

INTERGOVERNMENTAL CONFERENCE ON THE
ACCESSION OF ICELAND TO THE EUROPEAN UNION

NEGOTIATING POSITION OF ICELAND
Chapter 19
Social Policy and Employment

Summary of the negotiating position

1. Chapter 19 on Social Policy and Employment is covered by the EEA Agreement. Iceland implements and applies EEA relevant *acquis* under this chapter on an ongoing basis.
2. Iceland accepts the *acquis communautaire* with respect to Chapter 19 as of 16 March 2011¹. Iceland will have implemented any outstanding *acquis*, as of that date, under this chapter by the date of accession.
3. Iceland has the legislative and infrastructure framework necessary to continue implementing the *acquis* in this chapter.
4. Iceland emphasizes the importance of a developed system of industrial relations and tripartite dialogue, and the right of the social partners to negotiate and conclude collective agreements.
5. Furthermore, Iceland emphasizes the importance of ensuring that labour market rules are designed to prevent social dumping and encourage high standards of social protection by applying appropriate measures aimed at protecting domestic and posted workers' rights and maintaining high standards in the workplace.
6. Iceland does not request special arrangements, derogations or transitional periods under this chapter.

EEA Agreement

Iceland has been a party to the agreement on the European Economic Area (EEA) since its entry into force in 1994. As a result, Iceland has participated in the single market for more than 17 years and implemented all relevant EU legislation with respect to the four freedoms, as well as in other important areas such as research and development, education, social policy, the environment, consumer protection, tourism and culture. The EFTA Surveillance Authority (ESA) regularly monitors Iceland's performance under the EEA Agreement and publishes information about Iceland's implementation record twice yearly in an internal market scoreboard.

In those chapters covered by the EEA, Iceland has built its legislative framework and institutional framework to comply with and implement relevant EU legislation. Chapter 19 on Social Policy and Employment is covered by the EEA Agreement.

¹ Date of bilateral screening meeting

General Statement

Iceland is a strong proponent of the Nordic social model and has built a welfare system on the premise of fairness, equality and social cohesion. The Iceland 2020 policy statement lays out the government's social objectives for maintaining a dynamic society founded on welfare, knowledge and sustainability. Iceland emphasizes the importance of a developed system of industrial relations and a well-established tripartite dialogue. That includes the right of the social partners to negotiate and conclude collective agreements, the right of the social partners to be consulted and participate in decision making on labour market and other related economic and social issues, and fundamental rights such as the right to strike and to take industrial action. Furthermore, Iceland emphasizes the importance of ensuring that labour market rules are designed to prevent social dumping and encourage high standards of social protection by applying appropriate measures aimed at protecting domestic and posted workers' rights and maintaining high standards in the workplace. Such measures may include, inter alia, an effective system for general application of collective agreements, and introduction of joint responsibility and liability for contractors and sub-contractors in order to ensure enforcement of workers' rights.

Iceland is highly aligned with the EU *acquis* in the field of social policy, yet there are still significant challenges that need to be addressed, both in the short and long term. The underlying challenges stem foremost from being a remote island with a small and sparsely located population. It is comparatively expensive to provide basic social services and to sustain a social welfare system given these structural conditions. The economic crisis of 2008 compounded some of these structural weaknesses, as well as introducing others such as long term-unemployment. The major challenges in meeting Iceland's social objectives are addressed in the Iceland 2020 statement policy and will be highlighted under the relevant areas below.

Legislative Framework

The legislative framework is in place to continue implementing the *acquis* in this chapter. The *acquis* on social policy and employment is mostly covered by Annex XVIII of the EEA Agreement.

Labour Law

The basic principles of the *acquis* related to labour market access are fully covered by the EEA Agreement and are transposed into the Icelandic legal order on an ongoing basis.

