

Prosperity

The fight against poverty in Iceland

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The Welfare Watch

Collaborative group on an even better community

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Summary of conclusions

Icelandic society has set itself rules, written and unwritten, on respect for human rights, and this is reflected in the fact that the vast majority of people in Iceland enjoy a high level of material comfort, a good standard of living and economic prosperity.

At any given time, however, it seems that a section of the population is in difficulties and without access to an acceptable quality of life. The unwritten social contract is constantly under review. This report argues that it should cover human rights, as well as the requirement that each individual demonstrate responsibility, while society should ensure everyone opportunities for participation. Support from the community should not take the form of almsgiving, but should rather aim at promoting human dignity.

The recommendations and proposals set forth in this summary address some specific poverty traps that exist in our society. In order to remedy the situation, coordination, remedial action or changes in priorities are needed in individual aspects of the welfare system, the economy and non-governmental organisations.

Principal recommendations and proposals:

- That an awareness-raising campaign be held regarding the concept of welfare, with the emphasis on a social contract embracing human rights, social capital, empowerment and participation by all.
- That the approach taken on poverty be concerned with quality rather than lack; thus, assessment of activity should be used rather than assessment of deprivation.
- That a volunteer exchange agency be established through which societies and institutions can contact people who want to use their energies and talents so as to increase participation in communal support schemes.
- That the local authorities define ways of granting concessions to those NGOs that seek ways of having volunteers work with them.
- That the public sector be involved in more ways than it is at present with business enterprises which give people new opportunities on the job market.
- That an agreement be made on a defined basic support level to ensure that no individual or family such want as to experience permanent damage as a result.
- That an agreement be made on a defined participation level to ensure that the community give all persons a clear message that they are guaranteed opportunities to participate and that everyone is expected to do so.
- That systematic use be made of the service of coordinators when individuals or families require assistance of several types.
- That a welfare calculator be set up.

- That the position of a specialist in the affairs of the poor be created in the Office of the Prime Minister. The role of the specialist would be to gather information and disseminate information between institutions/systems and also to propose improvements on further integration of the welfare services.
- The insurance system, the social welfare system and the tax system should be coordinated in such a way that authorised payments do not result in a reduction of basic support or of each other.
- That families which are below the income reference level and include young people under the age of 20 who are in school continue to receive child support benefit together with rent benefit, the condition for this being the presentation of certificates from the school confirming enrolment and pursuit of studies.
- That health services for children be free of charge and regular examinations ensure that children do not suffer from poor health during their formative years as a consequence of poverty.
- That better information, and access to information, about the Icelandic welfare system be made available to people of foreign origin.
- That a special survey be made of the position of children of foreign origin who are receiving assistance from the welfare services, and new ways sought of tackling their problems by preventive measures.
- That EAPN in Iceland be entrusted with functioning as a spokesman on poverty issues.

1. Background

In December 2011, representatives of Icelandic Church Aid (ICA) and the Reykjavík branch of the Red Cross decided to approach various societies, institutions and councils proposing a joint effort to seek ways of responding to poverty in Iceland. The immediate catalyst for this move was the day-to-day experience which ICA and the Red Cross had of dealing with people's appeals and difficulties.

The aim of this effort is to gather information from the various entities that were approached and from reports and studies that have been made concerning poverty in Iceland, with the intention of formulating and submitting proposals on measures against poverty.

a. Appointment of the collaborative group

The following were approached and invited to collaborate on the project: the Welfare Watch of the Ministry of Welfare, Reykjavík City's Welfare Department and Welfare Council, the Faculty of Social Work at the University of Iceland and representatives of the European Anti-Poverty Network (EAPN), which unites various NGSs to work in the interests of the poor, and which has recently begun operations in Iceland.

The following took part in the group's first meeting on 20 January 2012.

