



THE DIRECTORATE OF
LABOUR'S ANNUAL REPORT REGARDING

THE MATERNITY/ PATERNITY LEAVE FUND

2021



The Directorate of Labour's annual report
regarding The Maternity/Paternity Leave Fund 2021

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The Directorate of Labour's annual report regarding The Maternity/Paternity Leave Fund

The Maternity/Paternity Leave Fund shall be managed by The Directorate of Labour which is to handle the accounts and the day-to-day operation of the fund, and payments of maternity/paternity grants on behalf of the Minister of Social Affairs and Labour. The Maternity/Paternity Leave's offices are at Hvammstangi, with 14 staff members. The fund's director is Þórdís Helga Benediktsdóttir.

In Article 6, paragraph 7, of Act No. 144/2000, on Maternity/Paternity and Parental Leave, it was stipulated for the first time that The Directorate of Labour shall annually publish a report on the utilization of entitlement according to the Act. The Act was passed on January 1st 2021, and it applies to parents whose children are born, adopted or taken into permanent foster care on January 1st or later.

The Directorate of Labour has now for the first time finished work on such a report, and was assisted by Ásdís Aðalbjörg Arnalds Ph.D., a project manager at the Institute of Social Sciences at the University of Iceland in accordance with a cooperation agreement of The Ministry of Social Affairs and Labour, The Directorate of Labour and The University of Iceland.

Sincerely,



Unnur Sverrisdóttir



Þórdís Helga Benediktsdóttir

Parents' independent right to a maternity/paternity leave

In the year 2000 the Act on Maternity/Paternity and Parental Leave (No. 95/2000) was passed by Parliament. Major changes from previous legislation were as follows: a) The Leave was extended (gradually) to nine months where each parent had an independent, non-transferable right to three months and three months the parents could share at will. b) The legislation involved flexibility where the maternity/paternity leave could be distributed over 18 months (which later was extended to 24 months). Parents could be on leave together during the whole time or in part and it was possible to be in a part-time job and on part-time leave. c) Participants in the labour market received payments worth 80% of their average wages. Payments were subject to a certain minimum (that is if 80% is below a certain limit, payments are increased) but there was no maximum. However, in the year 2004 maximum payments were introduced. d) Payments to parents pursuing studies, parents who were unemployed and parents who were in a less than 25% employment ratio were made as maternity/paternity grants. For nearly 20 years, the parents' entitlement was nine months in total but in the year 2019, Parliament agreed to extend the leave to ten months and it was decided that the division should be 4-4-2 for parents of children born from January 1st 2020 and 12 months for parents of children born from January 1st 2021. How those two additional months would be divided should be stipulated in a bill (Act No. 149/2019). A year later, the bill was passed by Parliament where the leave was extended up to 12 months. With the new legislation, each parent's entitlement became 6 months but both parents could transfer six weeks of their own entitlement to the other parent. The entitlement expires when the child reaches two years of age (Act No. 144/2020). Table 1 shows the duration of the independent entitlement of each parent, and the changes which were made of the duration of the leave in the year 2021 when joint entitlement was cancelled, and instead a part of the entitlement to maternity/paternity leave became transferable.

Table 1. Duration of independent entitlement to maternity/paternity leave

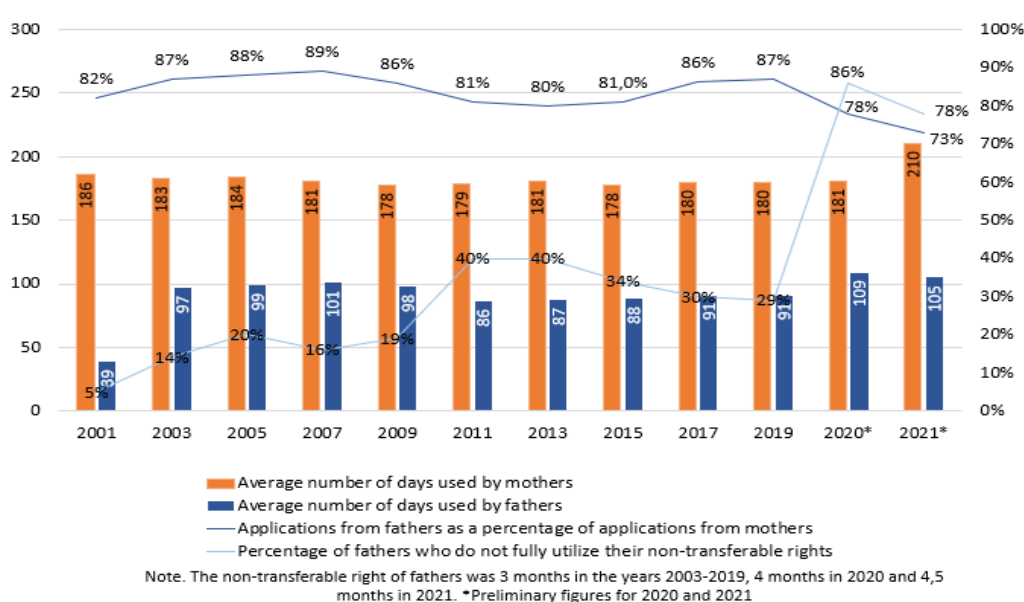
	Independent right of one parent	Independent right of the other parent	Shared months	Transferable rights
The legislation from 2002 - 2019	3	3	3	
The legislation from 2020	4	4	2	
The legislation from 2021	6	6	-	1,5 months each parent

