifelong learning, or an estimated 46,500 adults. These figures are based on Labour Force Survey figures and include those that received education or training in the four week period preceding the survey and include both those that are studying within the formal education system and non-formal education. In the formal, i.e. upper secondary and tertiary levels, there were 17,055 students in the age group 25 – 64 years of age. This means that approx. 28,000 adults, or 17.3%, were in adult education or training (non-formal) in 2008.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 6.

The Committee refers to its conclusion under that article, in which it concludes that the situation in Iceland is not in conformity on the ground that there is no legislation explicitly protecting persons with disabilities from discrimination in education and training. The Committee is concerned here only with vocational guidance and continuing vocational training in view of the fact that Iceland has not accepted Articles 9 and 10§3 of the Charter. Where one or two of the three provisions has not been accepted, the Committee deals with the following questions under Article 1§4, looking in turn at guidance, continuing training and the guidance and training of persons with disabilities:

- the existence on the labour market of vocational guidance and training services for employed and unemployed persons and guidance and training aimed specifically at persons with disabilities;*
- access: how many people make use of these services;*
- equal treatment of foreign nationals, nationals of other States Parties and persons with disabilities.*

The Ministry of Welfare is working on, in co-operation with the social partners, a proposal for a new bill which is supposed to implement the two Directives 2000/43/EC and 2000/78/EC. The plan is to submit the bill to the Parliament in the Autumn 2012.

The bill will counter discrimination based on grounds such as racial or ethnic origin, disability, sexual orientation, age and religion. This will include establishing in law, definitions of direct and indirect discrimination, harassment and prohibiting victimization and incitement or instruction to discriminate. The bill will also include the strengthening of national protection as regards employment and training. This bill will also include stipulations specifically prohibiting discrimination in working life on the grounds of age, disability, religion, belief or sexual orientation.

In other respects reference is made to information on active labour market measures under the first paragraph of Article 1 and Article 15 of this report.

The Adult Education Act No. 27/2010

The Adult Education Act No. 27/2010 entered into force on 1 October 2010. The Act covers the organisation of adult education by education and training providers that receive accreditation based on the Act. The Minister of Education, Science and Culture is responsible for the overall management of continuing education issues, while the Education and Training Centre and lifelong learning centres are largely responsible for its implementation. The Act lays the foundation for a comprehensive system of lifelong learning. The system assumes the use of accredited curricula and course descriptions and that accredited parties provide the education and training. The accreditation provides confirmation that the education fulfils general requirements relating to the organisation and quality of the teaching, together with the specific requirements made each time as regards the substance of the education. This system is based on the system that has developed in Iceland in recent years in the co-operation between the government and entities the social partners on the employment market. Furthermore, the Act applies to the State Treasury's participation in the cost of implementing the continuing education.

A special Education and Training Fund is operated on the basis of the Act. The object of the Fund is to encourage educational opportunities in the field of lifelong learning and to enable applicants to take advantage of such opportunities. The income of the Education and Training Fund is in the form of a contribution as decided by the Althingi in the state budget.

The Adult Education Act adds a fifth base support to the educational system, i.e. continuing education that juxtaposes the four main educational levels; pre-, junior, upper secondary and university. The Act contains a clear regulatory framework for adult education. The term adult education includes any form of education intended to meet the needs of individuals with short formal education and is not organised on the basis of legislation on upper secondary schools and universities. The object of continuing education according to the Act is as follows:

- a. to provide increased opportunities for active participation in society to individuals with short formal education,
- b. to provide suitable education and training opportunities to participants on the labour market, who have short formal education, and enable them to recommence their studies,
- c. to provide individuals with a way to increase their vocational skills and enhance their responsibilities in that respect,
- d. to create the necessary scope and solutions to meet the demands of industry for increased knowledge and competences of employees,
- e. to provide adult education to individuals with reduced educational and professional opportunities, taking into account their competences and unequal situation,
- f. to support the recognition of the value of education and training that is acquired outside of the formal education system,

- g. to promote that education and training acquired outside of the formal education system is judged on merit, and
- h. to increase the general educational level and strengthen the Icelandic education system.

The Act marks the final step in the overall review of the legislation which apply to the Icelandic educational system, with the goal of creating opportunities for individuals to have access to education for the duration of their life. The idea of lifelong learning is the thought that if an individual is to be capable of living and working in a modern democratic society that is constantly changing, he or she must have the opportunity and the ability to re-educate himself/herself at any time. Lifelong learning is about looking at the educational system as a whole, from pre-school to university, to continuing education and to informal education that takes place outside the school system, and the capability and skills that an individual adopts in life and in work.

Public contributions that fall under the definition of adult education have, overall, increased substantially in recent years. In order to facilitate the agreement between the Icelandic Confederation of Labour (ASÍ) and the Confederation of Icelandic Employers (SA) for the extension of collective agreements, the Government has repeatedly approved increased contributions to adult education. According to the 2009 State Treasury's Budget, approximately ISK 428m went to the basic operation of lifelong learning centres, 88.5m to the basic services of the Education and Training Centre and 635.1m for educational courses and competence assessments together with study and employment counselling provided by lifelong learning centres.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 6.

In its last conclusion (Conclusions XVIII-2), the Committee noted that continuing education was available from lifelong learning centres, the University of Iceland's institute of continuing education and the business sector education centre, in collaboration with the industrial training centre. It asked how many people received vocational guidance. In answer, the report says that there is no information on the number of beneficiaries and an examination must be made of the best way of assembling the relevant data. The Committee emphasises the need for relevant information in order to assess the situation and asks for this information in the next report.

Continuing Education - University of Iceland

Since establishment in 1983, the institute has been the biggest provider of CE (continuing education) in the country and has offered ambitious courses and certificate programs at academic level. Numbers of courses and participants have grown year by year. Around 400 short courses and study programs are held yearly.

There is a variety of daytime, evening, and weekend courses and subjects range from vocational refresher and update courses, personal development to general interest courses in languages, literature, philosophy, the Icelandic sagas, geography and history among others.

The institute has a close cooperation with a variety organisations outside the University such as with employers' federations, enterprises and research and cultural institutions. Thus the institute works actively in bringing together the academic and the professional fields with the aim of improving the educational level for adults.

The CE-institute is self-financed. Participants pay tuition fees in accordance to the length and the cost of the course. A number of experienced project-leaders and administrators organize courses and supply teachers and participants with services. The institute has in recent years placed increased emphasis on offering longer courses and programmes ranging from 1-3 semesters.

Table 8. Total number of students in Continuing Education – University of Iceland 2007–10

	2007	2008	2009	2010
Number	7,007	6,990	8,195	7,521

The Education and Training Service Centre and lifelong learning centres.

The Education and Training Service Centre (*Fræðslumiðstöð atvinnulífsins*) was established in December 2002 by the Icelandic Confederation of Labour (ASÍ) and the Confederation of Icelandic Employers (SA) and is since 2010 also owned by the Federation of State and Municipal Employees, the Association of Local Authorities in Iceland and the Ministry of Finance.

The role of the Centre is to be a collaborative forum of the founding parties for adult education and vocational training in cooperation with other educational bodies operating under the auspices of the member associations.

The Centre operates in accordance with its Articles of Association and a service agreement with the Ministry of Education, Science and Culture. The Centre targets those who have not completed the upper secondary level of education. This target group comprises 35% of people in the labour market, although the ratio varies between years and regions. The objective is to enable individuals who have not graduated from the upper secondary level to obtain an education and improve their position in the labour market.

The Centre is i.a. funded by public funds in accordance with a service agreement with the Ministry of Education, Science and Culture and shall operate for the benefit of the public irrespective of residency. All projects and their implementation must be in accordance with the Articles of Association of the Education and Training Centre and the service agreement with the Ministry of Education, Science and Culture. The State Treasury's contribution to the Education and Training Centre has progressively risen in recent years. In 2008, the Treasury's contribution was ISK 359,685,813, in 2009 it was ISK 569,283,342 and in 2010 it was ISK 757,011,358.

In 2007, 1,375 individuals participated in a total of 100 accredited courses held by the Education and Training Centre in various parts of Iceland. Local lifelong learning centres were responsible for hosting the courses. Of the participants, 86% were women and 14% were men. In 2008, 1,509 individuals participated in a total of 118 accredited courses held by the Education and Training Centre in various parts of Iceland. Of the participants, 80% were women and 20% were men. In 2009, 1,973 individuals participated in a total of 168 accredited courses held by the Education and Training Centre in various parts of Iceland. Of the participants, 73% were women and 27% were men. There were proportionately more participants who lived outside the greater Reykjavík area (62%) than within (38%) in 2009, while in 2008 the division was equal.

The number of participants in accredited courses held by the Education and Training Centre increased even further in 2010 when 2,398 persons took part in 195 courses of study. Women continued to form the majority (68%), while men were 32%. The number of participants living outside the greater Reykjavík area also rose proportionately (67%), while participants in the greater Reykjavík area were 33%. The number of participants grew in all lifelong learning centres between 2009 and 2010, with one exception.

Article 9

Iceland has not ratified Article 9 of the European Social Charter.

Article 10

Iceland has not ratified Article 10 of the European Social Charter.

Article 15

The right of physically or mentally disabled persons to vocational training, rehabilitation and social resettlement.