1. Ásta Dís, Sjálfsbjörg (the association of disabled in Iceland), cashier of EAPN
2. Ásthildur Linnet, Manager of the Hafnarfjörður Red Cross
3. Birna Sigurðardóttir, Social Worker with Reykjavík City's Welfare Department
4. Bjarni Karlsson, Vicar of the Laugarnes parish (in Reykjavík)
5. Eldey Huld Jónsdóttir, Social Worker with ICA
6. Guðný Björk Eydal, Professor at the Faculty of Social Work at the University of Iceland
7. Guðríður Ólafsdóttir, Social Affairs Officer of Öryrkjabandalag Íslands (ÖBÍ), the Disabled People's Organisation
8. Halldór Guðmundsson, Lecturer in the Faculty of Social Work at the University of Iceland
9. Hjördís Kristinsdóttir, of the Suðurnes Welfare Fund and EAPN
10. Hrafnhildur Gísladóttir, Project Manager of the Reykjavík Red Cross
11. Hrefna K. Óskarsdóttir, ÖBÍ's Representative on the Welfare Watch
12. Hrefna Magnúsdóttir of the Multicultural Centre in Ísafjörður
13. Jóhannes K. Jóhannsson of the Salvation Army in Iceland
14. Katla Þorsteinsdóttir, Manager of the Reykjavík Red Cross
15. Lovísa Lilliendahl of the Suðurnes Welfare Watch and representative on the Welfare Watch

16. Ragnheiður Sverrisdóttir, Deacon at the Bishop's Office and member of EAPN
17. Rúna Ágústsdóttir of Samhjálp and EAPN
18. Sigríður Ingólfsdóttir, Social Worker at ÖBÍ
19. Sólborg Pétursdóttir, Project Manager with the Icelandic Red Cross
20. Sædís Hrönn Jóhannesdóttir, of the Salvation Army in Iceland and EAPN
21. Vilborg Oddsdóttir, Social Worker at ICA, member of the Welfare Watch and EAPN
22. Þorbera Fjölnisdóttir, of ÖBÍ and member of EAPN
23. Þóra Kemp, Department Manager and Social Worker at the Breiðholt Social Welfare Office
24. Þórunn Sveinbjörnsdóttir, of the Senior Citizens' Association

b. Procedure

Icelandic Church Aid and the Red Cross called the first meeting of the collaborative group on 23 December 2011. It was held on 20 January 2012 at the community centre Kirkjuhvoll in Garðabær.

At the start of the meeting, Vilborg Oddsdóttir, a social worker at ICA and the person who had called the meeting, described its background and purpose. Then those attending were divided into four subgroups to discuss poverty and what the problem consisted of and to make proposals or suggestions for active measures.

Each subgroup submitted minutes of its discussions with a list of points or suggestions, which it then presented to the whole group at the end of the day.

The collaborative group decided at its meeting of 20 January to appoint a task force to go over the subgroups' minutes and proposals and to compile a report on the proposals.

It was also decided that the collaborative group would meet again before finalising the report, and to draft publicity material on the conclusions produced by the group's work. This meeting was held in the Red Cross headquarters in Reykjavík on 29 May 2011. A draft summary of the task force's work was presented and a critical discussion followed, ending in the task force's being commissioned to continue with its deliberations and the preparation of the final report. It was also decided that a third meeting of the collaborative group would be called in the autumn before publicising the results.

The following were appointed to serve on the task force:

- Birna Sigurðardóttir, Social Worker with Reykjavík City's Welfare Department
- Bjarni Karlsson, Vicar
- Halldór S. Guðmundsson, Lecturer in the Faculty of Social Work at the University of Iceland
- Hrafnhildur Gísladóttir, of the Reykjavík Red Cross

Katla Þorsteinsdóttir, of the Reykjavík Red Cross
Vilborg Oddsdóttir, from ICA

The task force held 20 meetings in all. At first they examined the proposals produced by the subgroups at the initial meeting; each point was categorised and a list was drawn up grouping together the points relating to the same issues, age-groups or themes.

The task force then set itself the procedure of drawing up a short summary on each main theme, presenting the points for consideration, the manifestations and consequences of the various problems or issues, proposals for measures to be taken and their aim. These conclusions are presented below.

2. Introduction

Repeated survey measurements over the past eight years in Iceland have shown that 9-10% of people have wages under the defined minimum wage and are therefore regarded as being in danger of living in poverty. Poverty is a reality in Iceland, even though it manifests itself in different ways at different times. It is known that certain groups within the community are constantly in more difficult circumstances than others. These include people who have lost their jobs or who, for other reasons, are outside the employment market.

Discussion of poverty in Iceland has generally taken the form of media coverage of the issue as it affects individuals or groups. There is less purposeful discussion of poverty as a social evil that needs to be monitored constantly and that calls for countermeasures.