The aim of the Act is to ensure that the child spends time with both parents and to make it possible for parents to combine work and family commitments.

The number of days utilized by mothers and fathers

Independent, non-transferable right of fathers was implemented step by step. In the year 200, their entitlement was one month, two months in the year 2002, and in the year 2003, fathers were entitled to a three-month non-transferable right to maternity/paternity leave. Picture 1 shows that a great majority of fathers have taken maternity/paternity leave from the passing of the Act on Maternity/Paternity and Parental Leave (No. 95/2000). In the first year, fathers utilized 82% of their entitlement to maternity/paternity leave and for most of the years to follow, the proportion has been just under 90%, not counting the years after the economic collapse when maximum payments were at its lowest point. Numbers from 2020 and 2021 should not be paid much attention to as parents had two years to utilize their entitlement. It is clear that the proportion of fathers whose children were born in 2020 and 2021, that do not utilize in full their non-transferable right, will decline and also the proportion of applications from fathers compared to mothers will increase.

The picture also shows that the average number of days utilized by fathers correlates highly with their non-transferable right. They utilized for instance, 39 days on average when they were entitled to one month in the year 2001, but 97 days when they were entitled to three months in the year 2003. In the year 2020, the non-transferable right of fathers was extended to four months and the non-transferable right of fathers of children born in 2021 is 4.5 months. The average number of days utilized by fathers, has increased after these changes were made, but it is too early to tell what the final number of days will be.



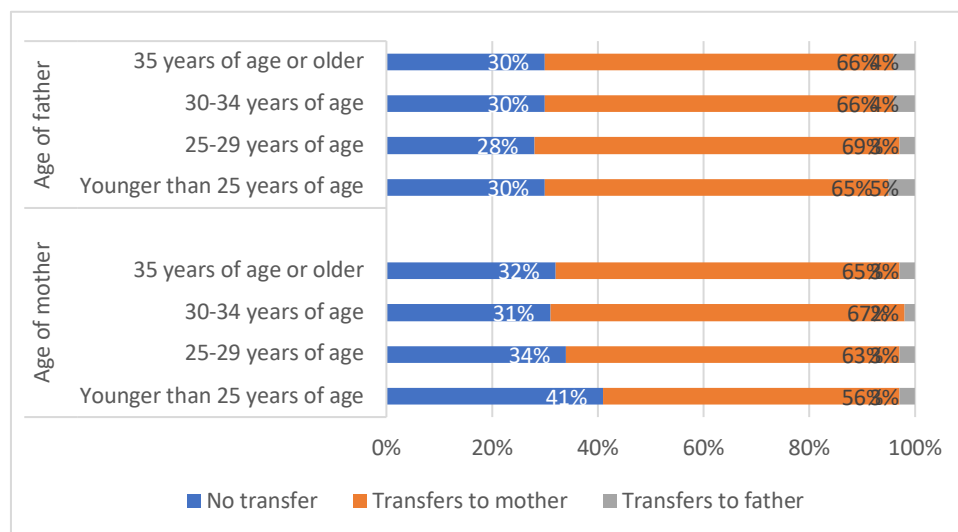
Picture 1. Utilization of maternity/paternity leave by mothers and fathers from 2001 to 2021

Picture 1 clearly shows that mothers have usually utilized parents' joint entitlement. After a review of the Act which led to a new Act being passed on January 1st 2021, the joint entitlement of parents was cancelled but instead parents can transfer six weeks of their independent right (Act No. 144/2020). Table 2 shows preliminary figures for the proportion of parents who have transferred their rights to the other parent. Of 4,783 applications for maternity/paternity leave regarding children born this year, the independent right was transferred to the other parent on 3,121 occasions (64%). As can be seen in table 2, the independent right was with few exceptions transferred to the mother. Only on 135 occasions the independent right was transferred to the father.