Article 15§1 – Education and training of persons with disabilities.

Act No. 59/1992 on the Affairs of People with Disability, with subsequent amendments, was amended in December 2010, cf. Act No. 152/2010, when the professional and financial responsibility for the implementation of services to the disabled was transferred from the state to the municipalities. The Minister of Welfare continues to have overall authority for the affairs of people with disabilities and is responsible for policy formulation within the field.

The aim of the Act is to ensure people with disability equality of rights and a standard of living comparable with that of other citizens, and to create conditions in which they are able to live a normal life, as provided for in Article 1 of the Act. In the application of this Act, consideration shall be given to the international obligations which the Government of Iceland has undertaken, and in particular the UN Convention on the Rights of Persons with Disabilities. Furthermore, the Government shall guarantee that the national federations of people with disabilities and their constituent associations will have an influence on policymaking and decisions regarding the affairs of people with disabilities.

According to the explanatory notes to Article 1 of the legislative bill No. 152/2010 on the amendment to Act No. 59/1992 on the Affairs of People with Disabilities, the provision that consideration must be given to the international obligations that the Government of Iceland has undertaken, and in particular the UN Convention on the Rights of Persons with Disabilities, is stated more clearly. The Minister of Social Affairs at that time signed the Convention on behalf of the Icelandic Government on 30 March 2007 and preparations for its ratification are currently underway. Moreover, the Government plans to propose to the Althingi that the Convention is incorporated into Icelandic legal order in its entirety.

In June 2012, the Althingi approved the Minister of Welfare's motion for a parliamentary resolution concerning an action plan for the affairs of people with disabilities to the year 2014. The motion states that the focus is on human rights and the prohibition of discrimination on the basis of disability and that it is recognised that the term disability is a concept undergoing evolution and change and it should be recognised that disability arises in the interaction between people with reduced function, their environment and attitudes which prevent full and active participation in society on an equal basis with others.

The parliamentary motion contains policies in the affairs of people with disabilities 2012–2020, which state that Icelandic society must be based on respect for diversity and recognition of people with disabilities as an integral part of human diversity and human nature. It must be ensured that people with disabilities enjoy all human rights and freedoms as fully and equally as others, they must be ensured protection and freedom to enjoy such rights and that their human dignity must be respected.

People with disabilities must be ensured equality and comparable living standards as those enjoyed by other members of society and ensured conditions to lead a normal life. To this end, steps should be taken to combat poverty and social exclusion. People with disabilities must have the same right as others living in Iceland to maintain their dignity and self-determination, equality and consensus. People with disabilities will thereby enjoy the benefits of all general measures taken by the government which are designed to promote equality, such as in the field of housing, education, social security and employment.

Furthermore, the Althingi resolved that employment on the labour market promotes the financial independence of individuals, supports personal development and combats poverty. Projects with the goal of making places of work accessible, to support people with disabilities in the labour market and increase their access to the labour market are to be carried out to raise the quality of life. Support of people with disabilities in the labour market involves assistance that is based on experience and knowledge. The Icelandic authorities are to establish the goal that 85% of people with disabilities of working age have employment, be involved in activation measures or be in a study programme, by the end of 2014.

Among the areas the action plan focuses on are the educational and employment opportunities of people with disabilities, access, equality and participation. All these focus points intertwine and are intended to promote better access to different educational bodies and job opportunities in working place on the labour market.

The proportion of recipients of disability benefit and rehabilitation grants, and disability grant recipients, of the total population rose slightly from 2007 to 2010. In 2007 the proportion was 7.2% of the population aged 16–66 years, in 2008 it was 7.4% and in the years 2009 and 2010 it was 7.7%. After seeing rather rapid increase of recipients of disability benefits and rehabilitation grants, and disability grant recipients during 2005 and 2006 noted in the last report the proportion of the total population seems to be increasing still, albeit at a slower pace.

Table 9. The number of persons between ages of 16 and 67 with disability status in Iceland in the period 2007-2010.

Year	2007	2008	2009	2010
Disability ($\geq 75\%$)	13,616	14,103	14,507	14,714
Disability (50-74%)	668	651	719	713
Rehabilitation	942	1,137	1,240	1,082
Total	15,226	15,891	16,466	16,509

Source: State Social Security Institute.

Table 10. The number of persons with disabilities ($\geq 75\%$) by gender for the years 2007-2010.

	2007	2008	2009	2010
Males	5,287	5,473	5,603	5,689
Females	8,329	8,630	8,904	9,025
Total	13,616	14,103	14,507	14,714

Source: State Social Security Institute.

Table 11. Total expenses for persons with disabilities in Iceland for the years 2007-2010 (ISK millions)

	2007	2008	2009	2010
<i>Cash Benefits</i>				
Social security scheme – basic pension	13,733	17,187	20,708	20,442
Compulsory private pension funds	8,001	10,087	13,202	13,278
Disability pension, total	27,020	33,595	41,823	41,283
Long-term occupational injury insurance				
Cash benefits, total	27,020	33,595	41,823	41,283
<i>Services</i>				
Rehabilitation and employment for the disabled	1,092*	1,585	1,964	1,713
Residential homes and flats for the disabled	5,908	6,332	7,125	7,765
Home-help services for the disabled	692	1,997	1,128	774
Other services to persons with disabilities	2,590	2,977	3,070	3,241
Services, total	9,190	11,306	11,323	11,780
Total spending	36,211	44,901	53,146	53,603

* Other services include vehicle allowances for persons with disabilities and spending by local authorities on services to motor-impaired and the disabled.

Source: Statistic Iceland

Table 12. Residents with disability assessment aged 18–66 (20/20 Objective 1)

	2007	2008	2009	2010
Disability pension recipients in Dec.	13,616	14,103	14,507	14,714
Individuals with disability assessment, without disability benefits due to stay in medical facility, but receive daily allowances in Dec.	220	209	180	161
Total payments in December	13,836	14,312	14,687	14,875
% of population at year end	6.5	6.6	6.9	7
Persons with disability assessment without payment in Dec. due to income	482	532	800	892
Total registered at Social Insurance Administration in Dec.	14,318	14,844	15,487	15,767
% of population at year end	6.7	6.9	7.3	7.4

Source: Statistics Iceland

Table 13. Number of person with disabilities provided with a variety of solutions

	2007	2008	2009	2010
<i>No. of disability pensioners</i>	<i>13,616</i>	<i>14,103</i>	<i>14,507</i>	<i>14,714</i>

Source: Statistics Iceland

Table 14 . Invalidity pensioners, male and female recipients divided by age group in 2007.

<i>Age</i>	<i>Invalidity pensioners</i>		<i>Percent of population 16 - 66 years old</i>	
	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>
16 - 19 yrs.	142	92	1.5%	1.0%
20 - 24 yrs.	243	234	2.1%	2.2%
25 - 29 yrs.	302	388	2.4%	3.4%
30 - 34 yrs.	330	535	2.8%	5.0%
35 - 39 yrs.	380	651	3.4%	6.3%
40 - 44 yrs.	530	939	4.5%	8.4%
45 - 49 yrs.	646	1069	5.5%	10.0%
50 - 54 yrs.	738	1149	6.9%	11.7%
55 - 59 yrs.	725	1236	8.1%	14.6%
60 - 64 yrs.	901	1404	12.7%	20.7%
65 - 66 yrs.	350	632	16.2%	28.4%
Total 16 - 66 yrs.	5,287	8,329	4.8%	8.2%

Note:
Number of recipients/pensioners in December.

Source: Social Security Administration.

Table 15. Invalidity pensioners, male and female recipients divided by age group in 2009

<i>Age</i>	<i>Invalidity pensioners</i>		<i>Percent of population 16 - 66 years old</i>	
	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>
16 - 19 yrs.	164	94	1.7%	1.0%
20 - 24 yrs.	293	249	2.5%	2.2%
25 - 29 yrs.	302	388	2.8%	3.7%
30 - 34 yrs.	330	535	3.1%	5.2%
35 - 39 yrs.	380	651	3.5%	6.7%
40 - 44 yrs.	530	939	4.7%	8.9%
45 - 49 yrs..	646	1069	5.8%	10.2%
50 - 54 yrs.	738	1149	7.1%	12.0%
55 - 59 yrs.	725	1236	8.6%	14.9%
60 - 64 yrs.	901	1404	12.1%	20.8%
65 - 66 yrs.	350	632	16.6%	26.8%
Total 16 - 66 yrs.	5,603	8,904	5.2%	8.3%

The School System.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 8.

In its previous conclusion (Conclusions XVIII-2), the Committee concluded that the situation in Iceland was not in conformity with Article 15§1 of the Charter on the grounds that there was no anti-discrimination legislation in the field of education and training. The Committee explained that the existence of non-discrimination legislation is an important tool for the advancement of the inclusion of children with disabilities into general or mainstream educational schemes. Such legislation should, as a minimum, require a compelling justification for special or segregated educational systems and confer an effective remedy on those who are found to have been unlawfully excluded or segregated or otherwise denied an effective right to education. Legislation may consist of general anti-discrimination legislation, specific legislation concerning education, or a combination of the two (Conclusions XVIII-2, General Introduction, Statement of Interpretation of Article 15§1). The report informs that a working group appointed by the Minister of Social Affairs is expected to submit proposals on anti-discrimination legislation in summer 2008. While asking to be informed about the result of this initiative, the Committee concludes that the situation continues not to be in conformity with the Charter in this respect.