Discussion of financial difficulties has increased over the past three years following the collapse of the banking system and the economy and the debt crisis situation in which many households have found themselves. Prior to the economic collapse, discussion and study of the problem of poverty tended to a large extent to be restricted to the welfare system and its efficiency, the question of whether in fact real poverty existed in Iceland and if so then what groups were most vulnerable. After the collapse, the emphasis has continued to be on the groups that are most at risk, but more attention is now being given to the effects of the collapse on household finances. In a sense, it could almost be said that discussion of financial difficulties following the collapse has overshadowed discussion of poverty as a social evil. The advantage of this change of emphasis is that a more open and more general reference is being made to the phenomenon of financial difficulty; on the other hand, it is less focussed on those who are in the worst position and who live in poverty in more senses than the purely financial. The shift of emphasis in, and opening up of, the discussion may be an opportunity to stimulate still further discussion of poverty and of the response to be taken by the community to the problems it may cause.

Since 2004, Statistics Iceland has published the results of its annual standard-of-living surveys with data on low-income levels and income distribution. One of the conclusions drawn from the survey of income in 2011 was as follows:

- *In 2011 there were just over 40,000 people, or 13.6% of Icelandic inhabitants, living below the poverty line or at risk of poverty and social exclusion. To qualify for classification in this group, one or more of the following conditions had to be met: having less than the minimum wage; experiencing a substantial lack of material quality of life or living in a home where the proportion of people in employment was very low.*
- *The minimum income threshold was ISK 153,600 in disposable income per month, for a single person living alone in 2011.*

- *9.3% were under the low-income threshold.*
- *6% of people in Iceland lived in homes where the employment level was very low.*
- *2% of people lived experienced a substantial lack of material quality of life.*
- *Those living alone, or alone with children, are more likely to live below the minimum income level.*
- *Among the countries of Europe, Iceland had the lowest proportion of people below the poverty line or at risk of social exclusion in 2010..*

(Statistics Iceland, Hagtíðindi, 2012:5. 26 March 2012).

Statistics Iceland estimates that about 27,700 people, including 8,800 children (aged 0-17) live below the minimum income level.

In addition to the extensive measurements by Statistics Iceland, studies have been made of the personal circumstances of particular groups of people. Last spring a report was published by the Social Science Institute and the Institute of Research into Child and Family Welfare following a study made for the Reykjavík City Welfare Department. This examined the circumstances in which parents in Reykjavík were living, their social networks, leisure activities and the general health of children (Ásdís Aðalbjörg Arnalds, Elísabet Karlsdóttir, Heiður Hrund Jónsdóttir and Vala Jónsdóttir, 2012). Guðrún Hannesdóttir (2010) produced a report on the living standard and personal circumstances of disabled persons; Rannveig Traustadóttir, Kristín Björnsdóttir, Jim Rice, Knútur Birgisson and Karl Ólafsson Smith (2010) produced a report with the title *Fátækt og félagslegar aðstæður öryrkja* ('Poverty and social circumstances of the disabled') and Jim Rice and Rannveig Traustadóttir (2011) wrote an article entitled *Fátækt, fötlun og velferð* ('Poverty, disability and welfare'). These studies presented in a clear way the circumstances of disabled people and the long-term financial difficulties many of them have to face. They also examine the effect of living in poverty on disabled persons and their families. The Red Cross has also made regular surveys of the situation of people in poverty (2006; 2010). In addition to these studies, a wide-ranging study has been made of income differentials and the way they have developed in Iceland (Stefán Ólafsson and Arnaldur Sölvi Kristjánsson, 2012).

In 2010 the Reykjavík City Welfare Department appointed a task force to examine poverty in the city, the aim being to gain an overview of it and made proposals on measures that could help those living in poverty. The group submitted an interim report in November 2010. Those involved consisted of elected councillors and also employees and specialists from institutions including the ICA and the University of Iceland, and this work was one of the factors that led to the project described here.

This report begins by discussing the background and the appointment of the collaborative group responsible for it. Then follows a short account of the group's work and its principal conclusions.

The conclusions are discussed in general terms on the basis of a summary of the points produced by the working meeting, and are presented as proposals, points for consideration, consequences and aims. The final section consists of a brief discussion of conclusions and points of emphasis, with a description of how the conclusions are to be publicised.

3. Discussion

This section contains a discussion of the task force's summary of the proposals and points for consideration produced by the meeting of 20 January 2012. The division into sub-sections is based on the grouping into themes, and an attempt is then made to describe the consequences, proposals for remedial measures and description of aims; these are also based on the discussion by the task force of the proposals and points for consideration.

a. The concept of 'welfare'

Proposal: That an awareness-raising campaign be held regarding the concept of 'welfare' and the social contract. This should be done by a concerted effort and discussion led by the Ministry of Welfare in collaboration with the local authorities, educational institutions and NGOs. Instead of assessing people in terms of what they lack, they should be assessed in terms of their strengths, e.g. instead of a disability assessment, a fitness-for-work assessment should be made, etc.