Table 2. The transfer of an independent right

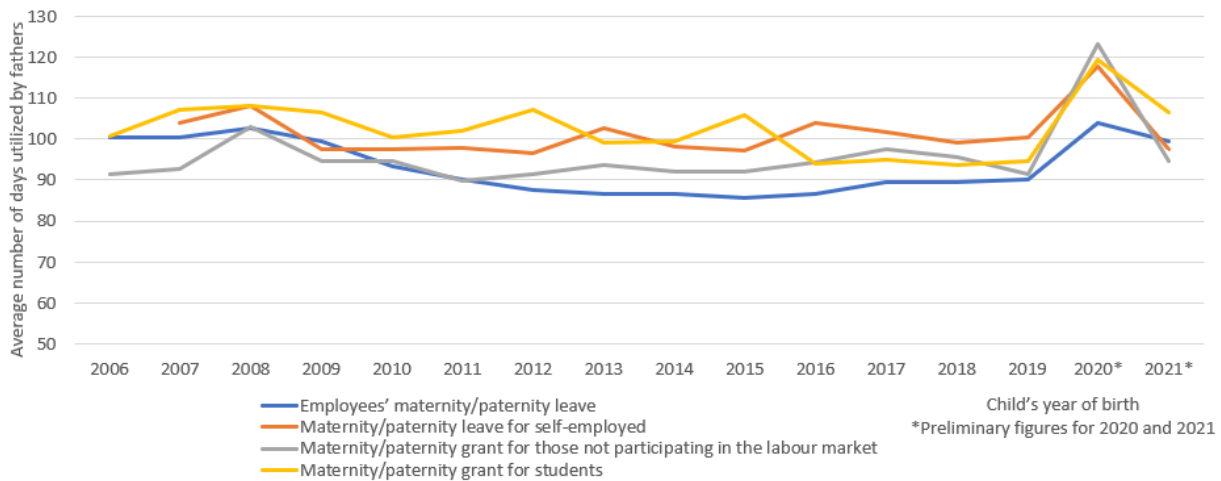
	Number	% of the number of	% of transfers
Transfers to father	135	3%	4%
Transfers to mother	2986	62%	96%
Transfers - all	3121	65%	
Number of applications for maternity/paternity	4783		

Picture 2 shows the proportion of the transfer of an independent right, by age of mother and father. When parents transferred their right, there was no difference by age if the right was transferred to the father but on the other hand there was a proportional difference of transfers to the mother by age. The transfer of an independent right to a mother was less likely if the mother was younger than 25 years of age compared to mothers aged 25 or older.



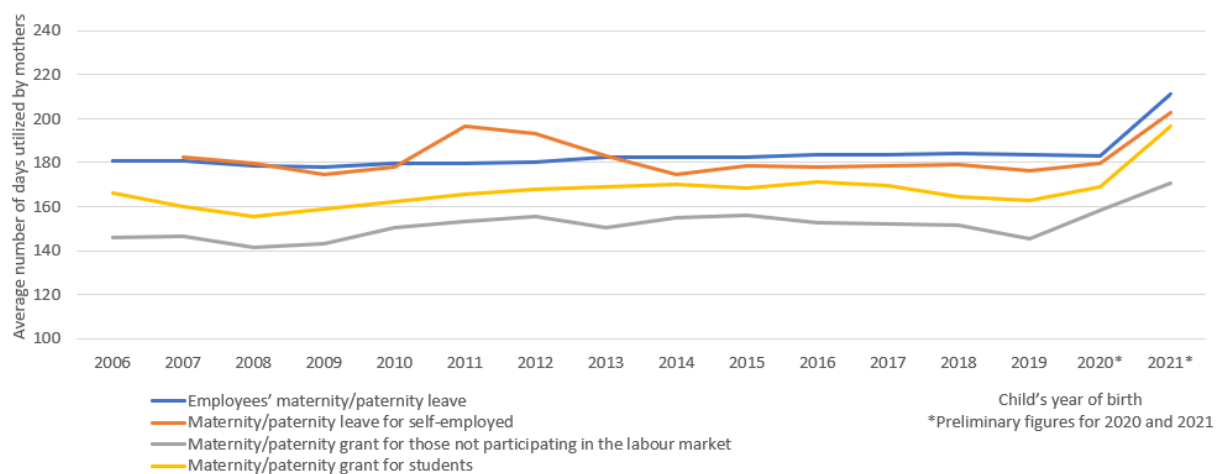
Picture 2. Transfer of an independent right in 2021, by age of mother and father

Picture 3 shows utilization of fathers on average depending on whether they receive income-related payments or a maternity/paternity grant. The picture shows that utilization has generally been lowest amongst employees and those who have received a maternity/paternity grant outside the labour market. However, in the year 2020 the utilization increased among those who received maternity/paternity grant outside the labour market which could be linked to increased unemployment because of the global pandemic.