According to Article 65 of the Icelandic constitution, everyone shall be equal before the law and enjoy human rights irrespective of sex, religion, opinion, national origin, race, colour, property, birth or other status. Men and women shall enjoy equal rights in all respects.

The Althingi passed a new Act No. 91/2008, the Compulsory School Act, which entered into force on 1 July 2008. According to Article 24 of the Act, in devising the national curriculum, in the organisation of study and instruction and in producing and selecting study material, special effort shall be made to ensure that all pupils have equal study opportunities and a chance to select subjects and learning approaches in their own education. The objectives and practice of study and instruction shall aim at preventing discrimination on the basis of origin, gender, sexual orientation, residence, social class, religion, health condition, disability or situation in general. All school activities shall encourage a healthy lifestyle and take into account the variation of personality, development, talent, abilities and interests of each individual pupil.

The explanatory note to the bill that became the Act states that provision is made for the rights of pupils to express their views on the learning environment, study arrangements and arrangement of school work in general. There are, moreover, provisions on their obligation to follow the rules, obey instructions and show responsibility for their own education. Great importance is attached to the school meeting students' individual needs by ensuring that they have a choice in their education as regards projects, study methods and study subjects. With the Act, the principal policy is enacted that a school is without discrimination and provides services to all children irrespective of origin, language, health or disability. This is in accordance with the UN Salamanca-statement and the policies that have been in the forefront in Iceland over the past few years. Increased

demands are thereby made to junior schools to meet the needs of those who do not have Icelandic as their first language or who use sign-language, have reading difficulties or are ill or disabled. Even though in principle all children are supposed to be able to study in a junior school with other children, parents or guardians may continue to request that the child enjoy special services within the junior school or in a specialised school.

The focus is on ensuring that the services that the child requires in order to pursue his/her studies are available and efficiently provided. In no case should it matter whether the service formally falls under school, social services or health services. Thus the service is adapted to the needs of the child within the school so that it is not necessary to drive the child all over town in order to access the service. Various specialist services are currently provided in junior schools, such as student counselling, psychological services and special needs teaching. In addition, the schools have an on-site nurse provided by the local health care service. It is assumed that the municipal authorities are responsible for the schools' collaboration with entities outside the school. They are responsible for initiating co-operation between specialist services, social services and health services within the municipality for students with special needs, rare disabilities and long-term illnesses. The municipal authorities are also responsible for initiating co-operation between specialist services and other specialised diagnostic and treatment measures provided by the state for individual students. Moreover, the Headmaster is expected to co-ordinate the work of those responsible for the affairs of individual students within the school, specialist services, student counselling and school health care through the establishment of a Pupils' Welfare Council or in some another manner. Furthermore, it is recommended that municipal authorities promote co-operation between schools and entities outside the school that provide children attending junior schools with services, such as social and leisure activities, youth activities, sports activities and music education.

Article 17 of the Act provides for the right of pupils for their special needs to be met regarding studies in compulsory school, without discrimination and regardless of their physical or mental attainment. Pupils, who have difficulties studying because of specialised study problems, emotional or social problems and/or disabilities, cf. Article 2 of the Act on the Affairs of People with Disabilities, pupils with dyslexia, pupils suffering from long-term illnesses and pupils with health related special needs, have the right to special study support, according to evaluation of their special needs.

The explanatory note to Article 17 of the legislative bill that became the Act, states that it is not considered necessary to state the manner in which special teaching can be organised; the main point is diversity, flexibility and freedom of choice. The main policy is that teaching take place in the junior school without discrimination. This was an innovation in the compulsory school legislation, even though the policy had, in fact, been implemented in Iceland for several years. The main issue in the policy for schools without discrimination is that schools can provide services for all their pupils, both disabled and non-disabled. It is assumed that each and every school is capable of taking care of all its pupils, insofar as possible, and to address special needs teaching and difficulties that may arise in the school with the appropriate support.

Furthermore, the Act contains provisions on procedures to use if consensus cannot be reached between parents and the school as regards the arrangement of the child's schooling. Although the main viewpoint is that parents can decide between schooling in a mainstream school or taking special measures, the situation may arise that the case must be examined taking into account the overall interests of the child. According to the provision, the Ministry of Education, Science and Culture may issue rules on case procedure in the event of a complaint that is submitted pursuant to this Article. In its ruling, the Ministry may obtain the opinion of experts in the fields that relate to the substance of the dispute in each case.

In June 2010, Regulation No. 585/2010 on Pupils With Special Needs in junior Schools entered into force. The Regulation applies to pupils who need special support in their studies in accordance with assessed special needs. If pupils need services in excess of the limits that municipal authorities are under obligation to provide in accordance with the Regulations, their rights shall be governed by applicable legislation on the affairs of people with disabilities. The object of the Regulation is to ensure that pupils are given equal opportunity on their own terms for education and active participation in junior schools without discrimination, so that their educational, physical, social and emotional needs are met; that they receive diverse education in an encouraging study environment and in suitable premises that take account of their needs and position; that they can develop their personality, talents and creativity together with their mental and physical capacity and be socially active participants in the school community, where their strengths are supported and where they have equal opportunity in the junior school in accordance with international conventions on the rights of children and people with disabilities.

The University of Iceland Research Institute prepared an audit in 2011 in co-operation with the Institute of Administrative Sciences and Politics and the Centre for Disability Studies at the request of the Ministry of Social Affairs and Social Security (currently the Ministry of Welfare) on the position of people with disabilities and services to them, on the transfer of the field from the state to the municipalities. The conclusions were presented at a conference in October 2011. A random sample was taken and the estimated total number of service users in 2010 was approximately 3,300 individuals, whereof 2000 were adults and 1,300 were children. The number in the final sample were 1,307, whereof 785 were adult service users and 522 were relatives of children with disabilities. The number responders were 835, whereof 440 were adult service users and 395 were relatives of children with disabilities.

Among the issues examined was how happy the child is at school. The results indicate that the children are generally happy in the schools they are in, as 84% of responders were very or quite happy at school. Proportionately more children were happy who were in mainstream schools with support, or 88%, while proportionately fewest were happy that were in public schools without support, or 68%. Those who were in specialised departments within the public schools were also proportionately happy, or 83%, and 77% of those in specialised public schools were very or quite happy at school. Parents were very happy with their children's schooling when they were aged six or younger, i.e. 96%

of responders. The parents' satisfaction, however, fell as the child grew older, as 81% of parents were very or quite satisfied with their child's schooling during the age range of 7 to 10, 71% of parents of children aged 11–13, 74% of parents of children aged 14–16 and 59% of parents of children aged 17–18.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 9.

The Committee asks the next report to continue to provide information on any relevant case law and complaints brought to the appropriate bodies with respect to discrimination on the ground of disability in relation to education and training. It also highlights that in order to have a comprehensive picture of the situation and assess its conformity under Article 15§1 of the Charter, the Committee needs to be systematically provided with:

- the total number of children with disabilities;*
- the number of children with disabilities attending mainstream schools facilities;*
- the number of those attending special education institutions.*

In 2010, care benefits were paid for 1,622 children with disabilities. Children with disabilities usually attend public schools. However, there is one specialised public school, Klettaskóli, operated specifically for children with disabilities. Klettaskóli is a specialised public school at the junior school level for pupils with medium to severe learning disabilities and pupils with multiple disabilities of various forms, together with mild, medium or severe learning disabilities. Pupils attending Klettaskóli live in the greater Reykjavík area. There are 94 children attending the school.

The following judgement is the only judgement that was delivered in the period from 2007-2010 by the Supreme Court regarding persons' with disabilities right to education.

The Supreme Court Case No. 167/2007

In Supreme Court Case No. 169/2007, H, who as a result of a specific disease was retarded, epileptic and exhibiting characteristics of autism, demanded compensation for non-financial loss from a local authority, S, under Article 26 of the Tort Damages Act. She described various events in her dealings with the S educational authority, arguing that the school authorities had consistently practised serious and persistent ostracism and unlawful hostility towards her. Furthermore, she cited temporary dismissals from school, the refusal on the part of the school to admit her and announcements by the school office to the effect that the school could not grant her admission. The school authorities considered they were not able to provide H with suitable teaching in the local government area due to her severe disability, and that her interests would be better served if she attended a special school. H's parents, on the other hand, considered that notwithstanding this assessment, she had an unequivocal right to pursue studies in an ordinary junior school, and that they alone, as her parents, were capable of deciding whether an application should be made for her to be admitted to a special school. In its judgement, the Supreme Court noted that notwithstanding the general rule stated in the third paragraph of Article 37 of the Junior School Act, No. 66/1995, that pupils with disabilities are to pursue their studies in schools in their local government areas, it was

clear from the explanatory notes accompanying the Act when it was presented as a bill that pupils' disabilities could be of such a nature as to make it impossible for them to pursue studies in an ordinary junior school. According to the provision referred to above, the evaluation of whether or not a pupil received teaching according to his needs in the school in the local government area should be made by both the child's parents and the teacher and other specialists. The court took the view that it was part of the parents' responsibilities as the child's guardians (under what is now Article 28 of the Children's Act, No. 76/2003) to provide their child with legally-prescribed education and to take decisions regarding the child's personal circumstances, and that it was therefore their responsibility, and within their power, to apply for a place for their child in a special school, just as it was, generally speaking, their responsibility and within their power to register the child in a school (cf. Article 6 of the Act No. 66/1995). The court ruled that it was up to the parents to discharge these obligations in a way best designed to serve the child's interests; thus, they were bound, when taking decisions on the matter, to take into account the assessment by specialists hired by the school authorities as to what would best serve their child's interests. Therefore, the court ruled that H's parents did not have an undisputable right to demand that she be accepted by an ordinary junior school in her home area. When the actions of S were assessed in this light, the court did not consider that H had succeeded in demonstrating that the conditions of Article 26 of the Tort Damages Act had been met regarding those decisions by the school authorities of S which H had alleged constituted unlawful hostility towards her freedom, right to a peaceful existence, reputation or person. Thus, the S local authority was acquitted of H's demands.