Iceland has developed its labour legislation in line with the requirements of the *acquis*. The labour market is organised and managed mainly through collective agreements between the social partners, which play a major role in Iceland's industrial relations system. The following highlights the key EU legislation in the field and the implementing legislation in Iceland:

Working time

- The Working Time Directive 2003/88/EC (general) is transposed by Act No. 46/1980 on the working environment, health and safety in workplaces, as amended, the holiday allowance Act No. 30/1987, with subsequent amendments, the Act on Seamen, No.

35/1985, with subsequent amendments, Regulation No. 975/2004 on the hours of work and rest periods of crews serving on board Icelandic fishing ships and Regulation No. 136/1995 on driving time and rest periods for drivers, with subsequent amendments.

- Directive 1999/63/EC (seafarers) is transposed by the Act No. 35/1985 on seamen, as amended, Act No. 76/2001 on crews serving on board Icelandic passenger ships and cargo ships and Regulation No. 680/2004 on the working hours and rest periods of crews serving on board Icelandic passenger ships and merchant ships.
- Directive 2000/79/EC (civil aviation) is transposed by Regulation No. 1043/2008 on flight and duty time limitations and rest requirements.
- Directive 2005/47/EC (railways) does not apply to Iceland due to the fact that there is no railway sector and a geographical impossibility for cross-border traffic on the island.

Working conditions other than working time

- Directive 94/33/EC (young people) is transposed by Act No. 46/1980 on the working environment, health and safety in workplaces, as amended, and Regulation No. 426/1999 on work of young people.
- Directive 91/533/EEC (written statement) is implemented by means of collective agreements between social partners, *cf.* Article 1 of the Act No. 55/1980, on Workers' Wages and Terms of Employment and Obligatory Insurance of Pension Rights. These collective agreements have also been published in the B-series of the Government Gazette, *cf.* Notification No. 503/1997 on the entry into force of Council Directive 91/533/EEC on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship.
- Directive 1999/70/EC (fixed-term work) is transposed by the Act No. 139/2003 on employees in fixed-term work, as amended, and Act No. 70/1996 on Government Employees, as amended.
- Directive 97/81/EC (part-time work) is implemented by the Act No. 10/2004 on employees in part-time work, as amended, and the Collective Agreement between the Confederation of Icelandic Employers and the Icelandic Confederation of Labour on part-time work.
- Directive 96/71/EC (posting of workers) is transposed by 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. The legislation is currently being reviewed following an EFTA Court decision (Case E-12/10 – EFTA Surveillance Authority v The Republic of Iceland), which found Iceland to be in breach of certain requirements of the Directive.
- Directive 2008/94/EC (employer insolvency) is transposed by the Wage Guarantee Fund Act No. 88/2003, with subsequent amendments.

- Directive 91/383/EEC (health and safety in fixed term and temporary employment) is transposed by Act No. 46/1980 on the working environment, health and safety in workplaces, as amended, and Regulation No. 433/1997 on improving the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship.
- Directive 2008/104/EC (temporary agency work) has not yet been transposed but Iceland will do so in good time before the date of accession. This will require amending the current legislation on temporary agency work, Act No. 139/2005, in order to bring it into line with the Directive.

Information and Consultation

- Directive 98/59/EC (collective redundancies) is transposed by Act No. 63/2000 on collective redundancies.
- Directive 2001/23/EC (transfer of undertakings) is transposed by Act No. 72/2002 on the rights of employees during transfer of undertakings, with subsequent amendments.
- Directive 94/45/EC (European Works Council) is transposed by Act No. 64/1999 on European Works Councils. The recast Directive 2009/38/EC has not been transposed but Iceland will do so in good time before the date of accession.
- Directive 2002/14/EC (framework for informing and consulting employees) is transposed by the Act No. 151/2006 on informing and consulting employees.
- The directives on employees' involvement 2001/86/EC (European company) and 2003/72/EC (European co-operative society) are transposed by acts 27/2004 and 92/2006, respectively.

Health and safety at work

The basic principles of the *acquis* related to health and safety at work are fully covered by the EEA Agreement and are transposed into the Icelandic legal order on an ongoing basis.

