



## VELFERÐARRÁÐUNEYTIÐ

*Ministry of Welfare*

### **Labour Market Measures Act, No. 55/2006, as amended by Act No. 88/2008, No. 162/2010, No. 126/2011, No. 85/2015, No. 88/2015 and No. 38/2018.**

Where mention is made in this Act of ‘the minister’ or ‘the ministry’ without further definition, the reference intended is to the Minister of Social Affairs and Equality or to the Ministry of Welfare, which is responsible for the implementation of this Act. Information on the division of responsibilities between ministries according to a presidential decree may be found [here](#).

#### **SECTION I**

##### **Scope and aim.**

###### Article 1

###### *Scope.*

This Act provides for labour market measures.

‘Labour market measures’ refers to labour exchange services, the assessment of job-seekers’ competence and the structure of remedial measures designed to enhance job-seekers’ capacity for work.

‘Job-seeker,’ for the purposes of this Act, refers to any person who applies to participate in labour market measures.

###### Article 2

###### *Aim.*

The aim of this Act is to provide individuals with the appropriate assistance to enable them to become active participants in the labour market.

This Act is also intended to promote equilibrium between the supply of, and the demand for, labour in Iceland.

#### **SECTION II**

##### **Administration.**

###### Article 3

###### *Supervision.*

[The Minister]<sup>1)</sup> shall exercise overall supervision of labour market measures under this Act.

<sup>1)</sup> Act No. 126/2011, Article 424.

###### Article 4

###### *The Directorate of Labour.*

The Directorate of Labour shall apply this Act on behalf of [the Minister].<sup>1)</sup> However, the Minister may decide on another arrangement. The Directorate of Labour shall also carry out any other tasks entrusted to it under individual statutes.

[The Minister]<sup>1)</sup> shall appoint the director of the Directorate of Labour for terms of five years at a time. The director shall engage the staff of the directorate and be responsible to the Minister for its operations. He/she shall draw up the directorate’s operational and financial budget for the coming operational year and submit it to the board of the directorate for approval no later than December each year.

The Directorate of Labour shall operate service centres. [The Minister]<sup>1)</sup> shall decide whereabouts in the country these are to be located after receiving the comments of the director and the board of the directorate.

The operating expenses of the Directorate of Labour in connection with the application of this Act shall be met from the State Treasury under the budget legislation at any given time. Collaboration with other parties, such as pension funds, shall be sought regarding funding.

After receiving the comments of the board of the Directorate of Labour, [the Minister]<sup>1)</sup> may entrust the directorate with tasks other than those provided for under this Act by regulation.

<sup>1)</sup> Act No. 162/2010, Article 33.

## Article 5

### *The Board of the Directorate of Labour.*

[The Minister]<sup>1)</sup> shall appoint a ten-man board of the Directorate of Labour, after receiving nominations, for terms of four years at a time. Two directors (members of the board) shall be nominated by the Icelandic Confederation of Labour; one shall be nominated by the Association of Academics; one shall be nominated by the Federation of State and Municipal Employees; one shall be nominated by [the Ministry in charge of the employment affairs of the State];<sup>2)</sup> one shall be nominated by the Association of Local Authorities in Iceland and two shall be nominated by the Confederation of Icelandic Employers. The same number of alternates shall be nominated. The Minister shall appoint two directors, without nomination, one of whom shall be the chairman of the board of the directorate and the other the deputy chairman. Their alternates shall be appointed in the same way.

The board of the Directorate of Labour shall supervise the running and activities of the directorate. Amongst its other responsibilities, the board shall examine and approve the operational and financial budget submitted to it by the director not later than December each year for the following operational year. Each year it shall also submit proposals to the board of the Unemployment Insurance Fund regarding funding for the payment of unemployment benefit and the functions carried out by the Directorate of Labour on behalf of the fund under a service agreement. The board of the directorate shall also attend to professional policymaking in the field of labour market measures and give [the Minister]<sup>1)</sup> a report at the end of each year on the employment situation and the results of labour market measures. The board shall consult the labour market councils, *cf.* Article 6, on a regular basis when assessing the local employment situation in each area.

The director of the Directorate of Labour shall attend meetings of the board, with the right to address them and make proposals.