Employment

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 8.

The Committee notes from the report that whilst the definition of disability is not being revised, greater emphasis is being placed on people's abilities rather than on their disabilities. The Committee asks the next report to clarify whether this new approach has an impact with regard to the area of education and training. The Committee refers to its conclusion under Article 15§2 as to the impact of this new approach in the field of employment.

Employment for the people with disabilities is not only a matter of earning a living but also active participation in society. Thus, employment is considered the basis of social inclusion and having an independent life; it is a lifeline to society. There is increased emphasis on measures to stimulate persons with disabilities to take up work. In this context, the disability assessment scheme is currently under review with the aim of focusing on the employment ability of individuals and strengthening vocational rehabilitation for the purpose of further encouraging the disabled to seek employment. The new system is expected to encourage the employment of as many people with disabilities as possible, taking into account their ability to work, while paying compensation in the form of invalidity pension to the extent they are unable to work. Increased focus will be on vocational rehabilitation so that as few as possible will be disabled in the long term.

As of 2008, arrangements in connection with vocational rehabilitation centres have been such that the authorities have entered into agreements with companies that provide vocational rehabilitation. These are listed in Table 16 below. For example, calls for applications for grants for employment-related rehabilitation were issued in April 2008. The contracts relate to providing a certain number of people with vocational rehabilitation and have the goal of supporting people who, due to loss of health, have ceased participation in the labour market, or who are disabled, to become active on the labour market again or to enrol for studies. An assessment is made, for example, of whether the measure in question is suitable for the individual, irrespective of what the underlying reason is for the loss of health or impaired ability to work. When the contracts are made with the vocational rehabilitation centres, account is taken of the extent of the need for the vocational rehabilitation on offer in the region in question, as well as the scope of the services offered by the vocational rehabilitation centre.

Table 16. State contributions to vocational rehabilitation centres 2006–2010.

	2010**	2009	2008	2007	2006
AE vocational rehabilitation	30,929,602	11,173,843	650,056		
Sudurnes vocational rehabilitation – Samv.	34,400,000	34,400,000	5,160,000		
East Iceland vocational rehabilitation	26,712,000	27,262,000	10,062,000		
Hafnarfjörður vocational rehabilitation	34,400,000	30,272,000	5,676,000		
Skagafjörður vocational rehabilitation	9,030,000	12,126,000	2,924,000		
Westfjords vocational rehabilitation	16,082,000	9,030,000			
Geysir Benefit Society	2,727,000	2,727,000	1,276,500		
South Iceland vocational rehabilitation – Birta	12,728,000				
Westman Islands vocational rehabilitation	2,580,000				
Janus rehabilitation ehf	104,969,245	61,446,893	48,733,705	34,715,716	30,084,333
Vocational training for the disabled – Hringsjá	75,284,000	67,727,000	42,513,919	18,364,865	17,604,235
Rehabilitation Assessment Team	5,795,729	7,142,996	8,408,961	8,767,433	4,711,262
North Iceland vocational rehabilitation	42,490,000	41,630,000	24,766,125	10,199,448	10,035,860
Ljósíð, rehabilitation and support centre	12,100,000	20,400,000	6,295,551	6,000,000	3,590,911
Ekron – vocational training	28,896,000	41,328,496	34,916,000		
Reykjalundur employment-related rehabilitation*	30,700,000	30,700,000	30,700,000	30,700,000	30,700,000
	469,823,576	397,366,228	222,082,817	108,747,462	96,726,601

*Share of the service agreement between the Ministry of Welfare and Reykjalundur

**Figures for 2010 are based on preliminary figures.

Source: Ministry of Welfare.

There were a total of 17 service agreements in effect for vocational rehabilitation in the first half of 2011. Table 17 shows what centres are involved and how much is paid in each case for services to each individual and what year the contracts were made. It is

clear that there is a difference in the amounts paid for services to individuals according to each contract. This difference can be attributed to the scope of the service purchased each time.

Table 17. Vocational rehabilitation centres with contracts with the state.

Vocational rehabilitation centre	Payment for individual per month	Year contract came into effect
Janus rehabilitation	Occup. rehabilitation ISK 117,500 Yellow path	2008
	Occup. rehabilitation ISK 43,650 Green path	
	Rehab. during wait – lump sum ISK 47,872	
	Follow-up ISK 43,650	
Janus – assessment	Rehab. assessment ISK 67,454	2009
Ljósíð	Total paym. per month ISK 1,100,000	2008
Hringsjá	Occup. rehabilitation ISK 112,000	2009
	Follow-up (on hour) ISK 5,000	
	Dyslexia course ISK 125,000	
	Course ISK 29,000	
	Consultancy at course (on hour) ISK 5,000	
Gunnar Gudmundsson rehabilitation assessment team	Rehabilitation assessment ISK 13,963 – 41,888	2009
AE vocational rehabilitation centre	Employment-related rehab ISK 113,194	2008
	Follow-up ISK 42,043	
Geysir Benefit Society	Occup and course consultancy Annual paym. ISK 2,727,000	2008
Reykjalundur	Employment-related rehab ISK 112,000	

		Annual paym. ISK 30,700,000	2005
Ekron		Employment-related rehab ISK 86,000	2008
Hafnarfjörður rehabilitation centre	voc.	Employment-related rehab ISK 86,000	2008
Westfjords rehabilitation centre	voc.	Employment-related rehab ISK 86,000	2009
Skagafjörður rehabilitation centre	voc.	Employment-related rehab ISK 86,000	2008
North Iceland rehabilitation centre	voc.	Employment-related rehab ISK 86,000	2008
		Early intervention (Bridge) Per week ISK 26,875	
		Follow-up ISK 7,000	
East Iceland rehabilitation centre	voc.	Employment-related rehab ISK 86,000	2008
South Iceland rehabilitation centre	voc.	Employment-related rehab ISK 86,000	2009
Starfsorka Westman Islands		Employment-related rehab ISK 86,000	2010
Samvinna Sudurnes		Employment-related rehab ISK 86,000	2008

Source: Ministry of Welfare.

In 2008, moreover, in the collective agreement between the Icelandic Confederation of Labour, the Federation of State and Municipal Employees, the Confederation of University Graduates and the Teachers' Association of Iceland and the Confederation of Icelandic Employers, the Minister of Finance and the Union of Local Authorities in Iceland, an agreement was reached for the development of a new arrangement for vocational rehabilitation, to be initiated in 2008 by organising services and providing solutions for those employees who contract long-term illness and suffer injuries that lead to their work capacity being reduced. The goal was to become involved in cases as early as possible in order to enhance the possibility of each individual to become active in the labour market to the extent that his or her work capacity permits. It was assumed that the business sector, the pension funds and the State Treasury would contribute equally to such a system. The Fund was launched on 19 May 2008. It was given the name the Icelandic Rehabilitation Fund VIRK and is the only operating vocational rehabilitation fund in Iceland.

The Government's declaration in connection with the collective agreements on 5 May 2011 stated that systematic efforts must be made to reduce the premature dropout of employees from the labour market by, for example, responding with active health

protection in work places, including through preventive measures, before people leave their jobs. The declaration also stated that there was a general consensus on the importance of building up targeted vocational rehabilitation programmes in order to promote participation and activeness on the labour market. Furthermore, that it is important that the business sector as a whole be involved in this development, together with the authorities and the pension funds, as a large proportion of employers already pay a 0.13% premium on total wages to VIRK on the basis of collective agreements. It was revealed that the Government intended to do all in its power to enact legislation, making it obligatory for all employers to pay a 0.13% premium to the VIRK Fund and that a matching sum would be paid by the pension funds. The declaration also revealed that the Minister of Welfare would appoint a consultative committee consisting of members from the social partners and the authorities, to submit more detailed proposals before 1 November 2011 as regards the organisation and co-ordination of vocational rehabilitation issues, with the view to dividing the cost into three parts.

The Minister of Welfare subsequently submitted a bill on vocational rehabilitation and the operation of vocational rehabilitation funds in March 2012, which the Althingi later passed into law in June that same year, i.e. Act No. 60/2012 on Vocational Rehabilitation and the Operation of Vocational Rehabilitation Funds.

The Act assumes that special vocational rehabilitation funds will be responsible for vocational rehabilitation. Its clients are individuals who have had to leave the labour market due to loss of health but are determined to return to the labour market as soon as possible. There their ability to work will be assessed and solutions selected in light of their ability.