Point for consideration: The discussion of poverty in society is nearly always one-sided and characterised by startling revelations. Solutions are not related to each other in a coordinated whole and there is a lack of a total picture.

Consequences and their manifestation: Discussion of poverty tends generally to focus on the earning power of individuals and families; less attention is given to other values which are no less important as the basis of prosperity. Moreover, certain groups in the community, such as single parents and the disabled, are frequently but misleadingly defined as poor. In this way, the discussion becomes vague and the solutions proposed lack relevance to the problem.

The group agrees on certain important themes and motifs in the discussion of poverty and welfare. We agree that it is correct to approach the question *from the point of view of plenty rather than that of lack*. We wish to do everything we can to make *the discourse solution-oriented*; it should not treat poverty as a law of nature, *though at the same time the seriousness of the situation must be recognized* – i.e. the fact that long-term poverty deprives individuals and groups of important material quality of life, and is therefore not to be tolerated. The Icelandic community is rich, but its wealth is unequally divided.

A term used in discussions within the group is *acceptable welfare*. The position adopted here is that welfare is something everyone should enjoy, and it must be on an acceptable level for everyone; *thus, acceptable welfare means having a life which one feels there is reason to regard as a good life*. This is a well-known definition by the Indian economist and Nobel Prize winner Amartya Sen, who has aroused attention all over the world in the past few

decades with his economic theories which are based on people's 'functional capabilities', i.e. their actual abilities to be or do something, rather than looking only at their incomes and purchasing power.

Actual abilities are, admittedly, determined to a great extent by purchasing power, and when income falls below the poverty line, they are sharply curtailed. But people's actual ability to create a life for themselves which they will regard as good are based on more factors. Social opportunities, i.e. education, social position and participation in employment, and access, also play a substantial role, and general health and social capital constitute a large element in all welfare. Other aspects of the quality of life are also involved, e.g. the quality of the environment, access to nature and appreciation and involvement of the individual as a part of the community and an active participant in his or her economic, social and political environment.

In the light of these considerations, we agree that when discussing the concept of 'welfare' and the social contract involved in it, it is valuable to use two main approaches:

1. A broad understanding of **human rights**
2. Notions of **empowerment and social capital**

Regarding the first of these, it is of value to recall that Article 1 of the UN Declaration of Human Rights of 1948 (of which Iceland is a signatory) states that all human beings are born free and equal in dignity and rights. Furthermore, Article 65 of the Icelandic Constitution states that all people are equal before the law and entitled to enjoy human rights irrespective of their sex, religion, opinions, national origin, race, colour, economic standing, birth or other status.

From this it is clear that Iceland has undertaken to create and maintain acceptable welfare, and has confirmed in legislation that no groups or individuals are excluded from this contract.

In this context, it is appropriate to reiterate an observation made in a recent book, *Mannréttindi í þrengingum. Efnahagsleg og félagsleg réttindi í kreppunni* ('Human Rights under Pressure. Economic and Social Rights in the Recession'), which was published in spring 2011. This includes the following:

If ordinary citizens are aware of their legal rights, they will be more likely to demand them and fight for them. A greater awareness of human rights on the part of the public is also likely to mean that individuals will see themselves as people with entitlements rather than as recipients... Someone who receives services on the basis of rights, rather than as alms, has no need to feel shame when demanding the service, and is in a stronger position vis-à-vis reduction of services in times of recession. By contrast, someone who "enjoys something solely at the discretion of another party

who has the power to deprive him of it at will, simply does not have an entitlement to it.”

(Aðalheiður Ámundadóttir and Rachel Lorna Johnstone, 2011, p. 61).

Regarding the second approach, empowerment can be understood as a move towards having the individual feel well and confident and in control of his life: he experiences himself as safe and free and believes that his opinions are taken seriously. We define *social capital* as something which becomes manifest when interactions in society go smoothly because people consider they have reason to expect good things of their fellow men.

Aims: We want the discussion of general welfare and the reality of poverty in our society to move from being characterised by shock revelations and exaggerated response and become analytical-critical, constructive and deliberate so that it will be possible to eradicate long-term poverty of individuals and families by means of a concerted attitude and a general understanding of the concept of ‘welfare’.

b. Human rights, empowerment and social capital

Proposal 1: When balance reigns between freedom and security, rights and responsibility then everyone will gain courage in interpersonal dealings and social capital will grow.

