

# Iceland<sup>1</sup>

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For comparisons with other countries in this review on leave provision and early childhood education and care services, please see the cross-country tables at the front of the review (also available individually on the Leave Network website). To contact authors of country notes, see the members page on the Leave Network website.

## 1. Current leave and other employment-related policies to support parents

**Note on terminology:** The term *fæðingarorlof* (literally ‘Birth leave’) is used in law to refer to paid Parental leave. Despite the three months quota of non-transferable individual rights that each parent is entitled to, the law does not apply the concepts of Maternity or Paternity leave, except that it is used in the translation of the title of the law. Sometimes the term *feðraorlof* (Paternity leave) is used in daily conversations about the three months non-transferable individual rights that fathers are entitled to (the father’s quota) even though the law does not make such distinction between Parental leave of fathers and mothers. Indeed the law was changed in 2006 to address parents without mentioning the sex of the parent, in order not to discriminate on the basis of gender or sexual orientations.

The joint leave referred to in 1c under the heading of ‘Parental leave’ is translated into English by the Icelandic Ministry of Welfare as ‘parents’ joint rights’.

*Foreldraorlof* refers to the unpaid leave included in 1d under the heading of ‘Childcare leave’, though it translates literally into ‘parental leave’.

### a. Maternity leave (*fæðingarorlof*) (responsibility of the Ministry of Welfare)

#### *Length of leave (before and after birth)*

- Three months to be taken within a 24 months’ time span: one month may be taken before birth. It is obligatory for mothers to take two weeks of leave following the birth.

#### *Payment and funding*

- Eighty (80) per cent of average total earnings for a twelve months period ending six months before birth, up to a ceiling of ISK520,000 [€4,142.91]<sup>2</sup> per month.
- The minimum payment to a mother working shorter part-time hours, i.e. between 25 and 49 per cent of full-time hours, is 123,897 [€987.10] per month; and the minimum

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<sup>2</sup> Conversion of currency undertaken on 13 June 2018, using <https://www.finanzen.net/waehrungsrechner>

payment for a mother working 50-100 per cent of full time-hours is ISK 171,111 [€1,368.05] per month.

- For those working less than 25 per cent of full-time hours and those outside the labour market the amount is ISK74,926 [€591.93] per month. Students (75-100 per cent of full-time studies) receive a flat-rate payment of ISK171,711 [€1,368.05] per month. As a frame of reference, the minimum wage in Iceland in 2016 is ISK260,000 [€2,071.46] per month.
- Funded by the Maternity/Paternity Leave Fund, which is financed from an insurance levy of 5.40 per cent of wages paid by employers; 0.65 per cent of the revenue goes to this fund.
- Non-employed parents are not entitled to any pension credits while caring for their child. Employed parents taking leave continue to accumulate their pension entitlements (and in indeed all other entitlements) as if they were at work.

#### *Flexibility in use*

- After the two weeks of obligatory leave, a mother wishing to take more leave can choose to take leave on a full-time or part-time basis. It is also possible to take leave in one continuous period or as several blocks of time (i.e. leave can be 'uninterrupted' or 'interrupted'). This has to be negotiated with the employer. Parents can be on leave together, partly or the whole period.

#### *Eligibility (e.g. related to employment or family circumstances)*

- All biological or adoptive parents have individual non-transferable rights to three months paid parental leave, regardless of sexuality or marital status. Parents that do not hold sole or shared custody of the child at birth need to have worked out the visiting rights with the custodial parent in order to be able to take paid parental leave.

#### *Variation in leave due to child or family reasons (e.g. multiple or premature births; poor health or disability of child or mother; lone parent); or delegation of leave to person other than the mother*

- In cases where there is only one parent (the other parent has died, in cases of artificial insemination or an individual adopts or takes a child in permanent foster), the parent has a right to nine months paid parental leave. In special cases, if one of the parents is in prison or hospital or is incapable to take care of the child due to health reasons it is possible to transfer the rights of that parent to the other parent.
- Maternity leave can be extended by two months if the mother suffers from a serious illness in connection with the birth.
- See also 1c.

### **b. Paternity leave (*fæðingarorlof*) (responsibility of the Ministry of Welfare)**

#### *Length of leave*

- Three (3) months to be taken within a 24 months' time span.

#### *Payment and funding*

- Eighty (80) per cent of average total earnings for a twelve months period ending six months before birth, up to a ceiling of ISK520,000 [€4,142.91] per month. For maximum and minimum payments see 1a.

### *Flexibility in use*

- Same as for Maternity leave, except there is no obligatory period of two weeks' leave that fathers must take after birth.

### *Eligibility (e.g. related to employment or family circumstances)*

- All biological or adoptive parents have individual non-transferable rights to three months paid parental leave, regardless of sexual orientation or marital status. Parents that do not hold sole or shared custody of the child at birth need to have worked out the visiting rights with the custodial parent in order to be able to take paid parental leave.