The employers in Iceland have overall responsibility for health and safety in the workplace and particular emphasis is placed on information sharing and consultation with employees. Employers are obligated to draw up a written programme of safety and health in the workplace and to ensure that employees get information and training to minimize risk in their work. The programme includes a risk assessment and special risk assessment, along with a health protection schedule and schedule of preventive measures.

Public authorities in Iceland have also developed guidelines and strategies for health and safety in the workplace in close cooperation with the social partners. On land, authorities have developed a four-year strategy (2009-2012) for health and safety which identifies key goals such as preventing work related accidents and diseases, increasing awareness and elaborating uniform work practices. At sea, a long term programme on the safety of seafarers has also been developed to achieve the highest safety levels possible on board Icelandic ships. As a result of stricter rules, fatal accidents at sea have been reduced markedly in Iceland over the past decades; a milestone was reached in 2008 when no fatalities were reported at sea.

The main Icelandic legislation on health and safety at work on land is Act No. 46/1980 on working environment, health and safety in workplaces, with subsequent amendments. The Act is the legal basis for transposing the framework Directive 89/391/EEC on health and safety at work. Icelandic legislation provides for specific sets of rules and regulations to implement health and safety acquis concerning activities carried out on land, at sea or in the air.

- Land: Regulation No. 920/2006 on the organisation and implementation of health and safety at workplaces and Regulation No. 553/2004 on the protection of workers from the risk related to chemical agents at work.
- Sea: Regulation No. 200/2007 on measures to improve occupational safety and health of seamen on board vessels.
- Air: Regulation No. 680/1999 on measures to advance improvements in safety and health of crew members.

The following highlights other key EU legislation in the field and the implementing legislation in Iceland:

- Directive 89/654/EEC (workplaces) is transposed by Regulation No. 581/1995 on the housing of workplaces, Regulation No. 200/2007 on measures to improve occupational safety and health of seamen on board vessels and Regulation No. 680/1999 on measures to advance improvements in safety and health of crew members
- Directive 2009/104/EEC (work equipment) is transposed by Regulation No. 367/2006 on work equipment and regulations 200/2007 and 680/1999
- Directive 89/656/EEC (personal protective equipment) is transposed by Rule No. 497/1994 on the use of personal protective equipment and regulations 200/2007 and 680/1999
- Directive 90/269/EEC (manual handling of loads) is transposed by Rule No. 499/1994 on safety and health when handling loads and regulations 200/2007 and 680/1999
- Directive 90/270/EEC (display screen equipment) is transposed by Rule No. 498/1994 on work with display screen equipment and regulations 200/2007 and 680/1999
- Directive 92/57/EEC (construction sites) is transposed by Rule No. 547/1996 on Working Environment, Health and Safety on Construction Sites and Other Temporary Construction Sites, with subsequent amendments
- Directive 92/58/EEC (safety and health signs) is transposed by Rule No. 707/1995 on occupational safety and health signs in workplaces and regulations 200/2007 and 680/1999
- Directive 93/103/EEC (fishing vessels) is transposed by Regulation No. 122/2004 on the safety of fishing vessels of 15 metres in length overall and over, with subsequent amendments
- Directive 92/29/EEC (medical treatment on board vessels) is transposed by Regulation No. 365/1998 on health services, medicines and medical equipment on board Icelandic vessels
- The directives on mineral extracting industries (92/91/EEC and 92/104/EEC) are transposed by Rule No. 553/1996 on safety measures relating to the extraction of minerals by means of drilling, Rule No. 552/1996 on safety measures relating to the extraction of minerals, with subsequent amendments, and regulations 200/2007 and 680/1999
- Directive 1999/92/EC (explosive atmosphere) is transposed by Regulation No. 349/2004 on explosive atmosphere at workplaces