There is no one method or system that will tackle this problem, since this concerns the very nature of the social contract, which is a fabric woven tightly out of many social and cultural threads. It is not to be taken for granted that a nation will succeed in becoming a single community. The will and the ability to know or understand the personal circumstances of one’s fellow citizens and to share their lot in life does not just come of itself. In this, all the institutions of society, the family, the schools, NGOs of all types and the organs of the state must make their contribution to empower people and increase their social capital. The following two things would be a step in the direction towards a solution:

- An agreement on a defined basic support level so as to ensure that no individual or family will suffer such want as to experience permanent damage as a result.
- An agreement on a defined participation level to ensure that the community give all persons a clear message that they are guaranteed opportunities to participate and that everyone is expected to do so.

The welfare system may neither deter people nor coerce them; rather it should encourage solidarity and human dignity. A defined basic support level would confirm that the community has an obligation to the individual; a defined participation level would emphasise that the individual has an obligation to the community. The defined basic support level

would be based on a human-rights perspective; the defined participation level would be based on the concepts of empowerment and social capital.

We live in a small community where it is possible to know people's personal circumstances. When someone is living just on, or even below, the basic support level, the person or family concerned must face the community's question: 'What do you want to do, and what can you do, to improve your circumstances and standard of living?' Everyone has something to offer, and when people find themselves in poverty, the reason is that their involvement with the environment has, for some reason, broken down.

Proposal 2: There are many ways of stimulating involvement in society and reach out to those who suffer lack as regards material support or social involvement. Many victories have been won in this sphere in recent years. It is proposed that, in addition to all that is already being done to increase their involvement in society:

- a volunteer exchange agency be established through which individuals and NGOs could offer their services on a volunteer basis;
- at the same time as this is done, the local authorities find ways of granting concessions to those NGOs that join them in creating opportunities for volunteers. Also, it would be possible to make such collaboration a condition for receiving aid from public bodies;
- ways must be made available of motivating and rewarding those who become actively involved;
- the public sector be involved in more ways than it is at present with business enterprises which give people new opportunities on the job market.

Point for consideration: People have a natural need for a purpose in life. Having a future goal which one can reasonably hope to attain is something which confers quality on life; it builds up the self-image of both individuals and groups. Those who feel powerless vis-à-vis society and their immediate environment have difficulty contemplating the future with a goal as part of the picture, and so require special support.

Manifestation and consequences: When people experience their community or immediate environment as complex or threatening they lack the basis on which to indulge in creative thought or building a future vision. Lack of purpose of this type is one of the manifestations of poverty, and results in people not considering themselves as active participants in their society. Thus, they feel insecure, do not undertake responsibilities and do not make use of their talents. As a result, the community does not benefit from their efforts and talents.

Aim: We want to develop a society in which people are aware of goodwill, opportunities and responsibility and find it easy to envisage having an interesting future.

c. Families and social heritage

Proposal:

- That families which are below the income reference level and include young people under the age of 20 who are in school continue to receive child support benefit together with rent benefit, the condition for this being the presentation of certificates from the school confirming enrolment and pursuit of studies. Central and local governmental authorities would have to work together on this.

Point to consider: Young people aged 18-24, and their parents who are living in poverty need special assistance in order to break the vicious circle of poverty.

Manifestation and consequences: After children reach the age of 18, their parents cease to qualify to receive child benefit for them and rent benefit. When rent benefit payments are calculated, the income of all people in the household are taken into account. It has happened that young people in low-income families move their legal domicile so that the family's rent benefit will not decline. By moving their legal domicile, there is a danger that their social network will unravel and that the young people will "learn" not to respect the rules but try to circumvent them. Under such conditions it is also more likely that the young people will drop out of their studies. Amendments are currently being processed which should meet the needs of this group.

Aim: To break the vicious circle of poverty by supporting the family and encouraging solidarity within it and improving young people's access to education and training.

d. Young people and rehabilitation

Proposal: Active involvement in the community should be something appealing, and therefore it is necessary to create room for people to become involved and to employ the capability approach when assessing them. It is necessary to 'think outside the box' when it comes to creating jobs and a forum for training people in new occupations. In this context, it is interesting to examine the experience of other nations, in which extensive collaboration between the business sector and the academic institutions has been employed, and short study-courses are on offer which grant participants the right to work, or educational qualifications.