### *Variation in leave due to child or family reasons (e.g. multiple or premature births; poor health or disability of child or mother; lone parent); or delegation of leave to person other than the mother*

- See 1c.
- In cases where there is only one parent (the other parent has died, in cases of artificial insemination or an individual adopts or takes a child in permanent foster), the parent has the right to nine months paid parental leave. In special cases, if one of the parents is in prison or hospital or is incapable to take care of the child due health reasons it is possible to transfer the rights to the other parent.

## **c. Parental leave (responsibility of the Ministry of Welfare)** (see note on terminology at the start of part 1)

### *Length of leave (before and after birth)*

- Three (3) months after birth. These are in addition to the earmarked months (three for each parent) and can be divided between the parents as they like.

### *Payment and funding*

- Eighty (80) per cent of average total earnings for a twelve months period ending six months before birth, up to a ceiling of ISK520,000 [€4,142.91] per month. For maximum and minimum payments see 1a.

### *Flexibility in use*

- The total of nine months leave (covering maternity, paternity and joint rights) can be used until 24 months after the birth.
- Parents can choose to take leave on a full time or part-time basis. It is also possible to take leave in one continuous period or as several blocks of time (i.e. leave can be 'uninterrupted' or 'interrupted'). This has to be negotiated with the employer. Parents can be on leave together, partly or the whole period.

### *Regional or local variations in leave policy*

- None.

*Eligibility (e.g. related to employment or family circumstances)*

- Each parent is entitled to leave. See 1a and 1b for family circumstances

*Variation in leave due to child or family reasons (e.g. multiple or premature births; poor health or disability of child or mother; lone parent); or delegation of leave to person other than the parents*

- In the case of a miscarriage after 18 weeks, the parents are entitled to two sharable months and in the case of still birth after 22 weeks each parent is entitled to three months.
- In the case of multiple births, the length of leave increases by three sharable months for each additional birth; it can be extended by the same amount if the child suffers from a serious illness. Leave also increases if the child has to stay in hospital more than seven days after the birth by that amount of time up to four months.
- If the child is seriously ill or disabled in a way that demands more intensive parental care than is usual, the leave may be extended by up to seven months
- In cases where there is only one parent (the other parent has died, in cases of artificial insemination or an individual adopts or takes a child in permanent foster), the parent has right to nine months paid parental leave. In special cases, if one of the parents is in prison or hospital or is incapable to take care of the child due health reasons it is possible to transfer the rights to the other parent.

#### **d. Childcare leave or career breaks (*foreldraorlof*)**

- Each parent may take four months of non-transferable unpaid leave until the child is eight years old.

#### **e. Other employment-related measures**

*Adoption leave and pay*

- Regulations on paid parental leave apply if the child is younger than eight years when adopted.

*Time off for the care of dependants*

- There are no legal entitlements. The Equal Status Act instructs employers to do what they can to make it possible for employers to fulfil their responsibilities towards their families, but that is all. Most or all unions have negotiated a number of leave days when children are sick, but it is not thought that any union has negotiated a right to leave in the case of any other close relative being ill

*Flexible working*

- Employers are required by the *Act on Equal Status and Equal Rights of Women and Men* to make the necessary arrangements to enable men and women to balance family life and work, including the arrangement of work in a flexible manner and parents being able to take leave from work in case of serious or unusual family circumstances.

## **2. Relationship between leave policy and early childhood education and care policy**

The maximum period of post-natal leave available in Iceland is 17 months, nine months of paid leave and two periods of four months of unpaid leave (see section 1d above). There is no legal entitlement to ECEC. However, most municipalities offer ECEC for children, but due to some gap still existing between the end of Parental leave and admission to preschools many parents opt for private child minders or similar solutions to bridge this gap; private child minders are few and in most cases the parents need to bridge the gap without public support.

Levels of attendance at formal services for children under and over three years are well above the average for the countries included in this review and OECD countries. For actual attendance levels, see 'relationship between leave and ECEC entitlements' on [cross-country comparisons](#) page.

## **3. Changes in policy since April 2017 (including proposals currently under discussion)**

The Icelandic parliament adopted changes to the law on parental leave in December 2012, with a staged increase from nine to 12 months with a 5+5+2 system. Following parliamentary elections in April 2013, a new coalition government came to power. This government deemed state finances to be in such a bad state that the extension of the leave period adopted in December 2012 could not be carried out. The law was therefore revoked.

In 2014 the government appointed two committees, on leave and ECEC. One was to examine the possibility of restoring economic compensation during parental leave to the pre-2008 level and the eventual extension of the leave; while the other was to examine the possibility of increasing the capacity of preschools so that they can admit children once parental leave is over. Both committees have now reported. The first reported in March 2016 and proposed the successive restoration of economic compensation (e.g. a ceiling of ISK600,000 [€4,780.28]) and an extension to 12 months leave, with five for the mother, five for the father and two to be shared, to be fully implemented in 2022. The second reported in May 2016 and proposed that all children from 12 months old should be offered a place in preschools. Neither report was debated in the Icelandic parliament prior to the parliamentary elections that took place in October 2016 and led to the formation of a new centre-right coalition government. In its platform there is no mention of an extension of leave but the restoration of the economic compensation to pre-crash level is to be fulfilled.

