



# The EU Mutual Learning Programme in Gender Equality

**Support to lone parents**  
France, 21-22 October 2015

Comments Paper - Iceland



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*This publication is supported by the European Union Rights, Equality and Citizenship Programme (2014-2020).*

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# Comments Paper - Iceland

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## 1. Introduction

Iceland is a member of the Nordic family of nations, but the Icelandic welfare system has, despite sharing the aims of the Nordic welfare states, deviated from the Nordic model in some respects. The social security system has been characterised by flat rate benefits and income testing rather than income replacement. Both education and health care services are publicly funded and user fees have been low, but volumes of social services have been lower in Iceland than has been the case in the other Nordic countries. Iceland's expenditure figures on welfare and health have been relatively low, although the gap has narrowed somewhat in recent years. During the 1990s, Iceland's proportion of GNP spent on welfare and health hovered around 18-19 %, but in 2002 it surpassed 20 % for welfare expenditures and was 25.2 % in 2012 (Broddadóttir et al. 1997; Ólafsson 1999; NOSOSCO 2012/2013).

Icelandic family policy has historically been fragmented in nature and the concept of family policy did not gain political attention until the 1990s (Eydal, 2005). In 1997, *Alþingi* formally passed its first parliamentary resolution on family policy. In 2014 the Minister of Welfare appointed a committee to revise the resolution and write a proposal of a new family policy. The proposal was finished in spring 2015 but it has not yet been presented to the parliament (Velferðarráðuneyti, n.d.).

### 1.1. Lone parents and family law

There were 79,354 families<sup>1</sup> in Iceland as of 1<sup>st</sup> of January 2015. 40.8 % of these were couples with children under 18 years of age, 28 % married couples and 12.8 % cohabiting couples. 15.9 % were lone parent families, 1.4 % lone fathers and 14.5 % lone mothers. 38.7 % were married couples and 4.5 % were cohabiting couples without children. Thus, of all families with children, 28 % were lone parent families, 2.5 % lone fathers and 25.5 % lone mothers.

In 2014, 4,375 children were born in Iceland, 1,292 children to married mothers and 3,083 to unmarried mothers, of whom 2,338 were in cohabitation. Thus 745 children were born to mothers that neither were married nor cohabited, or 17 % of all children born in 2014 (Statistics Iceland, n.d.)<sup>2</sup>. There is a lack of statistics on how the family situation of Icelandic children does change during their childhood, e.g. the length of periods that the child lives with one parent and how the contact with the other parent is arranged (Jensen and Ottosen, 2013).

Icelandic family law was revised in Nordic co-operation in the 1920s. According to Therborn (1993, 258), the reformed Nordic legislation “declared an explicit basic equality between husband and wife, father and mother, provided for no-fault divorce

<sup>1</sup> Statistics Iceland: nuclear families are couples with or without children and individuals with children.

<sup>2</sup> In 2008, single women gained the right to artificial insemination (*Lög um breytingu á lögum nr. 55/1996, um tækniþrjúvgun og notkun kynfrumna og fósturvísa manna til stofnfrumurannsóknna, með síðari breytingum nr. 54/2008*) thus it is possible for a child to have only one legal parent.

(after a procedure of separation) and established the principle of the best interests of the child as main criterion for deciding custody". Thus, family law has for decades emphasised the child's right to have access to and enjoy care from both parents. Hence the Law in Respect of Children has gradually been changed, in 1992 the option of shared custody after divorce was introduced and immediately became popular. In 2010, 83 % of separated parents shared custody (Statistics Iceland, n.d.). Shared custody was made a general rule in 2006, and in 2012 it became possible for courts to order shared custody and contact for up to 7 out of 14 days (Friðriksdóttir, 2015).

As already mentioned, aside from information on legal residence of the child, there is a lack of statistics on their living arrangements. However, judging from survey data, fathers have in last decades increased their participation in childcare (Arnalds, Eydal and Gíslason, 2013; Júlíusdóttir and Sigurðardóttir, 2013). Furthermore, according to surveys there is a growing number of children living in lone parent families that spend an equal amount of time with each parent (Júlíusdóttir and Arnardóttir, 2008; Arnarsson and Bjarnason, 2008). Despite these changes, the Icelandic law still requires that the child has legal residence with one parent and in about 90 % of cases the children share legal residence with their mother (Eydal and Hilmarsson, 2012).

## 1.2. Support for care and provision of children of lone parents

The system of family benefits in Iceland was constructed during the period 1946-1962 when the ideology of the male breadwinner model was dominating. Despite major changes, both in society and other legislation towards the dual earner/dual carer model, the benefit system developed in the last century is more or less still intact. Public support for child care was limited until the 1980s when the right to paid parental leave was established and in the 1990s the volume of pre-school was increased.