- Directive 2004/37/EC (carcinogens and mutagens) is transposed by Rule No. 98/2002 on the protection of workers from the risks related to exposure to carcinogens and mutagens at work, Regulation No. 390/2009 on exposure limit values and regulations 200/2007 and 680/1999
- Directive 2009/148/EC (asbestos) has not yet been fully implemented but Iceland will do so in good time before the date of accession. Regulation No. 430/2007, prohibiting the use of asbestos in workplaces, transposed Directive 83/477/EEC, as amended by Directives 91/382/EEC and 2003/18/EEC, on the protection of workers from the risks related to exposure of asbestos at work.
- Directive 98/24/EC (chemical agents) is transposed by Regulation No. 553/2004 on the protection of the health and safety of workers from the risks related to chemical agents at work, Regulation No. 390/2009 on exposure limit values and regulations 200/2007 and 680/1999
- The directives on physical agents (2003/10/EC noise, 2002/44/EC vibration and 2006/26/EC optical radiation) are transposed by Regulation No. 921/2006 (noise), Regulation No. 922/2006 (vibrations) and Regulation No. 165/2011 (optical radiation), along with regulations 200/2007 and 680/1999
- Directive 2000/54/EC (biological agents at work) is transposed by Rule No. 764/2001 on the protection of the health and safety of workers from the risks related to biological agents at work and regulations 200/2007 and 680/1999

Social Dialogue

The Icelandic labour market system has developed in close cooperation with the social partners, based mainly on collective agreements. The basic legislation in Iceland on social dialogue within the labour market is the Trade Unions and Industrial Disputes Act No. 80/1938. The Act confirms the trade unions' role as a negotiating party in collective bargaining with the employers. Article 74 of the Icelandic Constitution states that anyone who wishes can establish a trade union without applying for permission from the government. In Iceland, over 80 percent of employees are members of trade unions. If disputes come up in collective bargaining between social partners it is possible to refer them to a special Mediation and Conciliation Officer.

According to Article 1 of the Act No 55/1980, on Workers' Wages and Terms of Employment and Obligatory Insurance of Pension Rights, the wages and other working terms agreed between the social partners shall be considered minimum terms for all employees in the relevant occupation within the area covered by the collective agreements. Contracts made between individual employees and employers on poorer working terms than those specified in the general collective agreements shall be void.

Article 2 of the same Act furthermore stipulates that agreements made between the social partners regarding the handling of disputes, as to whether the wages and terms of employees on the Icelandic labour market conform with the provisions of legislation and collective agreements, shall have the same general validity as their collective agreements on wages and other terms of service under Art. 1 of Act No 55/1980, with the limitations stated in the agreements.

Employment policy

The main legislation on employment policy in Iceland is Act No. 55/2006 on labour market measures and Act No. 54/2006 on unemployment insurance.

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 has subsided somewhat over the past year and measured at 6.7% in September 2011 from 7.8% in the beginning of the year. However, the current rate remains well above the long term average.

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 March 2012.

In order to combat the problem of undeclared work, which is estimated at around 5-8% of the total tax revenue in Iceland and 12% in small and medium size companies according to new estimates, and thus ensure that working conditions are in line with relevant legislation and collective agreements, an agreement has been struck by the social partners. The Agreement, which is based on Act No. 42/2010 on workplace inspection, makes it mandatory for employers and employees to carry workplace ID cards in certain sectors. This allows inspectors to verify employment, that wages and other conditions at work are according to collective agreements and labour law and prevent tax fraud. Various other measures are also being taken by the relevant authorities to address undeclared work and inter-institutional cooperation is being strengthened.

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: Unemployment soared in the wake of the financial collapse in 2008, particularly among the young and less educated. Long-term unemployment is also 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 25-64 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. The government in cooperation with the social partners has also launched special programmes aimed at tackling long-term unemployment,

unemployment among young people and less educated people. This includes *Youth to Action* for persons 16–30 years old and *POR* (Knowledge and experience) for persons 30 years and older, along with other programmes aimed at education (*Nám er vinnandi vegur*) and at work (*Til vinnu*).