This government did not last long and new elections were held in October 2017 resulting in a new coalition government straddling the political spectrum, the centre-right Independence Party, the centre Progressive Party and the Green-Left Party. In its platform the government stated its commitment to restoring economic compensation during Parental leave and an intention to discuss with the social partners the possibility of extending the leave; these discussions have just started. However, the Minister of Welfare has publicly stated that the intention is to extend the leave to 12 months.

## **4. Take-up of leave**

### **a. Maternity leave**

In 2015 (last year for which final figures are available), 99 per cent of women applying for leave used at least the three months available only to mothers. For more details see 4c.

## **b. Paternity leave**

See 4c.

## **c. Parental leave (i.e. parents' joint rights)**

In 2015, 81 per cent of fathers took a period of leave (paternity and/or parents' joint rights), taking an average of 88 days leave (compared to 178.4 for mothers). This is a substantial drop in the number of days used by fathers before the economic crisis, which were around 100. In all probability this is due to the severe cuts in economic compensation. Overall, 13.3 per cent of fathers took some of the parents' joint rights, and 34.3 per cent took less than their three months of designated paternity leave; 96 per cent of mothers took some period of parents' joint rights while 1 per cent used less than their three months.

In 2015, 33.9 per cent of men and 30.7 per cent of women took leave in one uninterrupted period; the remainder took their leave in two or more parts.

## **5. Research and publications on leave and other employment-related policies since April 2017**

Please be aware that this is not intended to be a comprehensive list of all publications or research in this area for this country. If you are aware of a publication or research that could be listed in this section, please contact the country note author(s) so that they can include it for the following year.

### **a. General overview**

Research on leave and other employment-related policies have been relatively few in Iceland though there has been some slow increase. Some studies include cross-national comparisons, which is reducing Iceland's previous knowledge gap in this area.

### **b. Selected publications since April 2017**

Sigurdardottir H. M. and Garðarsdóttir Ó. (2016) 'Backlash in gender equality? Fathers' parental leave during a time of economic crisis', *Journal of European Social Policy*, 1-15, Available at: <http://journals.sagepub.com/doi/full/10.1177/0958928717739243>

In Europe, there has been an increasing emphasis on the equal rights of men and women to Parental leave. Nordic countries such as Iceland are often seen as forerunners in the implementation of laws that promote gender equality by giving each parent non-transferable rights to parental leave. In October 2008, the Icelandic banking system collapsed and a severe economic recession followed. This can be seen as a natural experimental intervention and provides a unique opportunity to study potential changes in fathers' use of Parental leave in response to drastic economic changes and resulting policy changes. The data reported in this article show that during the years 2003–2007, a time of economic prosperity, Icelandic fathers on average used three full months of Parental leave. After this event, fathers' use of Parental leave declined, while the reverse could be seen for mothers who progressively took a longer leave with partial pay. Analysis suggests that a decline in fathers' use of leave can be traced back to the dramatic collapse of the economic system and the subsequent substantial lowering of the maximum payment during Parental leave. The most dramatic changes were seen for fathers in high-income groups whose payments during leave were most severely cut. The data suggest that after the economic collapse and resulting policy changes, women have become increasingly responsible and men

decreasingly responsible for childcare duties – an alarming trend from the standpoint of gender equality. Possible remedies and courses of action are discussed.

### **c. Ongoing research**

*Nordic Family Policies and Demographic Consequences 1990-2011*. Trude Lappegard from Statistic Norway and Ólöf Garðarsdóttir, University of Iceland. Funded by the Norwegian Research Council.

A data set is being created from existing register data from Statistics Iceland about fertility, labour market position, education, family position and incomes; and from the Birth Leave fund about the take-up of paid Parental leave by Icelandic parents. Contact: Ólöf Garðarsdóttir at [olofgard@hi.is](mailto:olofgard@hi.is)

*Paid parental leave, fathers and mothers: Reconciliation of work and family (2013- )*. Guðný Björk Eydal, Ingólfur V. Gíslason. University of Iceland. Funded by the University of Iceland Research Fund, The Icelandic Centre for Research (RANNÍS) and the Icelandic Equality Fund.

This is a long-term project and aims to investigate through surveys how parents having their first child in 1997, 2003, 2009 and 2014 respectively, have organized their work and the care of their child from birth until the age of three years. The parents are also asked about their labour market participation a year before birth. In the 2013 survey there were also questions regarding the influence of the economic crisis on how parents have organized work and care during the aftermath of the crises, since many parents in the group had made their plans regarding parental leave before the cuts to the payments were made. The fourth survey will be conducted in spring 2018. Furthermore, qualitative interviews have been conducted among parents from Poland living in Iceland and native Icelandic parents in order to gain knowledge about their experience of the Icelandic paid parental leave system. Contact: Guðný Björk Eydal at [ge@hi.is](mailto:ge@hi.is) or Ingólfur V. Gíslason at [ivg@hi.is](mailto:ivg@hi.is). Ásdís A. Arnalds is PhD student in the project, [aaa1@hi.is](mailto:aaa1@hi.is)