The services provided by vocational rehabilitation funds is defined in greater detail in the Act and the Act assumes that such services will for the most part involve the provision of vocational rehabilitation, such as managing the services of counsellors, preparing specific individual-based schedules on which the vocational rehabilitation is based and to fund the solutions that an individual in vocational rehabilitation needs each time. In this context it is important to note that the vocational rehabilitation funds are not expected to carry out the solutions themselves, instead they will be entering into service contracts with entities that offer such services. In addition, it is assumed that vocational rehabilitation funds will provide employers and managers with education and support for the purpose of promoting the return of people to work or increasing their opportunities of participating in the labour market, despite limited ability to work due to loss of health in the wake of illness or accident. Furthermore, vocational rehabilitation funds are expected to promote research and development in vocational rehabilitation.

A prerequisite for obtaining the services of vocational rehabilitation funds is that the person in question suffers from loss of health that prevents full participation in the labour market and that this person plans to return to the labour market or to increase participation in the labour market as soon as possible. Moreover, it is recommended that the condition be set that the person in question needs the service, that the service is likely to make returning to work easier and is likely have positive results during the time that it

is provided. It is further recommended that the condition be set that the person in question has the will and the ability to effectively participate in vocational rehabilitation and follow the schedule created therein.

The principal aim of the Act on Labour Market Measures No. 55/2006, is to ensure that as many people as possible are able to participate actively in the labour market, both for their own advantage and for that of society as a whole. It is also to put unemployed persons in a more secure position and to give individuals assistance, as appropriate, to enable them to become active participants in the labour market. The term “labour market measures” covers labour-exchange services, assessments of job-seekers’ aptitudes and abilities and the organisation of remedial measures designed to improve their suitability for employment.

The Act provides for the measures to take into account the abilities and strengths of job-seekers who need assistance in order to enter the labour market and continue to participate actively in it. Individuals with reduced working capacity may apply to participate in labour-market measures under the Labour Market Measures Act, No. 55/2006, in which case they apply for assessment of their working capacity by a counsellor of the Directorate of Labour. With the job-seeker’s consent, a job-seeking schedule is then drawn up, also covering his or her participation in the appropriate labour-market remedies in accordance with the assessment. Obviously, these individuals frequently have to undergo employment-related rehabilitation. As part of this, it is assumed that employment-related rehabilitation will be available for specific groups of people, such measures include “Supported Employment ” and Sheltered Workshops.

A method that has produced good results introducing people with disabilities to the labour market is known as “Supported Employment” (SE); those who apply for this assistance are generally those who are most able to engage in ordinary employment. In 2007, 83 people participated in Supported Employment Programmes in Reykjavík, 110 in 2008, 113 in 2009 and 155 in 2010. A vocational training/rehabilitation centre, Örví, in Kópavogur, has also reported considerable success rates from its programmes of assessment and training: of the 56 persons who left the programmes in the period 2004-2007, 31 entered the labour market and three went on to study in a technical college. It can be assumed that the centre *Plastiðjan Bjarg – Iðjulundur*, in Akureyri, achieves similar results with its vocational rehabilitation and vocational training courses. In general, therefore, it can be said that effort put into bringing people with disabilities out into the labour market produces considerable results, particularly when EWA programmes are involved. Those who use the services of the rehabilitation centres do not, as a rule, enter the ordinary labour market, although some of those who work in sheltered employment, e.g. the *Múlalundur* centre and the workshops run by the Organization of Disabled in Iceland (*Öryrkjabandalag Íslands*), have done so.

The agencies engaged in the promotion of the employment of persons with disabilities in the ordinary labour market follow the ideology of Supported Employment to promote the employment of persons with disabilities in Iceland. The main goals of Supported Employment is to find suitable working situations for each individual and then offer

personal training to that person along with counselling and assistance to employers and other staff members.

Specialists regularly visit companies and collect information about them with the possibility of employment in mind. Suitable jobs within the companies are assessed with regards to standards of employment for people with disabilities. For companies willing to employ people with disabilities individual contracts are made and vocational training along with special assistance is offered. The State Social Security Institute takes part in salary payment and the amount of professional support differs between individuals depending on how much assistance is needed.

The Act on the Affairs of People with Disabilities No 59/1992 with later amendments states that people with disabilities shall be given assistance in holding jobs on the labour market when necessary. This shall be done through special personal support at the workplace as well as through information and instruction for other workers.

People with disabilities shall also be given work training in general enterprises and/or institutions where this can be arranged. In those instances, a special agreement shall be made, with inter alia a definition of the training period and payment of costs. According to the Act, people with disabilities in each operational region shall be offered sheltered work on the labour market. Sheltered work can consist of work that is organised with regard to the disability. Special sheltered workshops for people with disabilities may also be operated. Sheltered workshops shall on the one hand provide remunerated training for people with disabilities to enable them to work on the labour market.

On the other hand, they shall provide remunerated regular jobs for people with disabilities. According to the Act, people with disabilities shall be given priority regarding work for the State and municipalities, if their qualifications for a given post are greater or equal to those of other applicants.

The National Federation for the aid of People with Learning Disabilities (*Þroskahjálp*) and the Organization of Disabled in Iceland (*Öryrkjabandalag Íslands*) made an agreement with the Ministry of Education, Science and Culture in March 2002 on adult education for the disabled. A private institution, Fjölmennt, was established; this is a centre for continuing education serving people with disabilities aged 20 and older. The aim is to organise courses for adults with disabilities who do not have access to vocational training in other specialised institutions. The educational programmes are designed to increase their independence, security and well-being. Fjölmennt offers a varied range of continuing education courses and counselling aimed at raising participants' quality of life and general life skills.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 9.

The Committee asks the next report to describe the impact of the new Labour Market Act with respect to vocational training of persons with disabilities. In this regard, the Committee observes that yet again no statistical information is available on the number of persons attending vocational training. The Committee underlines that to have a comprehensive picture of the situation and assess its conformity under Article 15§1 of the Charter, it needs to be systematically provided with:

- the number of children with disabilities attending mainstream training facilities;
- the number of those attending special training institutions.

Table 18. Number of people with disabilities benefitting from specific assistance for habilitation and work according to service areas, municipalities and daily hours.

Service provider and municipality	Total number	Habilitation					Sheltered work					Supported employment				
		≥7 hours/day	6 hours/day	4-5.9 hours/day	2.5-3.9 hours/day	1-2.4 hours/day	≥7 hours/day	6 hours/day	4-5.9 hours/day	2.5-3.9 hours/day	1-2.4 hours/day	≥7 hours/day	6 hours/day	4-5.9 hours/day	2.5-3.9 hours/day	1-2.4 hours/day
Reykjavík	230	6	0	35	23	0	7	0	43	9	2	13	26	44	10	12
Reykjanes	248	4	5	75	4	9	6	0	12	31	0	19	9	11	62	1
West Iceland	48	0	1	7	4	4	0	1	0	12	6	4	0	0	2	7
Westfjords	12	4	1	3	3	1	0	0	0	0	0	0	0	0	0	0
North Iceland (west)	54	2	1	8	10	13	0	0	0	0	0	5	1	1	6	7
Akureyri	194	3	1	49	0	0	0	0	0	32	26	10	11	4	35	23
Nordurthing	9	0	0	0	0	0	0	0	0	0	0	3	0	0	3	3
East Iceland	46	4	3	11	5	5	0	0	0	8	0	1	3	0	4	2
Hornafjörður	10	0	0	4	3	0	0	0	0	0	0	1	0	0	2	0
South Iceland	37	0	0	11	8	1	0	0	0	0	0	0	0	0	6	11
Westman Islands	26	0	0	7	1	1	2	0	0	7	0	2	1	4	0	1
Total	914	23	12	210	61	34	15	1	55	99	34	58	51	64	130	67

Habilitation total	340	Sheltered work total	204	Supported employment total	370
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Article 15§2 – Employment of persons with disabilities.

Reference is made to the discussion of paragraph 1 of Article 15 of the Social Charter in the present report.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 9.

In order to have a clearer picture of the situation, the Committee asks the next report to also provide the total number of persons with disabilities in an ordinary work environment as well as the total number of those in sheltered employment.

Unfortunately there is no information available on how many persons with disabilities are active participants in the Icelandic labour market. Such information can only be based on the number that have applied for disability pension from the Social Insurance Administration (*Tryggingastofnun ríkisins*) without being paid a pension or being paid a curtailed pension due to employment earnings.

Table 19. Numbers of persons with disability ratings who receive no payments due to their employment earnings.

