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STANDING COMMITTEE OF THE EFTA STATES

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SUBCOMMITTEE IV ON FLANKING AND HORIZONTAL POLICIES

EEA EFTA Comment

on possible action addressing the challenges of work-life balance faced by working parents and caregivers

1. INTRODUCTORY REMARKS

1. The EU is currently looking into possible measures to address the challenges of work-life balance faced by families. The EEA EFTA States, Iceland, Norway and Liechtenstein, have introduced some policy and legislative initiatives in this area, which have been largely successful. The levels of women's participation in the workforce in Iceland and Norway are among the highest in Europe and the OECD.¹ At the same time fertility rates have remained relatively high.² This is due to economic growth as well as to considerable progress in social policies aimed at enabling both women and men to be active on the labour market while at the same time assuming care responsibilities. Indeed the Nordic countries, including Iceland and Norway, have relied predominantly on the "two breadwinner model" since the late 1960s. In Liechtenstein, women's participation in the labour force has also been increasing in recent years.
2. Although considerable progress has been made in the EEA EFTA States, challenges remain with respect to work-life balance and female labour market participation. Addressing these issues is important to our governments and has been the focus of various recent reports, studies and white papers on employment and gender equality.³ We would therefore welcome the opportunity to share some of our experiences including examples of best practice as well as remaining challenges. We hope our

¹ According to figures from the Organisation for Economic Co-operation and Development (OECD), the employment rate of prime-age women (25-54 years) in Q3 2015 was 83.2% in Iceland and 81.4% in Norway compared to the OECD average of 67.4%. <http://www.oecd.org/employment/ministerial/employment-in-figures.htm>.

² According to figures from Eurostat, in 2013 the fertility rate in Iceland was 1.93 and in Norway 1.78, compared to the EU average of 1.55.

³ For example the Norwegian Government's gender equality [white paper](#) of 2015 and the [report](#) of the Icelandic Minister of Social Affairs and Housing on the status of women on the labour market.

contribution will feed into the public consultation on work-life balance, as well as the upcoming opinion of the Advisory Committee on Equal Opportunities for Women and Men, in which we participate as observers.

2. STRATEGIES TO INCREASE FEMALE LABOUR MARKET PARTICIPATION

2.1. High quality, affordable childcare

3. In the 1990s the Icelandic Government and local authorities began to work consciously towards improving the reconciliation of family life and work by increasing the availability of high quality, affordable childcare, with positive results. Since 1994 municipalities have had a legal obligation to ensure access to pre-schools for all children aged two to five years old. Today over 90% of children in that age group attend publically funded pre-schools.
4. There have also been positive developments at primary school level in Iceland. In the 1990s schools began reorganising the school day in such a way that children could stay at school while their parents were at work. Instead of having their lunch breaks at home and a rather short school day, children are now offered meals at school at a reasonable cost and have the option of participating in special after school activities in the afternoon.
5. In Norway kindergartens are available for children from the age of about one year and until they start compulsory education at the age of six. A statutory right to a place in kindergarten for children that turn one before the end of August (the beginning of the school/kindergarten year), was introduced in 2009. Kindergartens were regarded as costly until the early 2000s when a series of reforms were introduced to reduce prices and increase coverage. In 2004 regulations on maximum parental fees were introduced. Although there are both public and private kindergartens, the private ones are significantly subsidized - 86.2% of the running costs of private and public kindergartens are covered by the state in Norway while parental fees cover on a national average 13.8%. Ensuring equal treatment between public and private kindergartens in terms of public funding has been a long-term goal in the strategy to raise and ensure equal quality.
6. Fees are currently low and affordable for the great majority of parents. The municipalities are obliged to offer special subsidy schemes to low-income families, and sibling discounts (*søsken-rabatter*) apply to families with more than one child in day care. Disadvantaged children and children of single parents are given priority. Increased coverage rates and a reduction in fees were the main goals of the “Kindergarten Agreement” (*Barnhageforliket*) of 2003, which was adopted based on a broad political consensus. A study of the impact of this reform shows that reduced childcare prices have had a positive impact on the labour market participation of mothers, particularly low-income mothers.⁴

⁴ Hardoy I. and P. Schøne (2013), Enticing even higher labour supply – the impact of cheaper day care. *Review of Economics of the Household*.