Members of the board may not divulge to unauthorised parties personal data of which they become aware in the course of their work for the board and which should be kept secret. This non-disclosure obligation shall remain in force even after they leave the board

[The Minister]<sup>1)</sup> shall decide the remuneration due to the members of the board.

<sup>1)</sup> Act No. 162/2010, Article 33. <sup>2)</sup> Act No. 162/2011, Article 424.

## Article 6

### *Labour market councils.*

[[The Minister]<sup>1)</sup> shall appoint seven-man local labour market councils. Each labour market council shall include two members nominated by local wage-earners' organisations and two members nominated by employers' organisations. In addition, one council member shall be nominated by the local authorities in each area, one by [the Minister in charge of educational affairs]<sup>1)</sup> and one without nomination.]<sup>2)</sup> The same number of alternates shall be nominated. [The Minister]<sup>2)</sup> shall appoint the chairman and deputy chairman of each labour market council from among those who have been nominated as principals.

If agreement cannot be reached on nominations under the first paragraph, then [the Minister]<sup>2)</sup> shall decide who shall nominate a member to the council, taking into account how large the relevant organisations or local government areas are in terms of membership or population, and after receiving the comments of the relevant national federations.

[The Minister]<sup>2)</sup> shall decide on the location of the labour market councils, after receiving the comments of the director and the board of the Directorate of Labour.

The labour market council in each area shall submit a report on the employment situation to the board of the Directorate of Labour in November each year, together with proposals on the labour market measures that it recommends should be prioritised the following year. In addition, the labour market councils shall act in an advisory capacity to the relevant service centre of the Directorate of Labour regarding the structure and choice of labour market remedies.

[The Minister]<sup>2)</sup> may entrust other tasks to the labour market councils in accordance with the aim and scope of this Act, after receiving the comments of the board of the Directorate of Labour.

<sup>1)</sup> Act No. 126/2011, Article 424. <sup>2)</sup> Act No. 162/2010, Article 33.

#### Article 7

##### *Applications to participate in labour market measures.*

Job-seekers aged from 16 to 70 years may apply to participate in labour market measures. Applications shall be made in writing, on special forms and accompanied by materials as considered necessary by the Directorate of Labour, e.g. a certificate issued by a specialist physician in cases where the applicant has reduced working capacity. Applications shall include full information regarding the applicant's fitness for work, supported by satisfactory materials [and comments by a specialist working for the social services of the local authority that provides the service in question under the Local Authorities' Social Services Act.]<sup>1)</sup> Where the applicant is under the age of 18, his/her parent or guardian shall endorse the application by signing it.

An application to participate in labour market measures shall constitute a registration with the Directorate of Labour's labour exchange and a request for assistance from the directorate's advisors in seeking employment.

The Directorate of Labour may request information from other parties in connection with individual applications when it considers necessary.

[The minister may issue regulations on the application of this Article in greater detail after receiving the comments of the board of the Directorate of Labour, including as regards electronic applications and also how electronic applications are to be signed, the submission of other materials accompanying electronic applications and further arrangements regarding how applicants are to have regular contact with the directorate.]<sup>1)</sup>

<sup>1)</sup> Act No. 38/2018, Article 42.

#### Article 8

##### *Notification of cessation of employment searches.*

Persons who have applied to participate in labour market measures and have made use of the services of the Directorate of Labour in employment searches according to this Act shall inform the Directorate of Labour without unreasonable delay when they stop actively seeking employment. Notification shall be given in a verifiable manner, stating the reason why the employment search was stopped.

#### Article 9

##### *Appeals.*

[Appeals may be lodged with the Welfare Appeals Committee against decisions taken by the Directorate of Labour under this Act. Procedure shall be subject to the Welfare Appeals Committee Act and the Unemployment Insurance Act.]<sup>1)</sup>

<sup>1)</sup> Act No. 85/2015, Article 13.

### **SECTION III**

#### **Labour market measures.**

##### Article 10

##### *Labour exchange services.*

The Directorate of Labour shall maintain a register of job vacancies on offer in Iceland, which constitutes a single employment area. Records in the register shall include details of what the job involves, the demands made of applicants and other matters of significance. The Directorate of Labour shall also handle labour exchange services in the European Economic Area under the Agreement on the European Economic Area.