### 1.2.1. Care policies

The goal of the law on paid parental leave that was enacted in 2000 is "...to ensure children's access to both their fathers and mothers" [and furthermore] "to enable both women and men to co-ordinate family life and employment" (*Lög um fæðingarlof foreldraorlof* nr. 95/2000). The law entitled each parent, regardless whether they share residency or custody, with the right to three non-transferable months of paid parental leave. If the parents do not live together they have to be in an agreement on visiting rights in order to be able to make use of the entitlements of the parent that does not share legal residency with the child. Additionally, the parents have three months that they can decide how to share (Hakovirtia, Haataja, Eydal and Rostgaard, 2015).

Prior to the law in 2000 hardly any father made use of paid parental leave, this changed after it came into force, most fathers use their quota. In 2008, 90 % of all fathers used some leave (three months on average). Furthermore, the fathers have also increased their participation in care of their children not only during their paid leave but also after the leave period ends (Arnalds, Eydal and Gíslason, 2013).

A survey among all parents of new-born in Iceland in 2009 shows that the family status of the parents is of vital importance for the take-up: 93 % of cohabiting fathers and 90 % of married fathers did take paid leave, compared to 27 % of the fathers that had not lived with the mother (Eydal and Gíslason, 2015). The quota of each parent is a “use or lose” right<sup>3</sup>, thus parents that do not reach an agreement on how to use the rights enjoy less care support than those who do make use of the 9 month paid leave.

In the 1990s there was an increase in volumes of day care and both the number of children and hours per day increased gradually. In 2013, 84 % of 1-2 year old children and 96 % of children age 3-5 did have access to pre-school, in most cases run by the municipalities or subsidised by them (NOSOSCO, 2012/2013).

### 1.2.2. Benefits and child maintenance

Lone parents that share legal residence with their children are entitled to family benefits, mother/father wages, state guaranteed child maintenance, and pensioners and widows/widowers are entitled to child pension (Eydal and Gíslason, 2013). The only scheme that has undergone significant changes since 1946 is the scheme of family benefits.

#### *Family benefits*

In 1975 the family benefit was moved from the Social Security System to the tax system, but it was not designed as a tax credit since parents did not need to pay taxes in order to get the benefits. It was a flat-rate benefit until 1978 when it was changed so that higher benefits were paid for children under the age of seven and for children of lone parents (Eydal, 2005). Income testing was applied gradually from 1984 and the whole amount became income-tested in 2011, thus parents with an income above a certain ceiling do not get family benefits (Kristjánsson, 2011). For 2015, the family benefit before income testing with a first child is 194,081 ISK for married/cohabiting couples and 323,253 for a lone parent (Ríkisskattstjóri, n.d.).

#### *Mother and father wages and child pension*

In 1952 benefits called “mother wages” were established, a flat rate benefit originally paid to all lone mothers with two or more children, but in the 1970s lone fathers that shared legal residence with their children also gained the right to father wages. The name of the benefit indicates that it is a wage replacement, but in reality it is a relatively low amount (Eydal and Gíslason, 2013). Child pension is paid to children with disabilities and old age pensioners; the amount is equal to the minimum child maintenance (Kristjánsson, 2011). Thus, a lone parent with pension receives child pension, advanced maintenance, mother/father wages and family benefits.

#### *Child maintenance and advanced child maintenance*

In 1946 the Social Security Act formalised the duty of the state to guarantee payments of minimum child maintenance from fathers with children under the age of 16<sup>4</sup> (Eydal and Friðriksdóttir, 2012). In 1973-74, the Act was revised so that lone fathers could also receive child maintenance from the mother if the child shared residency with the father. This system is still in force, the parent that does not share

<sup>3</sup> Only in the case where there is only one legal parent e.g. after artificial insemination the mother is entitled to all 9 months of leave.

<sup>4</sup> Changed to 18 years in 1981.

legal residency is by law obligated to pay minimum child maintenance, regardless of contact and the time that the child lives in the home of the non-resident parent.

Most residential parents opt to use the possibility of asking for advanced maintenance from the State Social Insurance Administration (SSI). The Child Support Collection Centre, a special institution, collects the payment from the non-resident parent and pays back to the SSI. The parent has to pay regardless of the social situation but it is possible for a parent that is in debt to negotiate payback. In cases of non-compliance, the Child Support Collection Centre can collect maintenance payments directly from the non-compliant parent's employer (Eydal and Friðriksdóttir, 2012).