	2007	2008	2009	2010
Disability-rated individuals without payments	482	532	800	892
Persons qualifying for disability grants, but receiving no payments	152	178	161	165
Total	634	710	961	1,057

Table 20. Number of workers with disabilities in sheltered employment facilities

Facility	Number	Full-time equiv. positions
<i>AMS* Akureyri</i>	94	//
<i>AMS Reykjavík</i>	110	//
<i>Ás vinnustofa, Reykjavík</i>	45	//
<i>Ásgarður, Mosfellsbær</i>	33	21.5
<i>Bjarkarás, Reykjavík</i>	48	36.5
<i>Blindravinnustofa</i>	23	13.4
<i>Fjöliðjan, Akranes</i>	34	17.75
<i>Hæfingarstöðin Skógarlundi, Akureyri</i>	50	//
<i>Hvesta, Vestfirðir</i>	9	7
<i>Iðjuberg, Reykjavík</i>	40	22
<i>Kertaverksmiðjan Heimaey</i>	16	10
<i>Klúbburinn Geysir, Höfuðborgarsvæðið</i>	5	//**
<i>Lækjarás, Reykjavík</i>	35	22.7
<i>Múlalundur, Reykjavík</i>	37	23
<i>Plastiðjan Bjarg –</i>	18	13.4
<i>Iðjulundur, Akureyri</i>		
<i>Skálatúnshéimilið, Reykjanes</i>	45	//
<i>Stólpi - vinna og verkþjálfun, Fljótaldalshérað</i>	6	6
<i>Vinnustaðir ÖBÍ</i>	36	72
<i>Viss – vinnu- og hæfingarstöð, Suðurland</i>	16	11.9
<i>Starfsþjálfunarstaðurinn Örvi</i>	30	14
Total	730	

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 10.

The Committee notes that whilst the definition of disability is not being revised, greater emphasis is being placed on people's abilities rather than on their disabilities. Focus is on making occupational rehabilitation more effective in order to achieve an increased return to the open labour market of persons with disabilities (see below). The Committee asks to be informed on the results of this new approach in the next report.

Reference is made to the discussion of paragraph 1 of Article 15 of the Social Charter in the present report. According to information from the VIRK Fund, 1,335 individuals have sought their assistance: 72% had full ability to work when they were discharged, while 18% applied for disability pensions. There appears to be some difference of success depending on where the individuals received their maintenance, which, moreover, indicates the time passed since they were active in the labour market, as well as how ill they were when they began participation in VIRK. Thus 94% of those still receiving a wage from their employer returned with full work ability at the end, 74% of those who received payments from union-based healthcare funds, 53% of those receiving a rehabilitation pension and 30% of those receiving a disability pension.

The University of Iceland and the University of Akureyri did a research which constitutes an evaluation of the influence of rehabilitation on poverty, social exclusion and the activity level manifested by participants in the rehabilitation programme operated by SN –Rehabilitation Centre. This effort was launched in 2003 and its operational methods have become a functioning model for other rehabilitation programmes in Iceland. Furthermore, SN has participated in a development programme under the auspices of the Leonardo Programme of the European Union.

The research applied a mixed method approach. Data was analysed from ASEBA self-assessment list, which participants filled out at the beginning of the rehabilitation (N 241), and again by the end of the rehabilitation, six to eighteen months later (n 100). Randomly selected data about participants from SN, was analysed for 45 participants, and participants also received a questionnaire (n 53) about their current status, time spent on rehabilitation, income, social exclusion and level of activity. Programme participants (n 7), employees and the management board of SN were interviewed for the purpose of gathering information.

Men represented 29% and women 71% in the participants. The youngest participant was 16 years old and the oldest was 57 years old and average age was just below 33 years. Approximately 71% of the participants had completed junior school, 13 % had completed brief vocational training at secondary school level, 10% had completed upper secondary school studies or trade related apprenticeships, about 6% other studies. A total of almost 60% had been unemployed for a period of 6 months or longer prior to commencing their work rehabilitation programme.

The main conclusion from the research is that the work rehabilitation programme influences poverty, social exclusion and participation levels/activity. It provides

improvement in the status of most of the programme participants, difficulties diminish, skills and adaptive levels are fortified and participation grows, mainly in work and studies.

The research project was funded by the European Year for Combating Poverty and Social Exclusion under the auspices of the Ministry of Welfare, and VIRK – the Icelandic Rehabilitation Fund.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 10

The Committee refers to its previous conclusions (Conclusions XVI-2 and XVIII-2) for a description of the various measures in place to support employment of persons with disabilities in the ordinary market and takes notes of the adoption of the new Labour Market Measures Act, No. 55/2006 aimed at ensuring that as many people as possible are able to participate actively on the labour market. The Act provides for the measures to take into account the abilities and strengths of job-seekers who need assistance in order to enter the labour market and continue to participate actively on it. In this regard, it is clarified that the expression “employment related rehabilitation” in the Act was preferred rather than “vocational rehabilitation” as the latter may cover medical rehabilitation and general rehabilitation which is not necessarily aimed at having the persons involved resuming participation on the labour market. Employment-related rehabilitation involves effective assistance and support and encouragement to become active participants on the labour market. The Committee asks the next report to provide an account of the impact of such employment-related rehabilitation and other measures taken under the new Act on the employment of persons with disabilities.

The University of Iceland Research Institute prepared an audit in 2011, in co-operation with the Institute of Administrative Sciences and Politics and the Centre for Disability Studies, at the request of the Ministry of Social Affairs and Social Security (currently the Ministry of Welfare) on the position of people with disabilities and services to them on the transfer of the field from the state to the municipalities. A random sample was taken, the estimate total number of service users in 2010 was approximately 3,300 individuals, whereof 2000 were adults and 1,300 were children. The number in the final sample was 1,307, whereof 785 were adult service users and 522 were relatives of children with disabilities. The number of responders was 835, whereof 440 were adult service users and 395 were relatives of children with disabilities.

As can be seen in Table 21, 25% of adult service users were unemployed, not in school or in any other training. In total, 23% were in a training centre or shelter, 21% working in a sheltered workplace or in vocational training, 19% were studying, 17% were employed in the labour market and 8% were employed with support.

Table 21. Are you employed, in school and/or day services?

	Number	% of responders*	Tolerances	Proportion
Not employed, in school or day services	105	25%	0,4%	25%
In day services/training centre or shelter	99	23%	0,4%	23%
Working in sheltered workplace or vocational training	90	21%	0,4%	21%
Studying	80	19%	0,4%	19%
Employed in the labour market	71	17%	0,4%	17%
Employed with support	33	8%	0,3%	8%
Number of responses	478	113%		
Number of responders	423			
No response	17			
<i>Total</i>	440			

*Responders could mention more than one item. The proportion of responders, therefore, is more than 100%.

The majority of responders that were employed, or approximately 79%, worked 25 hours or less per week. It is not clear whether they did not have the option of working more hours or whether the responders chose to work part-time.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 10.

In its previous conclusion (Conclusions XVIII-2), the Committee had found that the situation was not in conformity with Article 15§2 of the Charter on the grounds that there was no legislation prohibiting discrimination on the grounds of disability in the field of employment. It had however noted that Iceland was working on legislation to ensure equal treatment in employment for persons with disabilities and asked to be informed about the steps taken forward. In this regard, it notes from the report that a working group appointed by the Minister of Social Affairs is expected to submit proposals on anti-discrimination legislation in summer 2008. While asking to be informed about the result of this initiative, the Committee concludes that the situation continues not to be in conformity with the Charter in this respect.

The Ministry of Welfare is working on, in co-operation with the social partners, a proposal for a new bill which is supposed to implement the two Directives 2000/43/EC and 2000/78/EC. The plan is to submit the bill to the Parliament in the Autumn 2012.

The bill will counter discrimination based on grounds such as racial or ethnic origin, disability, sexual orientation, age and religion. This will include establishing in law, definitions of direct and indirect discrimination, harassment and prohibiting victimization and incitement or instruction to discriminate. The bill will also include the strengthening of national protection as regards employment and training. This bill will also include stipulations specifically prohibiting discrimination in working life on the grounds of age, disability, religion, belief or sexual orientation.

Article 18

The right to engage in a gainful occupation in the territory of other Contracting Parties.

Article 18§1 – Applying existing regulations in a spirit of liberality.

On 1 January 2007, about 18,500 foreign nationals were living in the country, representing about 6% of the population, having risen from about 13,700 (4.6% of the population) at the beginning of 2006.

In 2007, over 9,300 foreign nationals immigrated to Iceland. During the same period approximately 4,000 foreign nationals left Iceland. The issue of certificates from the Directorate of Labour for the confirmation of employment (E-301), which foreign nationals within the European Economic Area apply for when leaving the Icelandic labour market, increased substantially from 2006 to 2007 when issued certificates rose from 500 to 1,200. Increased emigration was therefore very clear in 2007, although a considerable inflow of labour continued throughout the entire year.

The immigration/emigration balance in Iceland over the past decades has fluctuated around the zero level. The period between 2005 and 2008, however, is different in this respect, as the balance was positive to the tune of 15,391 individuals. During these four years, however, the balance among Icelandic nationals was negative, to the tune of 806 persons. In total, therefore, 16,200 more foreign nationals came to Iceland.

Conversely in 2009, the balance of Icelandic nationals was negative by 2,466 persons and 2,369 among foreign nationals. In total, therefore, 4,835 persons in excess of those that came, left Iceland. The natural increase was approximately 1% in 2009, as opposed to having been 0.8–0.9% since 1994.

When the period from 2005 to 2009 is examined, the immigration/emigration balance among foreign nationals was positive by about 13,828 persons, while the balance among Icelandic nationals was negative by 3,272 persons. This means that the proportion of foreign nationals in the population remains quite high, despite a reduction in numbers due to people moving away. On 1 January 2010 there were 21,701 foreign nationals residing in Iceland, or 6.8% of the population. The number of foreign nationals peaked on 1 January 2009 when they were 7.6% of the population.