7. Due to paid parental leave of around one year, the share of children in day care below the age of one is very low, less than 4% in 2014. The attendance rate of one to two year olds was 80% in 2014, and nearly 98% for children aged three to five years. The attendance rates of minority-language children are lower than those of native Norwegian speakers. Of minority-language children aged one to five in 2014, 75% went to kindergarten, compared to 93% of native speakers. That being said, in recent years there has been a significant increase in the proportion of minority-language children who attend kindergarten.
8. In 2015, the Norwegian Parliament adopted a new national subsidy scheme for kindergarten fees for families with low income. It mandates that fees cannot exceed a maximum of 6% of the total family income for the first child. For second and third children the price is 70% and 50% respectively of the fee for the first child. The aim is to ensure that all children regardless of family income have access to a quality kindergarten. At the same time, this allows parents in low income families to choose to work. Another change that was adopted in 2015 was the introduction of free core hours (20 hours a week) for all four and five year olds from low-income families.
9. According to law, the municipalities must provide after school activities at primary school level (*skolefritidsordning*) for children in grades one to four and for children with disabilities until the seventh grade. They are available before and after school hours. Since these activities mainly take place on school grounds, children can remain at school from about 7.30-8.00 until 16.30, which corresponds to Norwegian working hours. Kindertartens have the same opening hours. Kindertartens, schools and after school services are usually provided in the vicinity of the child's home (*nærområdet*), except in rural areas where school buses are provided. This enables both parents to work full time, if desired. Most after school facilities have free slots, targeted especially at single parents, disadvantaged children and low-income families.
10. The issue of childcare is also a priority in Liechtenstein. The Liechtenstein Government is currently addressing the increasing demand for formal childcare arrangements as more and more women wish to return to the labour market after having children. The aim of the government is therefore to increase the availability of affordable childcare services by the end of 2016 as well as to extend the financing of these services.

2.2. Shared parental leave – flexibility combined with non-transferable paternity leave

11. In the year 2000, the Icelandic Parliament revised the legislative framework on parental leave. Mothers and fathers in Iceland are each entitled to three months' leave when a child is born, which is non-transferable. Parents then have an additional three months, which they can distribute between themselves. During their leave, both women and men receive 80% of their salary up to a certain maximum level or ceiling.
12. Research into this system of shared parental leave in Iceland has shown positive results. Parental leave has been found to strengthen family ties, fathers assume a greater portion of care responsibilities and, importantly, they continue to do so after their leave. Fathers also have higher self-esteem and are less prone to risk behaviour. In addition, parental leave has led to greater equality on the labour market. Young women are less likely to

be discriminated against when it comes to recruitment since employers can expect both women and men to take parental leave.

13. Unfortunately this system has suffered financial cuts in the wake of the economic crisis, which began in October 2008. The ceiling is now generally considered too low, which means that today fathers are less likely to make use of their full three-month entitlement than they were before 2008. In response to this trend, the previous government proposed in 2013 to lengthen parental leave to 12 months and lift the maximum ceiling step by step. However, these changes have been postponed under the current government.
14. In recent years, Norway has also undertaken strategic investments in flexible and generous parental leave arrangements. Paid parental leave is tied to employment, and is dependent upon the parent having held a job for at least six of the last ten months. Parental leave benefit is pensionable and gives the same rights to holiday entitlements as ordinary wage income. Being allowed to return to the job after taking leave is guaranteed. Compensation is 100% of the wage (up to a ceiling) and is state financed. The length of the parental leave is 49 weeks with full compensation or 59 weeks with 80% compensation.
15. Since 1 July 2014, mothers and fathers have been entitled to ten weeks of parental leave each as an exclusive right, which is non-transferable. Three additional weeks before the child is born are reserved for the mother. The rest of the weeks of leave provide for greater flexibility and can be divided between the parents at their discretion.
16. The purpose of the quota for paternity leave (“daddy quota”) is to encourage fathers to participate in caring for their young children. As in Iceland, the “daddy quota” is not transferable to the mother, and will be lost if the father decides not to take his share. Figures from Statistics Norway show that almost 70% of fathers entitled to parental leave made use of their entire quota in 2013.
17. Interestingly, one of the strongest proponents of paternity leave has been the Norwegian Business Confederation in order to recruit and retain a strong, skilled and well-educated workforce and in leading economic decision making. In other words, the social partners have an important role to play in encouraging fathers to take their paternity leave and to stimulate change in corporate culture.
18. The Norwegian work-life balance framework gives young women incentives to start their careers before giving birth and starting a family. This, in turn, may give them a stronger attachment to the labour market or a specific job and ease their later re-entry into the labour market. The period of parental leave can be extended for an additional two years of non-paid leave, during which return to the job is guaranteed.
19. Moreover, each parent has the right to ten days a year of leave related to the sickness of children below the age of 12 years, and 15 days if they have more than two children. This comes in addition to the normal sickness leave, to which each employee is entitled. Schemes like the entitlement to work part time when children are small, time off work to breastfeed, and sick leave related to the offspring’s sickness (not only own sickness) make it easier to combine family and working life.