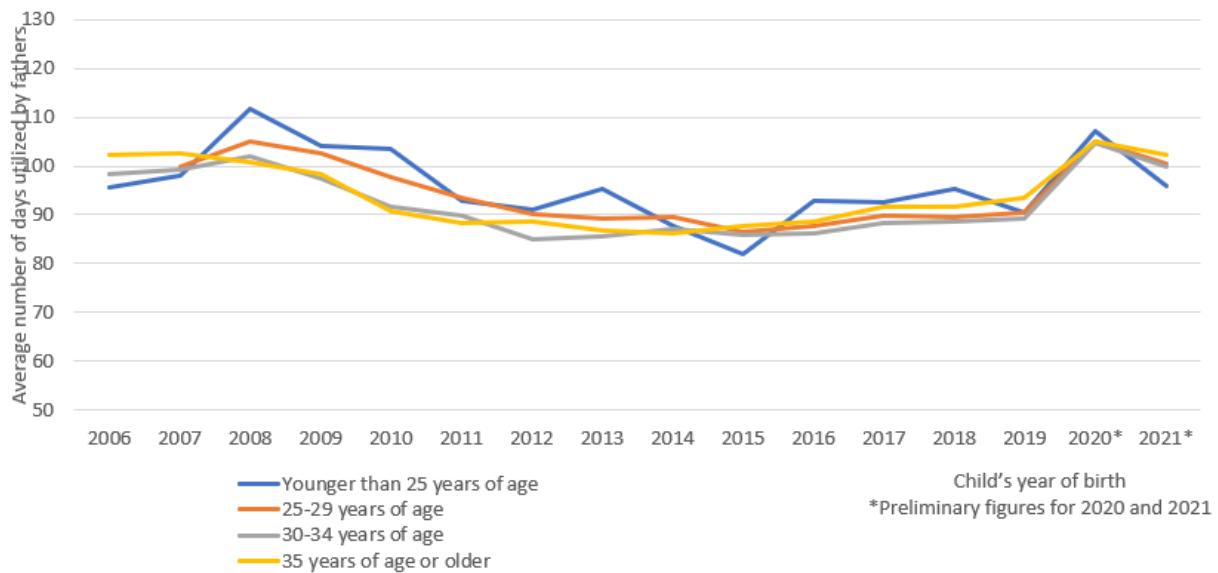
Picture 3. Average number of days utilized by fathers between 2006 and 2021, by type of leave

Picture 4 shows the average utilization of mothers, depending on whether they received income-related payments or a maternity/paternity grant. The utilization is lowest amongst those who have received a maternity/paternity grant outside the labour market but mothers who receive income-related payments utilize the highest number of days, on average.



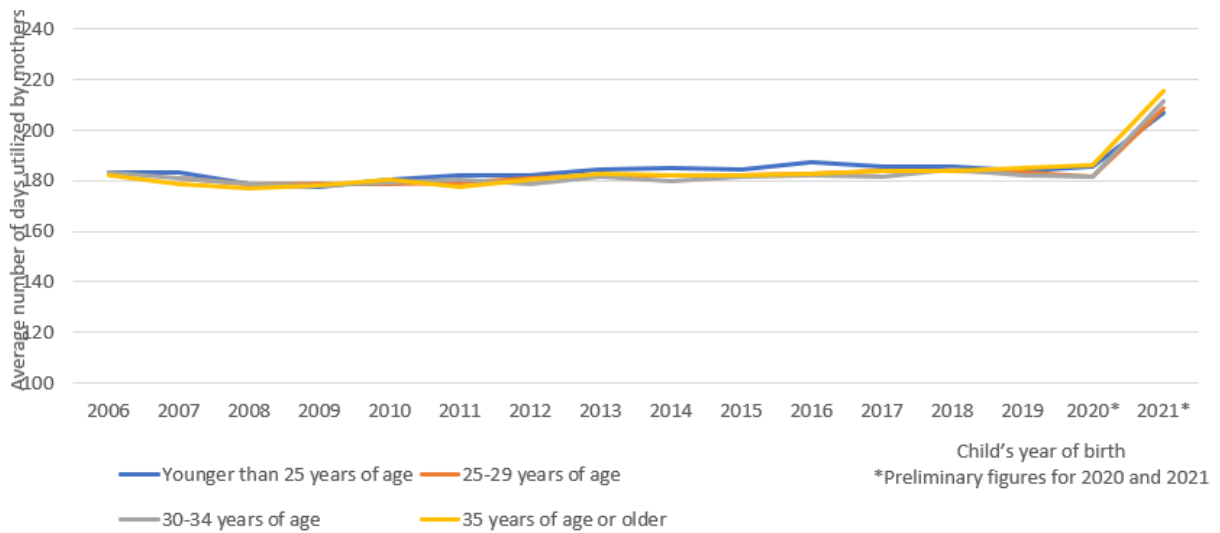
Picture 4. Average number of days utilized by mothers between 2006 and 2021, by type of leave