- Regional disparities: In 2011 the number of inhabitants was 320.000 and the average population density was 3 persons pr. km² – making Iceland by far the most sparsely populated country in Europe. In addition to the remoteness of Iceland, regional disparities exist in areas that can be termed as remote and isolated – severely limiting the employment opportunities and economic activities compared to the capital area and its surroundings. Special consideration must be given to this fact as it increases the effect of Iceland's remoteness from mainland Europe. In order to meet the objectives of Iceland 2020, the government intends, in its formulation of regional policy, to guarantee that these regions will be ensured adequate resources to promote social and economic development and diversification of activities. The aim is to maintain viable living conditions and improve job opportunities in all areas of Iceland.
- Economic and employment diversity: The export of fish and processed aluminium account for over 70% of total export revenues. Iceland is therefore dependent on very few products. Efforts are needed to create a broader basis for external revenue earnings necessary for a small economy heavily dependent on foreign trade. It is estimated that Iceland will need to create new 20,000 jobs by the year 2020. These jobs will need to be created mostly outside of the traditional export industries.

The European Social fund

The main objectives and priorities of Iceland's social policy (employment, education, social inclusion and protection), which are set out in the Iceland 2020 policy statement, reflect the priorities of the European Social Fund.

Through the EEA Agreement, Iceland implements EU funded projects such as the Adult Education Fund, Lifelong Learning Centres, the Education and Training Service Centre, along with various projects and labour market measures. The scope of Icelandic legislation already covers a large area of ESF relevant priorities and over 20 staff work directly in promoting EU programmes in Iceland under various institutions.

Iceland will finalise the necessary programming in order to participate fully in the European Social Fund by the date of accession.

Social inclusion

Iceland has established a welfare system based on a Nordic welfare model approach. The system places high priority on social inclusion for the vulnerable in the society. According to the European Union Statistics on Income and Living Conditions (EU SILC), Iceland had one of the lowest at risk-of-poverty rates in Europe, or 10.2%, in 2009. The Minister of Welfare established a steering committee in 2010 called the Welfare Watch to monitor financial and social consequences of the economic situation in Iceland after the financial collapse in 2008, as well as to propose measures to help households in financial difficulties.

Iceland continues to take measures to protect the most vulnerable group of the society and participated in the 2010 European Year for Combating Poverty and Social Exclusion by funding 21 projects.

Iceland has developed a policy for disability services based on the notion that people with disabilities should be guaranteed the necessary support to enable them to enjoy a full and independent life on their own merit. Iceland signed the United Nations Convention on the Rights of Persons with Disabilities in 2007. Ratification of the UN Convention is foreseen in 2012. The Minister of Welfare will submit to the Parliament a proposal on an action plan on affairs of people with disabilities by the end of the year 2011.

Institutional care for disabled people is being phased out in favour of providing independent living assistance. Pilot projects for implementing Personal Assistance Services (PAS) for people with disabilities in a systematic and effective way, and with a professional and financial evaluation, will be done before the end of the year 2014. The goal is to utilise PAS as the main way of providing services to people with disabilities.

New legislation adopted in December 2010 delegated responsibility for matters concerning people with disabilities from the national level to the municipalities. Decisions taken by municipalities can be appealed and formal complaints can be sent to the Complaints Committee on Social Services and Housing. A ruling from the Committee is binding.

The Iceland 2020 policy statement identifies people with disabilities as a challenge along with measures necessary to address them. The number of people living with disabilities has increased over the past years. There are many reasons for this trend including the rising average age of the population, altered social patterns, a rise in the diagnosis of mental illness and increased strain on the labour market. There is an acute need for more part-time employment tailored to the skills of people with impaired working abilities, as well as more flexibility in the labour market and understanding amongst employers. There is a need to increase resources, training and guidance and to consolidate and optimise existing services. Above all, people have to be kept active. The policy statement sets out objectives to reduce the percentage of people receiving disability pensions aged from 18-66 from 7,3% of the population to 5.7% by 2020.