Attention must also be given to those who are capable of working but who lack the opportunity to do so, and to those who are temporarily unfit for work. Remedial measures must be organised for these groups so that they can receive individually-tailored advice; institutional systems such as those of the Directorate of Labour and the social services must be coordinated so that the individual is not lost in the system or left outside the scope of the

individual systems. Through individually-tailored counselling it is possible to maintain an overview of the individual's affairs and find out what measures best suit each person. The individual's situation can be addressed by a particular worker – a sort of 'case manager' or coordinator. The role of the case manager would be to guide and coordinate services and measures and to maintain an overview of the individual's situation while he or she is drawing on assistance from the welfare services in one or more areas.

Quite a lot of short courses have been available, but priority must be given to helping young people to join study programmes, employment or other measures which give them the chance to become involved in the long term. Long-term solutions should result in better rehabilitation for those who have been inactive for long periods. It is then vital to seek ways of encouraging them to become active and become involved.

Point to consider: Some of Iceland's young people without anything more than basic (compulsory) schooling are unemployed and are even living on unemployment benefit or are being supported by their local authorities. Experience from other Nordic nations shows that the consequences of long-term unemployment are worst for those with the least education. In particular, those in the 16-24 year age range are at risk, since most of them have only completed basic schooling.

Manifestation and consequences: When the individual has been unemployed or passive in the community for a long period, the danger of ending as an invalid increases with steadily deteriorating emotional state and progressively less social involvement. Some young people seem not to realise the consequences that long-term underinvolvement has on their lives. In the report *Ungt fólk án atvinnu* ('Youth unemployment'), which was based on interviews with focus groups, it was revealed that the personal condition of those interviewed deteriorated the longer they had been unemployed. A clear indication of this was the incidence of depression, which is a natural reaction when people have been inactive and uninvolved for long periods.

Aim: That the welfare systems should work more effectively together, whether the individual involved is the recipient of unemployment benefit, financial support assistance or disability benefit. Measures should be taken to ensure that no one will be "lost in the system" and that services will be coordinated.

e. Children

Families with children, and in particular certain types of family, are in danger of finding themselves beneath the poverty line. Examples are single parents, families with large numbers of children and families tackling problems resulting from the parents' illness, disability or unemployment. Children living in poverty are in danger of suffering health damage and social exclusion; a direct correlation can be traced between poverty in a child's

formative years and poor performance in education later in life. In addition it is known that the time during which poverty in childhood lasts has a great influence on how serious the consequences may be.

Three factors are discussed below which are particularly likely to be relevant to child poverty.

e. 1. Lack of collaboration

Proposal: That one worker, the coordinator, be responsible for monitoring the family's affairs when necessary; maintaining an overview of the situation is regarded as a priority. This opens the way to making use of the remedies available in the immediate environment, such as offers from the "third sector" (NGOs), including aid organisations and sports clubs, together with other remedies and counselling.

Point to consider: Various parts of the welfare system include services for children. Typically, more than one member of the service staff is involved with issues regarding the same child. The quality of the support, and therefore its effectiveness, depends on the child (and the family) receiving comprehensive assistance. For this, it is necessary that the various service providers work together. When this does not happen, it may pose a danger for the child and the family.

Consequences: When there is a lack of collaboration, children do not receive the services they require, and nor do the families. Frequently, service institutions are working with the same child and even applying remedies from other systems again. When procedures of this type are being applied, efforts and resources are not used properly, and the lack of communication between the various systems occupies the centre of the stage, which is where the child or family should be. There is a danger that valuable time and funding will be wasted.

Aim: That families and children receive better and more efficient services, in which the emphasis is on maintaining an overall vision.

e. 2. Children's health

Proposal: Health services for children should be free of charge and regular examinations should ensure that children do not suffer from poor health during their formative years as a consequence of poverty.

Point to consider: In international comparison, Icelandic children generally enjoy good health. There are, however, indications of various types that not everyone is in an equal position regarding the health services.

Manifestation and consequences: For example, mention may be made of a new survey which shows that Icelandic children's dental health is the sixth-worst in the OECD countries. It is estimated that one child out of ten suffers from a serious dental-health problem (Hólmfríður Guðmundsdóttir, 2011).

According to information from the Directorate of Health (the Public Health Institute), just under 25% of children aged 3, 6 and 12 failed to attend preventive checks, and 42% of Icelandic children aged 0-17 did not attend clinical examinations by a dentist in the same year. For many years, public funding for these programmes has not been used to the full, and the problem remains unsolved even though it has been the subject of much public discussion and reports on it have been published.