Picture 5 shows that of those fathers who take employees' maternity/paternity leave, the youngest fathers, that is those who are younger than 25 years old, generally utilize the greatest number of days on average.



Picture 5. The average number of days utilized by fathers who received income-related maternity/paternity payments between 2006 and 2021, by age

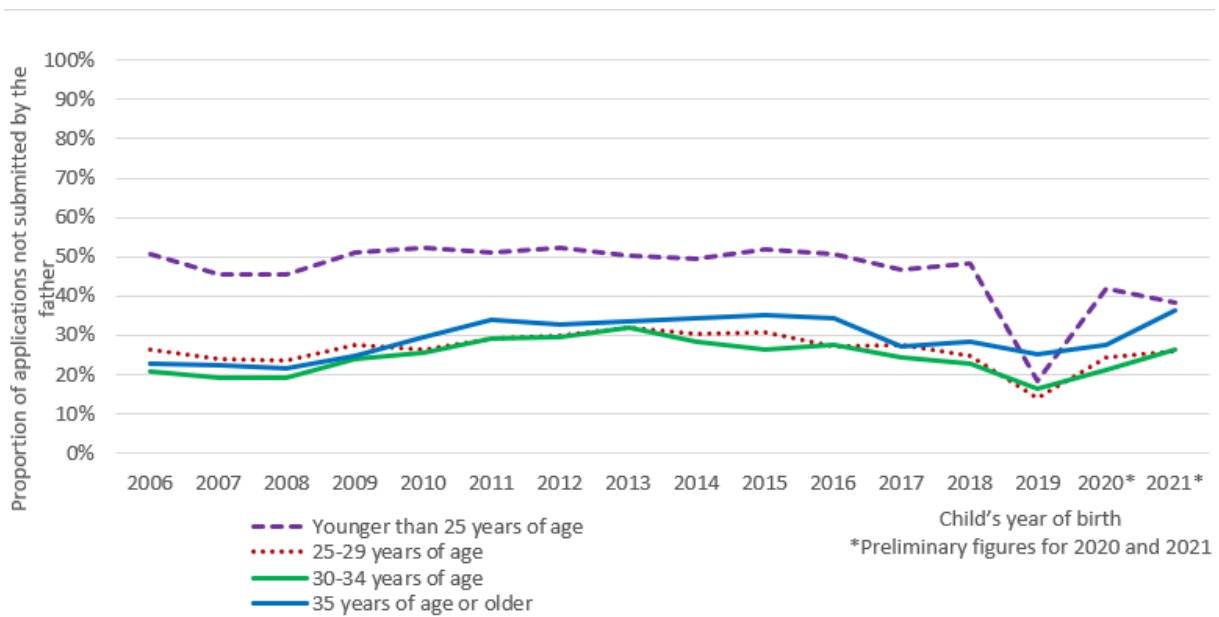
There was little or no age difference of the average period of leave among mothers who were on maternity/paternity between 2006 and 2021. Mothers utilized more than 180 days on average until the year 2021, regardless of age. Preliminary figures for the year 2021 show however, that the number of days utilized by mothers who are 35 years of age or older is slightly higher on average (215 days) than the number of days utilized by mothers who are younger than 25 years of age (207 days) (see picture 6). It is too early to tell whether the new legislation will demonstrate a difference by age amongst mothers but these results could be an indication that younger mothers are less likely to transfer a part of their independent right to the other parent compared to older mothers.