Table 22. Population change 2005–2010 by size groups of municipalities

	Municipalities, total	Population 1 January 2010	Change from 2009	Average annual change last 5 years
Total	77	317,630	-0.5	1.6
5,000+	9	239,816	0.0	2.0
2,000-4,999	13	42,939	-0.3	0.3
1,000-1,999	10	16,555	-0.3	1.4
500-999	19	12,240	-0.1	-0.1
200-499	13	4,498	-0.2	-0.8
<200	13	1,582	-0.2	-1.2

Source: Statistics Iceland

Table 23. Number and proportion of foreign nationals in Iceland 2007-2010.

	Number	Percentage
2007	18,560	6.0
2008	23,241	7.4
2009	24,379	7.6
2010	21,701	6.8

Source: Statistics Iceland

In 2010, 5,625 immigrated to Iceland, 2,637 Icelandic citizens and 2,988 foreign citizens. At the same time 7,759 emigrated from the country: 4,340 Icelandic citizens and 3,419 foreign citizens. By comparison, 10,612 emigrated from Iceland in 2009.

The largest group of immigrants by nationality of origin in Iceland consists of Polish citizens. In 2010, 1,469 Polish citizens emigrated from Iceland at the same time that 812 Polish citizens immigrated to the country. The net migration in 2010 was -2,134.

According to information from Statistics Iceland, the majority of foreign nationals who live here are from Europe, or 80%, 12% are from Asia, 6% are from America and 2% are from elsewhere. By far the largest group that has immigrated to Iceland in recent years are nationals from the countries that became members of the EEA Agreement in 2004. The majority that came to Iceland in 2007 and registered with Registers Iceland, or 90%, came from these countries. Over 70% of these were from Poland. By far the largest proportion that came to Iceland were men and it is assumed that most of them came to work in the construction industry, or 40%, and the next largest proportion in sales and services, or 30%.

In 2010, there were generally approximately 18,300 foreign nationals of employment age in Iceland. Their estimated employment participation has been slightly higher than among Icelandic nationals, or 83% as opposed to 81%. This means that in 2010, there were approximately 15,200 foreign nationals in the Icelandic labour market, whereof approximately 6,500 were from Poland, or almost 43% of all foreign nationals. At the

beginning of the expansion period, by far the highest proportion among foreign nationals coming to Iceland to work were men. Their numbers kept rising until 2008 when it began to fall rapidly. The number of women foreign nationals, however, continued to rise in the labour market up until 2009. Their numbers, however, remained stable in 2010. The proportion of foreign workers on the labour market peaked at 10% in 2008. The proportion of foreign men was then approximately 11,5% of men on the labour market. The proportion of women foreign nationals peaked at 8% of women on the labour market in 2008 and 2009.

As was stated in the last report, in 2006 the government decided that the EU rules on the free movement of workers who were citizens of Estonia, Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia were to take full effect on 1 May that year. Nonetheless, employers were to inform the Directorate of Labour when they engaged workers from these countries, and their employment contracts were to be submitted together with the notifications in order to facilitate monitoring to ensure that the workers involved received the correct wages and terms in accordance with Icelandic legislation and collective agreements. Another purpose of this obligation to notify the directorate was to make it easier for the government to evaluate the consequences of the expansion of the EEA and to ensure that it will be possible to respond promptly to new situations arising that could result in serious disruption of the domestic labour market. These adaptive arrangements were in force until 30 April 2009.

In light of the fact that the citizens of these countries no longer needed special work permits as of 1 May 2006, the number of issued temporary work permits was reduced considerably.

Table 24. Work permits and registrations 2007-2010.

	2007	2008	2009	2010
New temporary work permits	534	503	193	255
New registrations	7,155	3,841	65	-
Temporary permits extended	1,926	1,204	627	481
Registration, previously on the labour market	2,700	2,231	81	-
New place of work	177	182	83	69
Specialized workers	116	111	109	142
Permanent work permits	59	158	208	178
Total	12,667	8,230	1,366	1,125

Source: The Directorate of Labour.

Table 25. New temporary work permits, 2007–2010.

	2007		2008		2009		2010	
	Number	%	Number	%	Number	%	Number	%
All	534		503		193		255	
Women	387	83%	319	63%	141	73%	181	71%
Men	141	17%	184	37%	52	27%	74	29%

Source: The Directorate of Labour.

Table 26. Work permits, by nationality of recipients, 2007-2010.

	2007		2008		2009		2010	
	New permits	Extensions	N.P.	Ext.	N.P.	Ext.	N.P.	Ext.
Other European countries, USA and Canada	300	387	210	413	81	276	120	196
Asia	128	1342	187	636	53	260	66	226
Other countries	96	187	94	123	58	77	69	57

Source: The Directorate of Labour.

Table 27. New temporary work permits and registrations by occupation

Occupation	2007		2008		2009		2010	
	N.P.	Ext.	N.P.	Ext.	N.P.	Ext.	N.P.	Ext.
Industry and agriculture	171	127	78	165	35	95	31	69
Fisheries and fishing industry	16	108	19	144	9	83	10	55
Construction industry	49	1.246	11	336	3	22	1	6
Commerce and services	296	428	395	559	146	427	213	349

Source: The Directorate of Labour

Table 28. New temporary work permits, by place of residence, 2007-2010.

	2007	2008	2009	2010
Greater Reykjavík area	240	336	109	151
Rest of Iceland	294	167	84	104

Source: The Directorate of Labour

Table 29. Estimated division of foreign workforce according to sectors during 2007–2010.

	2007	2008	2009	2010
Agriculture	400	430	410	400
Fisheries	400	430	410	400
Fishing industries	1,780	1,860	1,850	1,830
Industries	2,050	2,320	2,100	1,950
Construction industry	5,800	6,520	5,150	3,920
Commerce/Different service	2,520	2,760	2,890	2,850
Hotel-restaurant	1,550	1,760	1,890	1,870
Health/social service/education	1,700	1,990	1,950	1,950
Total	16,200	18,070	16,650	15,170

Source: The Directorate of Labour

Table 30. The number of rejections of application for new temporary permits.

Type	2007		2008		2009		2010	
	Number	%	Number	%	Number	%	Number	%
New temporary	143	79%	150	88%	69	82%	59	84%
New workplace	13	7%	4	2%	7	8%	3	4%
Temp extension	15	8%	9	5%	4	5%	4	6%
Expert	0	0%	1	1%	0	0%	0	0%
Student	3	2%	0	0%	4	5%	1	1%
Unlimited	3	2%	2	1%	0	0%	3	4%
Domestic help/Au pair	4	2%	4	2%	0	0%	0	0%
Total	181	100%	170	100%	84	100%	70	100%

Source: The Directorate of Labour.

Article 18§2 – Simplifying existing formalities and reducing dues and taxes.

Act No 96/2002 on Foreigners was amended with Act No 86/2008 on the Amendment of Act No. 96/2002 on Foreigners, with subsequent amendments. Furthermore, Act No. 97/2002 on Foreign Nationals' Right to Work was amended with Act No. 78/2008 on the Amendment of Act No 97/2002 on Foreign Nationals' Right to Work and Act No. 47/1993 on the Free Right to Employment and Residence within the European Economic Area, with subsequent amendments.

The object of the amendments to the Act on Foreign Nationals' Right to Work was to maintain the balance between supply and demand for workers in the domestic labour market, for the purpose of keeping employment rates as high as ever. In this context it is also important to examine the long-term effects that the issue of work permits can have on the equilibrium in the labour market due to temporary lack of workforce. Nevertheless, account was taken of globalisation, where competition among industries for capable employees is getting ever more intense and the human resources that companies consider they need are not always readily available.

The Act provides for six types of temporary work permits. It also provides for temporary work permits for specialised workers that come for temporary stays in Iceland on the basis of a service contract with an overseas company. Previously there had only been one general type of temporary work permit. The conditions for granting a temporary work permit are therefore comparable to what they were previously. However, it is important to differentiate between the reasons the foreigner in question is coming to Iceland.

A temporary work permit may be granted in cases where the foreign national has been issued with a provisional residence permit, a residence permit on the basis of humanitarian considerations or a residence permit on the basis of special authorisation in special cases when the foreign national comes to Iceland for legitimate and exceptional reasons. No account is taken of labour market view when a work permit is granted in such cases.

Moreover, importance was attached to enabling the children of foreign nationals to adapt to Icelandic society with particular focus on ensuring that they could follow their contemporaries in play and work. As a result, the Act states that children under the age of eighteen that have valid residence permits for family members on the basis of the Act on Foreigners, may work in Iceland up to the age of 18 without a separate work permit. Moreover, the Act states that children who have been granted a residence permit in Iceland before the age of 18 may be granted an unlimited work permit when they become 18 years old.