It is safe to say that a child who grows up with poor health services suffers lack of a type that may have deleterious effects of many types on his or her formation as an individual. Besides dental care, mention should be made of the importance of speech training, physiotherapy and occupational training and other aspects of health care and training.

Aim: That the public health and social insurance system ensure that all children receive health care, irrespective of their financial status or other factors.

e. 3. Children of foreign origin

Proposal: Better information, and access to information, about the Icelandic welfare system must be made available to people of foreign origin and also the discussion of their position, and access to information about it, should be increased generally.

A special survey must be made of the position of children of foreign origin who are receiving assistance from the welfare services, and new ways must be sought of tackling their problems by preventive measures.

Point to consider: About 8% of the Icelandic population is of foreign origin. Following the financial collapse (in 2008), unemployment and long-term unemployment has been considerably higher among people of foreign origin. Also, indications have been seen that people of foreign origin are applying in increasing numbers for assistance from aid organisation; this is partly because of a shortage of information on the social welfare system. Furthermore, increasing numbers of children of foreign origin or foreign parentage have needed assistance from the child protection authorities.

Manifestation and consequences: This trend, and the social demarcation that it may result in, is a cause for concern, as can be seen from experience in other countries. Access to information on the structure and aims of the welfare society is one of the key factors in developing a social capital and encouraging social inclusion of all people in the community. People of foreign origin are a sensitive group while they are finding their feet in Iceland and

establishing contacts in their new society. Icelandic society is more diverse than it used to be, and the welfare services must increasingly address the necessity of adapting to changes in their client base.

Aim: To reduce social demarcation in the community and encourage mutual adaptation through a more multi-cultural approach in the provision of information and services.

f. Interference between benefits

Proposal: As the welfare system is financed through the tax system, independent of how much each individual contributes, payments authorised in this system to meet particular circumstances should be exempt from income tax. The insurance system, the social welfare system and the tax system should be coordinated in such a way that authorised payments do not result in a reduction of basic support or of each other. A task force to tackle the problem of interference between benefit payments should be established, where representatives of the Social Insurance Administration, the Union of Local Authorities and the Directorate of Internal Revenue could seek ways of preventing interference between benefits so that those who live on invalidity pensions or financial assistance from the local authorities would receive simpler and more effective financial assistance.

Point to consider: Interference occurs when payments from one system influence the level of payments from another. It happens, for example, when payments to disabled people from the social welfare system are reduced because the persons concerned are also receiving authorised payments from the Social Insurance Administration or financial assistance from their local authorities in view of particularly difficult circumstances. The same thing happens when people with social problems receive assistance over and above the level of basic support from their local authorities. Problems also arise when people pay tax on the social assistance they receive in view of their being in particularly difficult circumstances; these taxes are collected after assessment in the following financial year.

Manifestation and consequences: Pensions and benefits under the social security system, i.e. old-age pensions, disability pensions, age-related benefit supplements for the disabled, pension supplement, disability grants and child pension are general rights which should ensure the welfare of all, irrespective of their income and assets. Authorised payments under the Social Assistance Act ¹ are paid when particular conditions are met. Some of these payments have an effect on each other, e.g. when recipients of old-age pension or disability pension receive a special supplement because it is considered evident that they cannot

¹ E.g. household supplement, special household supplement, rehabilitation pension, spouse's benefit, mothers' and fathers' grants, child pension to cover schooling or vocational training for young people aged 18–20, caregivers' allowance, rebates on the cost of medications, medical assistance and death benefit.

support themselves without it. In addition, all taxable income (including payments from the social insurance system) influences the calculation of these benefits. The local authorities also give financial assistance for the support of individuals and families that are temporarily unable to support themselves without help. Basic support, grants to cover education and child maintenance payments are all subject to tax which is deducted at source. On the other hand, grants to cover advance payments or deposits on rent, assistance to meet especially difficult circumstances, funeral grants and loans which are converted to grants are all authorised payments which are subject to tax. Such payments may have an effect on other important types of assistance such as rent benefit, which are then reduced.

Collection of taxes resulting from these authorised payments takes place when tax is assessed the following year; this arrangement makes things difficult for people who are dealing at the same time with health problems or social problems of other types.

Aim: To simplify the benefit system in the welfare society and prevent the frustration of the aims of the welfare system because the various benefits paid interfere with each other.

g. Welfare calculator

Proposal: That the Ministry of Welfare, the Union of Local Authorities, the organisations of the social partners and representatives of NGOs set up a working group or development project, or seek bids from software houses, on the development of a welfare calculator. This would present information in one location on the remedies available from the welfare system at any given time, giving a comprehensive but clear picture of how the benefits and services of all types in the welfare system complement each other and interact.