Picture 6. The average number of days utilized by mothers who receive income-related maternity/paternity leave payments between 2006 and 2021, by age

The pictures below show parents' average utilization who take take maternity/paternity leave. Data from The Maternity/Paternity Leave Fund provide limited information regarding fathers who do not utilize the leave, as they have not applied for payments from the fund. It is though possible to analyze the proportion of fathers who do not utilize their entitlement using data on mothers, for example by their age.

Picture 7 shows from 2006, excluding 2019, that the lowest probability for fathers to utilize their entitlement to a maternity/paternity leave is when the mother is younger than 25 years of age.

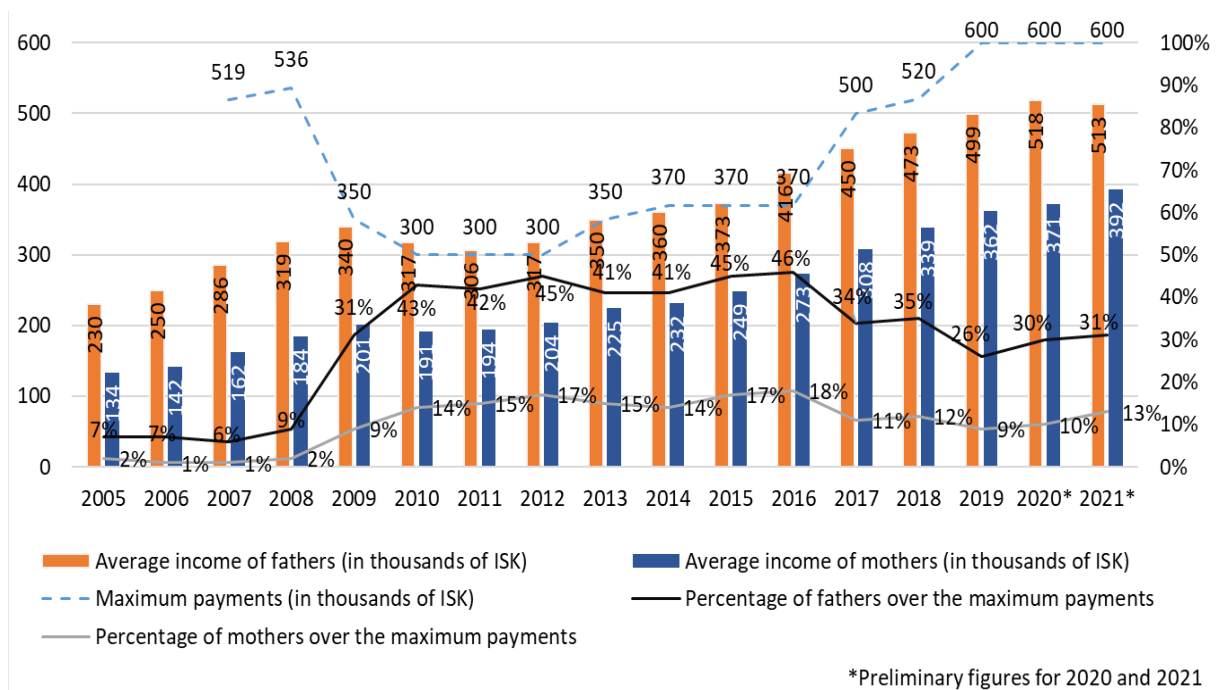


Picture 7. The proportion of fathers who do not utilize their entitlement to a maternity/paternity leave by age of mother¹

¹ The inconsistencies between picture 1 and 7 is because in picture 7, paired data is used. The pairing of the data was based on the child's application number. Paired data means that only information on fathers of children whose mothers utilized the leave was analysed.