The provisions of the Act as regards the application procedure were amended. Thus the employer applies for the work permit on behalf of the foreign national, and the employer, therefore, is not the actual applicant for the permit, as was formerly the case. The applicant, therefore, must sign the application together with the employer. The general rule is that the foreign national is abroad when the applications for work and permit to stay are submitted and the Directorate of Immigration can evaluate whether the foreign

national may come to Iceland on the basis of the Act on Foreigners before the permit is issued. The permit is then granted to the foreign national but limited to the work for the said employer. Moreover, the Act states that a foreign national who has received a valid permit to stay on the basis of the Act on Foreigners, may continue his or her work during the processing of an application for the extension of a temporary permit, provided that the application has been submitted to the Directorate of Labour at least one month before his or her earlier permit expires. If the application is submitted later, the Directorate of Labour will decide whether the foreign national may continue to work during the processing of the application, provided that the Directorate of Immigration has already decided that the foreign national may reside in Iceland during this period.

Comment by the Committee of Independent Experts.

Conclusion XIX-1 p. 12.

The Minister of Justice and the Minister of Social Affairs together looked into the possibility of entrusting one and the same body with the processing of both work permit and residence permit applications in the future, but decided in the end to leave things as they stood. In reply to the Committee, the report states that the authorities' target of reducing the average time between the filing of an application for a work permit and the issue of the permit to six weeks has not yet been met. The main reason for this is that it often takes a considerable amount of time to obtain the necessary documents. Furthermore, the Labour Directorate must wait for the Immigration Directorate to agree to issue a residence permit before it takes the decision on whether to issue a work permit. The Committee asks to be informed of any developments in this area.

The average processing time for applications for permits to stay at the Directorate of Immigration is 90 days. The processing time, however, may vary, depending on the number of applications the Directorate is processing. A properly completed application together with adequate documentation can facilitate the process. In order to speed up the processing of an application it should be filled in carefully in original copy and it should be ensured that all the requisite attached documentation is in place. Applications submitted together with all the requisite documentation take precedence. The Directorate of Labour prepares the case while the Directorate of Immigration is working on the permits to stay so it takes the Directorate of Labour only few days to take its decision after the Directorate of Immigration has taken its decision on permit to stay.

Committee of Independent Experts.

Conclusion XIX-1 p. 12.

A fee has also been introduced for residence permit applications (whether first-time or renewal applications or applications for a temporary or permanent permit). For nationals of the European Economic Area (EEA), the fee ranges from 1,000 Icelandic kronur (ISK, which is about € 8) to ISK 8,000 (approximately € 66) depending on whether the applicants are over the age of 18. For non-EEA nationals, the fee ranges from ISK 2,000 (about € 16) to ISK 4,000 (nearly € 33). The Committee asks what justification there is for charging fees at the application stage and whether they may be reduced in certain circumstances. Meanwhile, it reserves its position on this point.

It should be noted that no fees are collected for the registration of citizens from the European Economic Area. The following amounts are the fees collected for the processing of applications for residence permits and permits to stay.

For the processing of applications for a permit to stay in Iceland and residence permits for persons aged 18 and older:

- a. For the processing of an application for a permit to stay in Iceland, first permit
ISK 12,000
- b. For the processing of an application for a residence permit ISK 12,000
- c. For the processing of an application for an extension of a permit to stay in Iceland
ISK 6,000

For the processing of applications for a permit to stay in Iceland and residence permits for persons younger than 18:

- a. For the processing of an application for a permit to stay in Iceland, first permit
ISK 6,000
- b. For the processing of an application for a residence permit ISK 6,000
- c. For the processing of an application for an extension of a permit to stay in Iceland
ISK 3,000

The fee is determined in the Additional Treasury Income Act. The bill that became the Act states that the reason to depart from the previous arrangement, where the Minister was authorised to decide this fee by means of a regulation, was for the most part because this arrangement gave the Minister a free reign to determine amounts by unilateral decision. The Additional Treasury Income Act assumes certain base fees that are then restated in light of price changes. Thus it is in fact the legislative branch that actually decides these fees and not the executive branch.

Posted workers and temporary-work agency.

The EFTA Surveillance Authority commented on Act No. 139/2005 on Temporary Work Agencies and Act No. 45/2007 on the Rights and Obligations of Foreign Undertakings that Post Workers Temporarily in Iceland and their Workers' Terms and Conditions of Employment. This led to the Minister of Welfare submitting a bill to the Althingi for the amendment of these Acts to accord with these comments. The amendments primarily involve the time limits for information provision that the temporary work agencies and overseas service companies intending to provide services in Iceland are under obligation to submit to the Directorate of Labour and the processing deadlines of the Directorate of Labour.

Foreign temporary work agencies and service companies are now obliged to provide the Directorate of Labour with the information stipulated by the Act no later than the same day as their operation commences in Iceland. The Directorate of Labour has two days to review the data submitted before issuing a confirmation of that they have received the data. The Directorate of Labour's authorisations to employ coercive measures with respect to temporary work agencies that do not comply with the provisions of the Act were increased, as the Directorate was authorised to employ daily fines against

companies that do not comply with the Directorate's instructions to comply with the Act within a reasonable time.

By a summons submitted to the EFTA Court on 19 August 2010, the EFTA Surveillance Authority (ESA) instituted proceedings against Iceland for breach of contract. The ESA considers that Articles 5 and 7 of the Act No. 45/2007, on the rights and obligations of foreign undertakings that post workers temporarily in Iceland and on their workers' terms and condition of employment, constitute a violation of Article 36 of the EEA Agreement and Council Directive 96/71/EC.

The provisions of the Directive were incorporated in Iceland by the Act No. 54/2001, on the terms and conditions of employment of workers temporarily employed in Iceland by foreign undertakings. That Act was replaced by the Act No. 45/2007, which included some additions to the provisions of the previous Act. Among other additions made were Article 5, which guarantees foreign workers entitlement to wages in the event of illness and accidents, and Article 7, which specifies their entitlement to accident insurance covering death, permanent injury and temporary loss of working capacity. These rights are similar to those guaranteed for workers on the domestic labour market.

That wages in the event of illness and accidents are in fact covered by provisions on minimum wages. What is involved is the right to retain one's wages, without deductions, despite the occurrence of accidents or illness. In this context, reference is made to the background history of these rights on the Icelandic labour market, where workers relinquished demands for wage increases in exchange for these rights. Thus, minimum wages would be worth less if they did not include this entitlement.

The Argument is also that the provisions of Articles 5 and 7 of the Act are justifiable with reference to considerations of public policy. The provisions in question are intended to enhance considerably the degree of social protection given to workers, prevent social dumping and ensure the protection of workers' basic rights in accordance with international human rights conventions. It is also pointed out that Iceland's social security system is undermined when foreign workers enter the country to work without any minimum protection in the form of accident insurance, since they will become a burden on the Icelandic system.

In this case, the EFTA Court reached the conclusion in June 2011 that by providing for the entitlement of posted workers to wages in the event of illness and accidents, as well as accident insurance covering death, permanent injury and temporary loss of working capacity in the manner provided for in the above Act, Iceland had violated the provisions of the EU Directive concerning the posting of workers in the framework of the provision of services.

Article 5 of the Act contains a provision to the effect that a worker who commonly works outside Iceland but is sent temporarily to Iceland by an undertaking providing services in Iceland, i.e. a posted worker, earns the right to wages in the event of illness or accidents through his work in Iceland for the same company so that for each worked month during

the first twelve months, 2 days of fixed wages are paid in the event of illness or accident. It was the conclusion of the EFTA Court that this provision was not in accordance with the provisions of the EU Directive concerning the work of posted workers as the Article provided in detail for the employment terms of posted workers. Therefore, EEA member states are prohibited to enact in their own legislation provisions with greater entitlement for these workers than are provided for in the EU Directive.

The Court, moreover, reached the conclusion that wages in the event of illness or accident pursuant to Article 5 of the Act could not fall under the term “minimum wage” within the meaning of the Directive as the provision assumes that workers would be paid wages in accordance with employment contracts in the event of illness or accident and not according to minimum wage. The Court, however, took no position on whether entitlement to wages in the event of illness or accident generally falls under the term minimum wage within the meaning of the Directive.

Article 18§3 – Liberalising regulation.

Committee of Independent Experts.

Conclusion XIX-1 p. 13.

The Committee takes note of the information provided in Iceland’s report. It notes in particular that, during the reference period, amendments were made to the Immigration Act to give effect to the transitional provisions on the free movement of nationals of the member countries of the European Union, the European Economic Area and the European Free Trade Association. Since 2006, nationals of these states have no longer been required to apply for a specific work permit. The report refers to other legislation that is being prepared, which includes a plan to create new categories of temporary work permit. The Committee asks to be informed of any changes in the legislation.

Reference is made to the discussion of Art. 18, para 2.

Committee of Independent Experts.

Conclusion XIX-1 p. 13.

Under Act No. 96/2002, all foreign nationals who have applied for the extension of their residence permit at least one month before it expires may remain in Iceland until a decision has been taken on their application. They may also appeal against decisions to reject applications for an extension, addressing the Directorate of Immigration in respect of residence permits and the Ministry of Social Affairs in respect of work permits. The Committee asks again whether residence permits can be extended pending a court decision for foreign workers appealing against dismissal.

If a national of a third country receives a negative decision after an appeal, he or she can apply for a permission to stay in Iceland while his or her court case is pending to the ministry of Interior. If the Ministry accepts his or her application he or she is considered to be in a tolerated stay but is not allowed to work.

Article 18, para 4 – The right of nationals to leave the country.

Reference is made to the Government of Iceland’s previous reports.

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.