In order to achieve these goals, the government and the social partners have reached a general understanding on the importance of establishing a systematic vocational rehabilitation process in order to promote participation and activity on the labour market. The premature departure of employees from the labour market needs to be reduced systematically by taking action before employees leave their jobs, e.g. with active health protection programmes in the work place, including prevention. It is important that the labour market as a whole participates in this process, along with the government and pension funds. The social partners have already established a special fund, the Icelandic Rehabilitation Fund, which oversees vocational rehabilitation for individuals that have been active on the labour market. A consultation committee consisting of members from the labour market and the government is working on introducing new proposals on the structure and coordination of vocational rehabilitation issues in Iceland. The consultation committee is scheduled to conclude its work in the beginning of 2012.

Social protection

Iceland fulfils the EU common objectives for pensions, health care and health equality in the field of social protection.

Iceland has a three pillar pension system. The residence based social security pension scheme is regulated by the Act on Social Security No 100/2007. The supplementary employment pension scheme is regulated by the Act on Mandatory Pension Insurance and Activities of Pension Funds No 129/1997 and the statutes of each individual pension fund.

The different pillars have different roles in society and differing effects on the distribution of living standards. The social security equalizes the income distribution with its minimum flat-rate and universal income-tested benefits. It is of great importance for alleviating poverty. The second pillar aims to replace the income distribution in the labour market proportionally, without any roof. It does not significantly equalize the income distribution, but it has been gradually more important for raising the living standard of pensioners by adding to the modest income provided by social security. The individual accounts are voluntary and have as yet an incomplete coverage. The first two pillars are the main building blocks of the Icelandic pension system.

The Icelandic government prepares a medium term estimate of social protection expenditure in the annual national budget. Social security in Iceland is financed by the State Treasury. Individuals do not pay special premiums for their social security; the main financing sources come from taxes, state subsidies and social security contributions/pay-roll taxes paid by employers and collected through taxes.

Iceland offers universal health care and the health care system is largely financed by the state. A considerable portion of government spending is allocated to health care services, or 100 billion ISK (21% of the national budget) in 2011. The financial crisis and accompanying austerity measures have put a heavy burden on the health care sector, which is already comparatively expensive to finance taking account of some of the structural and geographic challenges outlined above. The health care system has in place progressive measures to account for vulnerable or at risk groups in society. For instance, Iceland provides free preventive health care for pregnant women and children in schools. Hospital stays are free of charge as well as GP consultation for children younger than 18 years old. Rebate cards are provided for people who have to seek medical GPs, specialists and hospital above a certain limit per calendar year. The ceiling is lower for persons aged 67-69, old age pensioners, disabled people and children with a single parent.

The Iceland 2020 policy statement identifies improvements in the well-being and sound mental health of its citizens as a priority. The promotion of health and preventive measures that contribute to improving public health will be reinforced, with a special emphasis on alcohol and drug abuse prevention, nutrition, exercise and sexual and mental health. The policy statement sets out objectives to improve well-being and sound mental health so that the average measurements on the WHO-5 well-being index rises from 26,6 in 2009 to 28 in 2020.

Anti- discrimination

All persons, according to Article 65 of the Constitution of Iceland, should be equal before the law and enjoy human rights regardless to sex, religion, opinion, race, national origin, colour, financial status or parentage.

A special committee was established in 2008 to examine the provisions of the anti-discrimination directives (2000/43/EC and 2000/78/EC) under the Ministry of Social Affairs and Social Security (since merged into the Ministry of Welfare). Projects with relevant stakeholders have been launched with the aim of presenting an impact assessment of the two anti-discrimination directives and implement the principle of equal treatment between persons irrespective of racial or ethnic origin. The preparation of aligning Icelandic legislation with the *acquis* on anti-discrimination is on-going and Iceland will implement both directives in good time before the date of accession.