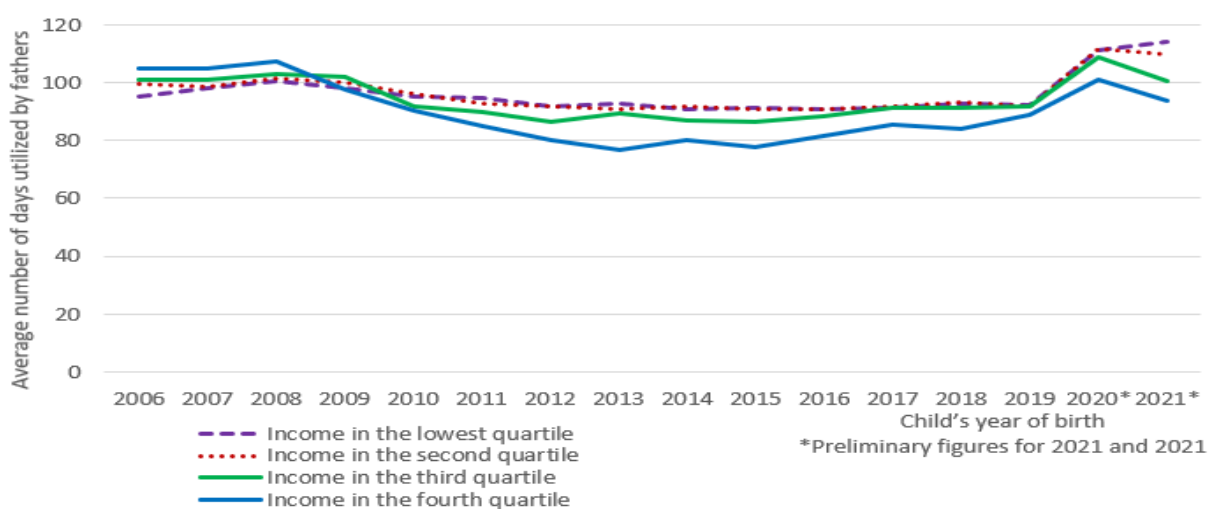
The link between the utilization of maternity/paternity leave and income

When the Act was passed in the year 2000, payments to parents on maternity/paternity leave were not subject to a maximum amount. In the year 2004, maximum payments were introduced but the maximum figure was so high that only a small proportion of mothers and fathers reached it. As can be seen in picture 8, only 7% of fathers and 2% of mothers of children who were born in 2005 had income which exceeded maximum payments. Maximum payments were later reduced significantly due to the economic crisis that hit us in the autumn of 2008. At the end of the year 2009, the maximum had been lowered to 350 thousand kr. but was 536 thousand kr. the year before. The picture shows that by lowering maximum payments, the proportion of parents whose income was higher than the maximum increased significantly, especially the proportion of fathers who usually have a higher income than mothers. From 2017, maximum payments have been increased three times but the proportion of parents with income exceeding the maximum is still greater than it was before the economic crisis.



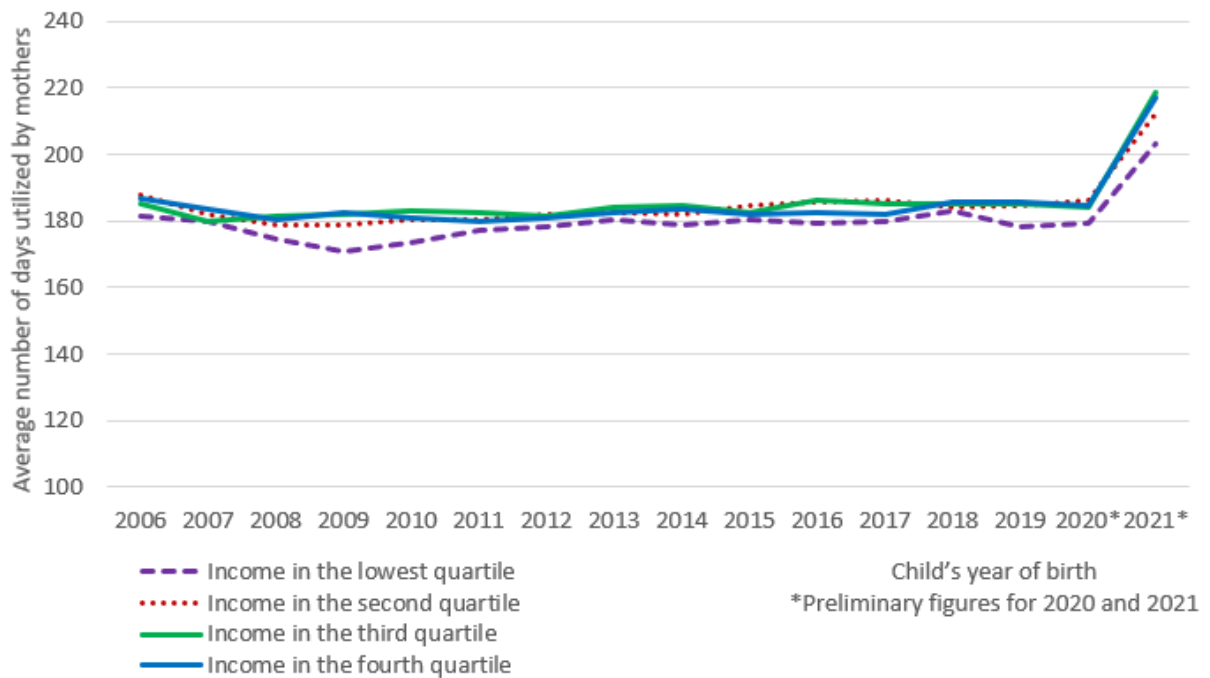
Picture 8. Average income of mothers and fathers, amount of maximum payments and the proportion of mothers and father who exceed maximum payments between 2016 and 2021