The Directorate of Labour shall assist all those aged between 16 and 70 who have an unrestricted right to engage in employment in Iceland with job searches. The directorate shall make information on job vacancies available to job-seekers and help them to find suitable jobs. When it is considered that a job-seeker meets the conditions stated in a job vacancy advertisement, the Directorate of Labour shall provide assistance in establishing contact between the job-seeker and the employer who is looking for a worker.

The Directorate of Labour shall also assist employers who seek general information about the labour supply or assistance with engaging workers.

#### Article 11

##### *Assessment of job-seekers' capacity for work.*

When a job-seeker applies to participate in labour market measures, his/her capacity for work shall be assessed by an advisor at the Directorate of Labour. A job-seeker shall submit all information available regarding his/her capacity for work so as to make it possible to help him/her to obtain suitable employment and give him/her the opportunity of participating in individual labour market remedies. Then, under an agreement with the job-seeker, a schedule will be drawn up covering his/her employment search and participation in appropriate labour market remedies on the basis of the assessment. At the same time, the job-seeker is to be provided with guidance regarding other services if it is considered necessary that he/she seek assistance in other public service systems prior to, or concurrently with, the services provided under this Act.

The services provided by advisors at the Directorate of Labour shall take account of the individual needs of each and every job-seeker. Furthermore, they shall take account of the employment prospects in Iceland at any given time. Where a job-seeker is aged under 18, consideration shall be given to the provisions of the Child Protection Act and the Act on Working Environment, Health and Safety in the Workplace when drawing up employment search schedules and schedules for participation in labour market remedies.

Participation in labour market measures may be made subject to the condition that the job-seeker seeks the assistance of other services, either first or at the same time.

#### Article 12

##### *Structure of labour market remedies.*

The Directorate of Labour shall be responsible for the structure of labour market remedies, which shall be divided into the following categories:

- a. individual courses, such as courses on drawing up employment search schedules or self-improvement and courses to improve competence in particular areas;
- b. vocational remedies, i.e. job introductions, vocational training and trial engagements;
- c. counselling, provided concurrently with participation in courses and trial engagements;
- d. study remedies;
- e. [vocational rehabilitation, and]<sup>1)</sup>
- f. [vocational rehabilitation of particular groups, *cf.* the third paragraph.]<sup>1)</sup>

The Directorate of Labour may enter into service agreements on participation by job-seekers in individual labour market remedies which other service providers will be in charge of carrying out. [The Directorate of Labour may also enter into collaborative agreements on participation by job-seekers with disabilities in remedies run by the local authorities or the service areas which they comprise, under the Act on Services to Disabled Persons with Long-Term Service Requirements.]<sup>1)</sup>

[The Directorate of Labour shall see to organising labour market remedies for persons with disabilities, including special support for job-seekers and follow-up measures such as employment agreements covering persons with reduced working capacity as provided for under the fourth paragraph.]<sup>1)</sup>

[The Minister may entrust the Directorate of Labour to make agreements with companies or institutions by which they employ invalids who receive invalidity pensions, invalidity allowances, rehabilitation pensions or occupational injury benefit of under 50% and have working capacity that has not been utilised on the labour market and no other substantial income for their sustenance, other than social security benefits. Reduction of pension payments during employment periods shall be determined by general rules on reduction at any given time.]<sup>2)</sup>

After receiving the comments of the board of the Directorate of Labour, [the Minister]<sup>3)</sup> shall issue regulation<sup>4)</sup> containing further provisions on the structure of labour market remedies, e.g. on the types of courses to be held and what types of study are to be regarded as constituting labour market measures.

<sup>1)</sup> Act No. 38/2018, Article 42. <sup>2)</sup> Act No. 88/2015, Article 25. <sup>3)</sup> Act No. 162/2010, Article 33. <sup>4)</sup> Regulation No. 1223/2015. Regulation No. 1224/2015.

### Article 13

#### *Participation by a job-seeker in labour market measures.*

A job-seeker shall follow the schedules regarding his/her employment searches and participation in the appropriate labour market remedies under Article 11 and do everything in his/her power to improve his/her working capacity in order to become active participant in the labour market. Amongst other things, a job-seeker shall be obliged to attend interviews with an advisor at the Directorate of Labour as provided for under Article 14 and to participate in the labour market remedies on offer to him/her. In addition, a job-seeker shall inform the Directorate of Labour of any changes that may occur regarding his/her working capacity or other circumstances without unreasonable delay.