Equal opportunities

Iceland fares relatively well in terms of its equal rights position in the world. The World Economic Forum Global Gender Gap report 2011, which measures the size of the gender inequality gap in areas such as economic participation, educational level, health and political empowerment, concludes that Iceland has the smallest gap between men and women among the 134 countries sampled. However, more needs to be done. Significant efforts are still underway to incorporate gender mainstreaming into government policy making and employment creation measures, with the aim of achieving full equality between men and women.

The Iceland 2020 policy statement sets forth the objectives to achieve greater equality in Iceland by lowering the Gini coefficient for disposable income to around 23 by 2020, and to narrow the gender gap in order to bring the Global Gender Gap Index close to 0.9 by 2020.

Act No. 10/2008 on equal status and equal rights for women and men ensures that employers are meant to prevent discrimination on grounds of gender. This includes sectors related to work, including on pay, vocational training, reconciliation of work and family life and education. The Act transposes Directive 2006/54/EC on the principle of equal opportunities and on equal treatment of men and women in matters of employment and occupation.

The main Icelandic legislation on maternity/paternity leave is Act No. 95/2000, which transposes Directive 96/34/EC on the framework agreement on parental leave. The Act ensures maternity leave for three months and paternity leave for three months, non-transferable, and an additional three months which the parents can divide between them. During the leave parents who have been active on the labour market receive a certain proportion of their salary up to a certain ceiling. This applies both to people working in the private sector, the public sector as well as to those that are self-employed.

The Ministry of Welfare is working on a proposal for a new Act that will implement Directive 2004/113/EC. Iceland will implement the Directive in good time before the date of accession.

Directive 79/7 on the progressive implementation of the principle of equal treatment for men and women in matters of social security is transposed in Iceland by Act No. 117/1993 on social security. The principle of equality (cf. Article 11) of the Administrative Procedures Act

No. 37/1993, with subsequent amendments, applies to all decisions taken on the basis of the Social Security Act No. 100/2007, with subsequent amendments. According to Article 11, para. 2, of Act 37/1993, it is prohibited to discriminate against persons on the basis of gender, race, colour, national origin, religion, political beliefs, social status, birth or other similar reasons. As such, it is not considered necessary to have specific provisions on gender equality in the Act on Social Security as the requirements of the Directive have already been met.

Institutional Framework

The institutional capacity and structure are in place to continue implementing the acquis under this chapter.

Labour law

The Ministry for Welfare is responsible for labour law in Iceland. The Department of Social and Labour Market Affairs in the Ministry has a staff of 11 persons. Regular consultation meetings are held between the Minister of Welfare and social partners and the social partners have representatives in most state councils and boards concerned with labour market affairs, including the board of the Directorate of Labour, the board of the Unemployment Insurance Fund, the board of the Wage Guarantee Fund and the board of the Administration of Occupational Safety and Health.

The Directorate of Labour is responsible for implementing labour market measures in Iceland. The Directorate, which is an agency under the Ministry of Welfare, implements acts and provisions that apply to the labour market. This includes labour exchange services, the management of the Unemployment Insurance Fund and issuing work permits to persons outside of the EEA. It is also responsible for information and data gathering on the employment situation, unemployment and employment prospects. The Directorate of Labour operates service centres around the country and employs 129 persons.

Health and safety at work

The Administration of Occupational Safety and Health is an institution working on behalf of the Minister of Welfare on occupational health and safety issues. The Institution is responsible for building preventive measures and health protection in workplaces and monitoring market surveillance regarding machinery, equipment and devices covered under the Act on Working Environment, Health and Safety in Workplaces. It is also responsible for monitoring and ensuring that employers provide a secure working environment, health protection and adequate safety levels for their workers. There are 72 employees working within the Administration of Occupational Safety and Health, thereof 37 inspectors employed by the Administration of Occupational Safety and Health.

The board of the Administration of Occupational Safety and Health is appointed by the Minister of Welfare for four years at a time. The board shall be responsible to the Minister for the formation of professional policy at the Administration of Occupational Safety and Health, and shall act in an advisory role on matters relating to improved working conditions and safety and health in workplaces.