Maternity/Paternity Leave Fund only has information on the income of those who receive maternity/paternity leave as employees or maternity/paternity leave as self-employed, picture 9 only shows utilization of fathers in these groups. The picture demonstrates that until the economic collapse, there was relatively little difference in the duration of fathers' leave according to what income group they were in. This changed when maximum payments were reduced after the economic collapse. The difference between income groups increased and fathers who had earnings in the top 25% went from utilizing the highest number of days to utilizing the lowest number of days, and it has been like this ever since.



Picture 9. The link between fathers' utilization of leave and income (by quartiles) between 2006 and 2021.

Picture 10 shows a similar analysis for mothers. There you can see that mothers who had earnings in the lowest 25% utilized the lowest number of days on average. So there is significant difference between mothers and fathers when we look at the link between the utilization of maternity/paternity leave and income. While fathers in the lowest 25% in terms of income have utilized the highest number of days on average, for the last 10 years, mothers who had income in the lowest 25% utilize fewer days on average than mothers in the second, third and fourth income quartile.



Picture 10. The link between mothers' maternity/paternity utilization and income (by quartiles) from 2006 to 2021.

In the original Act from the year 2000, there was only one exception to the rule stipulating that the three months of independent entitlement granted to parents shall be non-transferable. This exception applied if the other parent passed away before utilizing their entitlement. What remains is then transferred to the other parent (Act No. 95/2000).

With Act No. 74/2008 these rights were extended. If a parent passes away during pregnancy and the child is born alive, the surviving parent is entitled to nine months. If parents are unable to take care of their child during the first 18 months due to illness, the consequences of an accident or incarceration the right may be transferred to the other parent. This applies whether or not the parents have joint custody. It is permitted to grant an exemption from consent if the parent is unable to provide it. With Act No. 143/2012, single women who had undergone artificial insemination and single people who adopt a child were entitled to a maternity/paternity leave of nine months.

The major change after the revision of the Act which was passed in January 2021, not including the extended leave, involves in what circumstances the parent can utilize 12 months of leave. So now a parent is entitled to up to 12 months of maternity/paternity leave: 1.) If "the parent is not able to fulfill his obligations to father his child"; 2.) if a parent is required to be subject to a restraining order to protect their child or the other parent and/or to be expelled from the home; 3.) if the parent is neither entitled to a maternity/paternity leave or grant in this country nor has an independent right in another country; 4.) if a parent without custody "is not allowed to reside with the child on the grounds of a decision by a legal authority or courts" and if "a legal authority or courts have decided that the time spent with the child by the parent without custody shall be significantly restricted, for instance by being monitored" (Act No. 144/2020).

Table 3 shows that the proportion of those who transfer their right to the other parent has increased from the year 2009 and especially after the new Act was passed which include children born in 2021. It is first and foremost because 16 parents have been able to utilize all 12 months due to the lack of entitlement of the other parent which was not possible according to the previous Act.

Table 3. The number of those who transfer their independent right to maternity/paternity leave and the reason for the transfer from 2009 and 2021.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Possibilities of a transfer from 2008													
Parent's death during pregnancy													2
Death of a spouse	3		1	4	3	2	2	5	2	3	1		1
One parent	2	1		2	18	18	18	20	22	32	48	38	37
Imprisonment	1			2	2	1				2	1	1	
Illness or accidents			1	4	6	4	5	1	6	10	5	5	8
Possibilities of a transfer from 2008													
Restraining order													
Unfathered child													2
A parent without custody with limited/no visitation rights													1
The other parent's lack of rights													16
Total number of transfers	6	1	2	12	29	25	25	26	30	47	55	44	67
Total number of applications	5099	4933	4529	4540	4306	4355	4082	4003	4079	4274	4498	4543	4783
The percentage of transfer of the tot	0,1%	0,0%	0,0%	0,3%	0,7%	0,6%	0,6%	0,6%	0,7%	1,1%	1,2%	1,0%	1,4%