### Article 14

#### *Monitoring of a job-seeker's participation in labour market measures.*

Advisors at the Directorate of Labour shall monitor to ensure that job-seekers follow their schedules regarding employment searches and participation in the appropriate labour market remedies as provided for under Article 11. They shall call job-seekers to regular interviews according to each individual job-seeker's needs. At these, they shall examine the job-seeker's schedule regarding employment searches and participation in labour market remedies and revise him/her when necessary. When necessary, they shall be able to request information from a job-seeker to verify his/her employment searches and participation in labour market remedies.

A comprehensive review of a job-seeker's circumstances shall take place not later than three years after he/she first applies to participate in labour market measures, if he/she is still unemployed.

The Directorate of Labour may deny a job-seeker service under this Act if he/she does not follow his/her schedule regarding employment search and participation in labour market measures, including repeatedly refusing to participate in individual labour market remedies, failing to seek assistance from other service providers under the third paragraph of Article 11 or neglecting to provide the Directorate of Labour with the necessary information regarding his/her working capacity or changes that may occur regarding his/her working capacity or other circumstances.

### Article 15

#### *Collaboration with other service providers.*

In consultation with a job-seeker, advisors at the Directorate of Labour shall seek collaboration with other service providers when a job-seeker needs the service of other professional in order to achieve results in improving his/her working capacity with the intention of becoming an active participant in the labour market.

Furthermore, advisors at the Directorate of Labour shall work closely with other service providers when a job-seeker uses their service or when other service providers seek their assistance. [As part of this, advisors at the Directorate of Labour shall seek collaboration and consultation on the employment of persons with disabilities, on the basis of collaborative contracts with the local authorities or the service areas they comprise, under the Act on Services to Disabled Persons with Long-Term Support Requirements, such as the organisation and application of labour market remedies.]<sup>1)</sup>

Advisors at the Directorate of Labour shall notify the relevant service providers of cases where job-seekers do not follow their schedule regarding employment searches and participation in labour market remedies when compliance with the schedules is one of the conditions of the service agreement.

<sup>1)</sup> Act No. 38/2018, Article 42.

### Article 16

#### *Service without payment.*

Service provided by the Directorate of Labour shall be free of charge to job-seekers and employers.

## SECTION IV

### Surveys of the state of the labour market.

#### Article 17

##### *Gathering of information on the employment situation in Iceland.*

The Directorate of Labour shall at regular intervals gather information on the employment situation, unemployment and employment prospects relating to individual parts of the country. It shall also monitor the composition of the workforce in Iceland.

The Directorate of Labour shall also make regular surveys of the demand for labour and the outlook in occupational sectors so as to make it possible to assess the employment prospects of students in various lines of study and to improve the counselling regarding employment available to senior school and university-level students.

[Furthermore, the Directorate of Labour shall, in collaboration with the organisations of persons with disabilities and the social partners, ensure that regular surveys are made of the standing of persons with disabilities on the labour market.]<sup>1)</sup>

<sup>1)</sup> Act No. 38/2018, Article 42.

#### Article 18

##### *Publication of information on the employment situation in Iceland.*

The Directorate of Labour shall publish a report at the beginning of each year on the situation on the domestic labour market, including information on unemployment, the employment outlook and the need for labour in specific occupations and the issue of work permits to foreign workers.

## SECTION V

### Miscellaneous provisions.

#### Article 19

##### *Private labour exchanges.*

Enterprises, individuals and non-governmental organisations may act as intermediaries regarding employment engagements, providing that this is done at the employer's expense.

Cases involving violations under the first paragraph of this Article shall be punishable by fines, which shall be paid to the State Treasury. ...<sup>1)</sup>

<sup>1)</sup> Act No. 88/2008, Article 233.

#### Article 20

##### *Regulation.*

After receiving the comments of the board of the Directorate of Labour, [the Minister]<sup>2)</sup> may issue a regulation on the application of this Act in further detail.

<sup>1)</sup> Act No. 162/2010, Article 33.

#### Article 21

##### *Commencement.*

This Act shall take effect on 1 July 2006. ...

[*This translation is published for information only.  
The original Icelandic text is published in the Law Gazette.  
In case of a possible discrepancy, the original Icelandic text applies.*]