2.3. Flexible working arrangements

20. In Iceland, many businesses and public institutions have flexible working hours, thus helping people to reconcile family life and work. Furthermore, there is an ongoing debate on whether to shorten the working week, which is currently 40 hours. The City of Reykjavik is running a pilot project where participants work 35 hours a week with the aim of improving work-life balance. At the end of the project it will be estimated whether or not productivity has decreased and what effect this change has had on the family.
21. The Norwegian Working Environment Act (*Arbeidsmiljøloven*) regulates daily and weekly working hours. According to law there are 40 working hours per week. However, in line with collective agreements, 37.5 hours per week is the norm in most industries and sectors.
22. According to the Working Environment Act, all employees have the right to shorter working hours and flexible working hours if it is considered necessary for health, social or other welfare reasons and if it may be arranged without major inconvenience to the employer. This conditional right is used, for example, by parents with young children and older workers.
23. Part-time employees have the right to extend their hours rather than the employer creating a new post. These preferential rights apply only if the employee is qualified for the post and the exercise of this preferential treatment does not cause significant inconvenience for the undertaking/employer.
24. Since 2015, part-time employees have also had the right to demand an extension of their official working hours equivalent to their actual working time over the last 12 months. This conditional right can be used, for example, by involuntary part-time employees in the healthcare sector who are working extra time on a regular basis.
25. In January 2016, a government-appointed Commission on Working Time delivered its report on the organisation of working time and labour supply.⁵ The Commission discussed the issue of flexible working hours and the impact on family life. One of the recommendations made by the Commission was to make it easier for employees, at their own request, to work late at night (after 21.00) to accommodate for other activities during the afternoon.

3. CHALLENGES AND OPPORTUNITIES

26. Despite the adoption of several successful policies in recent years, challenges remain with respect to gender equality on the labour market. One of the most pressing issues is the gender pay gap. Unfortunately, it appears the shared parental leave system in Iceland has not served to reduce the gender pay gap, as much as was initially hoped. The pay

⁵ [NOU 2016: 1](#)

gap between men and women in Norway is gradually being reduced but also remains significant.⁶

27. In both Iceland and Norway, the share of women with tertiary education is higher than that of men. Nonetheless, one issue that contributes to the gender pay gap is the gender segregation of the labour market. For example, women are dominant in the public sector, in childcare professions and in the healthcare sector, while men are in a majority in the business sector. A more diversified labour force is likely to unleash untapped potential. Incentives encouraging more women to become engineers and entrepreneurs and men to become health workers and caregivers might create conceptual flexibility and gain societal acceptability in terms of choice of education and employment. This must begin at an early age and boys and girls must be in a position to choose their education and future employment based on interest and skills, rather than their gender.
28. Involuntary part-time work is another challenge. In both Iceland and Norway a much higher percentage of women work part time compared with men. Out of those active on the labour market in Iceland, 34% of women work part time and 13% of men. In Norway a relatively high percentage of women are also in part-time employment – 38% of working women compared to 15% of men (2014).
29. It is important to note that most Norwegian women working part time choose fairly long part-time hours (20 to 30 hours a week). Furthermore, in the majority of cases, about 80% of those working part time do so voluntarily. In addition, the social partners work hard to ensure that part-time jobs are not low-quality, low-paid jobs. Finally, the Norwegian Government has adopted measures to address involuntary part-time employment through changes in the Working Environment Act. More flexible working hour regulations and the right for part-time employees to demand an extended post under specific conditions (see also paragraph 24) might contribute to reducing the level of involuntary part-time work.

4. EU ACTION TO PROMOTE WORK-LIFE BALANCE

30. The EEA EFTA States support the EU's objective of assisting working parents and people with dependent relatives to achieve a better balance between work and family life. We also believe that distributing care responsibilities more evenly between women and men is important in terms of strengthening gender equality and increasing the participation of women in the labour market. This will help to address women's under-representation in the labour market and related problems such as female and child poverty and the gender pension gap. As such, we support EU action to improve and/or better enforce EU/EEA legislation in this area as well as potential softer policy initiatives.
31. At the same time, we believe the principle of subsidiarity should be duly taken into consideration in the formulation of any such measures. In our experience, initiatives to promote work-life balance are often most successful when taken at local level. Furthermore, any new legislation and policies should take into account the specific

⁶ According to figures from the OECD, the gender wage gap in 2013 was 7% in Norway and 14.5% in Iceland, measured for full-time workers as the difference in earnings between men and women.

needs of micro-businesses and small and medium-sized enterprises and should not impose a disproportionate burden on them, for example with respect to leave and flexible work arrangements.