The Icelandic Civil Aviation Administration and the Icelandic Maritime Administration, working under the responsibility of Ministry of Interior, are responsible for monitoring and enforcing legislation on health and safety relating to air and sea.

Social dialogue

There is a strong tradition for tripartite dialogue between the government and the social partners on labour market issues and other related economic and social issues. The social partners agree on wages and terms in free collective bargaining without interference from the State.

The largest trade union confederation is the Icelandic Confederation of Labour with 51 trade unions, 5 industrial federations and about 100,000 active members. Other large trade union confederations are the Federation of State and Municipal Employees and Association of Academics. The union density in Iceland is over 80%. For employers, the Confederation of Icelandic Employers is an organization for Icelandic businesses and is responsible for negotiating collective agreements with trade unions on wages and working conditions, including pay, working time and annual leave. The Confederation and its member associations include about 2,000 businesses.

The social partners take active part in the social dialogue at European level as members of the European Trade Union Confederation (ETUC) and BusinessEurope. They also are engaged in dialogue and cooperation with European Economic and Social Committee (EESC) through the EEA Consultative Committee.

The social partners can refer disputes in collective bargaining to an impartial State Mediator, which is appointed by the Minister of Welfare and sits for five years at a time. The State Mediator is required to report to the Minister of Welfare at least once a year on the status of his/her work.

Employment policy

The Ministry of Welfare and the Directorate of Labour are responsible for implementing EU legislation on labour market issues, including employment policy. This includes policy making, preparing legislation and issuing regulations, general supervision of administrative bodies and implementing the legislation in these fields.

European Social Fund

The institutional structures for implementing and managing the European Social Fund will be addressed in Chapter 22 on Regional Development.

Social inclusion

The Ministry of Welfare is responsible for issues regarding people with disabilities. The responsibility for organising and administering services for people with disabilities, including the quality of services and costs entailed therein, was delegated to the municipalities as of 1 January 2011.

Social protection

The Ministry of Welfare is responsible for matter related to social protection, along with the national old-age and invalidity pension scheme, state social assistance, the unemployment benefits scheme, the maternity/paternity cash benefits scheme, and general social assistance.

The Ministry is also responsible for health insurance; both healthcare benefits in kind and in cash and also employment injury insurance. The central administrative body for the national old-age and invalidity pension scheme is the Social Insurance Administration. The administrative body for the maternity/paternity cash benefits scheme, adoption grants and unemployment benefits is the Directorate of Labour. Social assistance in Iceland is both under state social assistance and social assistance provided by each municipality. The central administrative body for the health insurance is the Icelandic Health Insurance.

The Ministry of Finance is responsible for family benefit schemes and the supplementary employment pension schemes in Iceland. The administrative body responsible for the general family benefits scheme is the Directorate of Internal Revenue.

Anti-discrimination

The Ministry of Welfare is responsible for equality matters in general, while the Ministry of Education, Science and Culture is responsible for anti-discrimination in the Icelandic educational system. The Ministry of Welfare will be the competent authority for implementing anti-discrimination provisions according to draft legislation which will transpose the EU directives on anti-discrimination.

Equal opportunities

The Ministry of Welfare and the Centre for Gender Equality are responsible for implementing equal opportunity measures in Iceland.

The Centre for Gender Equality was established in 2000 and is a national bureau under the Ministry of Welfare. It is responsible for administering matters relating to the equal status and equal rights of women and men. Individuals, businesses, institutions and organizations can seek assistance from a special complaints committee if they believe that the Gender Equality Act has been violated. Each Ministry in Iceland is required to appoint an expert in matters relating to gender equality in order to establish a clear policy in gender equality.

The Ministry of Welfare has a staff of 95 employees, 68% of which are women.

Acceptance of the *acquis*

Iceland accepts the *acquis communautaire* in Chapter 19 on social policy and employment as of 16 March 2011. No special solutions, derogations or transitional periods are requested under this chapter.