As discussed in an earlier section on family law and the law on paid parental leave, the right of the child to receive care from both parents has been emphasised. All benefits paid to lone parents are paid only to the parent that holds legal residency of the child. This, and the fact that the non-resident parent is legally obligated to pay minimum maintenance regardless of division of labour between the parents, has been heavily criticised. The issue has been frequently addressed in parliamentary resolutions and bills. A committee appointed by the Minister of the Interior is tasked to write a policy proposal on how to amend this issue (Ministry of the Interior, n.d.).

### *Social Assistance*

The local authorities pay social assistance to families that are without income from either the labour market or social security. Social assistance is regarded as a short-term measure and therefore only paid as a minimum income. The Ministry of Welfare publishes recommendations of the benefit amount annually, but each municipality makes its own rules on eligibility and the benefit's amount. Most municipalities pay the same benefits to individuals with and without children but do not account for family benefits as an income, thus assume that the benefits will cover the costs for the children. In addition to income support, the local authorities can also support lone parents with certain costs for their children, e.g. medical costs or for organised leisure activities (Eydal and Marteinsdóttir, 2011). In 2013, 24.5 % of lone mothers and 17.7 % of lone fathers received social assistance compared to 5.5 % of all families with children (NOSOSCO 2012/2013). Lone parents are also overrepresented when it comes to risk of poverty. In 2014, 24.3 % of lone parents were at risk of poverty compared to 7.9 % of the total population (Statistics Iceland, n.d.).

### *Activation and education- benefits and student loans*

There are no activation programmes directed at lone parents, but in many municipalities young uneducated lone mothers are supported to continue their high school education in order to enhance their opportunities in the labour market. Furthermore, the Icelandic system of student loans works quite favourably for lone parents, they get extra student loans to provide for their children and full family benefits (since the loans do not count as income). Even though this arrangement is not an explicit policy, it nevertheless has an encouraging effect for lone parents to seek further education (Björnberg, Ólafsson and Eydal, 2007).

## 2. Policy debate

The policy debate in recent years has mainly addressed issues concerning family law. Many changes have been made to the law regarding joint custody but the parliament has not accepted that a child can have two homes. Related to this the debate on how to channel the state support in cases where both parents actively provide and care for the child. There have been several committees appointed, bills have been drafted and now two committees have delivered their proposals (the committee that wrote proposal of new family policies and the committee on future policies regarding two homes) but neither of these has been presented in parliament.

Furthermore, in recent research on the system of family benefits and child maintenance, it has frequently been pointed out that it needs to be revised, that the underlying logic is no longer clear and that the outcomes are not necessarily in accordance with the system's goals (e.g. Kristjánsson, 2011; Velferðarráðuneyti, n.d.). There have been proposals for a revision of the child maintenance system and a new scheme of family benefits (so-called child-insurances) has been drafted, but the proposals have not been presented as bills in the parliament.

## 3. Transferability aspects

Iceland has a lot to learn from France and Germany in terms of activation programmes and consideration to the needs of lone parents in regards to labour market participation. As pointed out in both countries' reports, it is important that the group of lone parents that does not find its way into the labour market (often due to child birth at young age and low level of education) is met with special support. Thus, programmes like RSA could have relevance for Iceland, since it is known that unemployment is higher among lone parents compared to other parents, even though there is a lack of accurate statistics on how big the difference is.

The report on the case of Germany addresses the precarious situation of lone parents in the labour market and Iceland could learn from all the projects mentioned there, e.g. the programme of reconciliation of family and working life for lone parents.

In the case of Iceland, it is difficult to find relevant statistics about the situation of lone parents, both regarding the family situation, e.g. the length of spells of lone parenthood and regarding labour market situation, e.g. on activity and unemployment. Hence, Iceland can also learn from both countries in order to provide statistics that can be used as ground for policy making and evaluation of policies.

## 4. Recommendations and conclusions

In order to enhance that all children have the right to care and provision from both parents, some lessons can be learned from the experience of the Icelandic legislation of paid parental leave. The Icelandic legislation on equal rights of both parents to paid parental leave (fathers and mothers 3 month quota) that all parents regardless of custody or family status are entitled to, has proven to be a way to

promote care from both parents from early age. However, as the statistics from Iceland show, fathers that do not share home with the mother and the child are less likely than fathers that share residence with the child to make use of their entitlements. Thus there is a need for increased family counselling and advice to parents that do not live together in order to support both parents to participate in the care of their children. The proposal on new family policy in Iceland includes proposals on increased family counselling for becoming parents that do not live together, both the legal aspects of parenthood, their rights and obligations and how they can build up partnership as parents.

Active participation of fathers in care for their children and co-operation of lone parents does work against social exclusion and the precarious labour market situation of lone mothers, but it does not solve all problems that lone parents face in relation to the labour market. Therefore, care policies like pre-schools hours and labour market policies have to be sensitive to the needs of lone parents.

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