At the same time, the position of a specialist in the affairs of the poor should be created in the Ministry of Welfare. The role of the specialist would be to gather information and disseminate information between institutions/systems and also to propose improvements on further integration of the welfare services.

Point to consider: There is a lack of coordinated, harmonized information on the remedies available in the welfare services, their individual components and how they function together. In 1997-2000, members of the Trade Union of Icelandic Social Workers (now the Icelandic Social Workers' Association) submitted proposals on the construction of a website under the provisional working title of "the social services website". In 2001 the Ministry of Social Affairs set up a "family website" which was to some extent in the spirit of the proposed social services website. The family website was then lodged with the Household Finances Counselling Centre.

Many specialised websites have been set up in the past ten years, for example in the fields of health, rights and entitlements and individual benefit categories such as rent benefit,

interest benefit and child benefit. In addition, various educational and awareness-raising websites have been set up covering demarcated material dealt with by institutions, NGOs or individuals and private companies. Nowhere, however, is to be found a comprehensive survey that could provide answers to questions on rights and entitlements and function as a guide for the general public through the options available in social and welfare services.

Thus, the idea of a 'welfare calculator' is not new; it has simply arisen again and again in different contexts. In this connection, mention may be made of a recent report on Icelandic consumption reference levels; on p. 98 the following is found:

6.2 Calculator

There was repeated discussion in the meetings with the pilot group about how important it was to have the calculator which currently serves to calculate expenditure also cover income and public benefits and charges. Calculators of various types already exist, e.g. at the Directorate of Internal Revenue and the calculator for rent benefit on the website of the Ministry of Welfare. An interesting model from the UK is the website <http://www.minimumincomestandard.org/> where the gross and disposable income needed to maintain a particular minimum standard of living is displayed. It should be a relatively simple matter to develop an Icelandic calculator to show the gross income and disposable income needed to attain a given reference level. A presentation of this type should be of further assistance to households in their attempt to gain a comprehensive overview of their financial standing. (Jón Þór Sturluson, Guðný Björk Eydal and Andrés Júlíus Ólafsson. 2011).

Manifestation and consequences: It has been pointed out that information on rules, rights and guidance available to those who have to rely on the welfare services is scattered far and wide and is difficult to access. The information referred to concerns the social insurance system, the social services, financial assistance, rent benefit, interest benefit, individuals' rights within their trade unions, insurance companies and other entities. In each of these localities, general and specific remedies are to be found, according to the circumstances of the individual case. Not all citizens have the same success in finding this information and making use of the aspects of the welfare system that could be of benefit to them; frequently, the user of the services is in the position of having to grasp completely a new picture and adapt his or her life to a new framework. It should also be taken into account that the demand for welfare services has expanded greatly since the banking collapse and it is important to meet this by providing better access to information.

Aim: To place the focus on using information technology, opening up public administration and empowering people by ensuring a better interplay of the various benefit systems and ensuring that assistance is utilised to the maximum effect; also, to bring together in one place information on the remedies offered by the welfare services at any given time and create a simple but comprehensive picture of the combination of benefits, services and assistance offered in the welfare system.

h. Participation by clients and the third sector

Proposal: That EAPN be granted financial support in order to involve individuals and clients who are living in poverty. Also, that EAPN be entrusted with functioning as a spokesman on poverty issues. That the network be given support by central and local government for periods of five years at a time to establish itself and carry out its role as a spokesman for the poor.

Point to consider: Discussion on the position of people at risk in society, and people struggling with poverty, needs to be broadened and encouraged.

Manifestation and consequences: To an increasing degree, the attitudes and experience of the clients of the social services and of the third sector are being brought into the discussion of poverty issues. EAPN (*European Anti Poverty Network*) is a network bringing together those who work in the third sector and in grassroots movements on helping those who are at risk. The aim of EAPN is to open up the discussion and draw attention to poverty and its consequences, activate people and help them to escape from the shackles of poverty, and to give them a voice.

Aim: To increase the provision of information, stimulate discussion and broaden knowledge of the position of those who, at any given time, are experiencing poverty. To stimulate participation by clients of the services and ensure that their points of view and their experience will form part of an informed discussion of the issues affecting those who live in poverty.

4. Discussion and concluding remarks

This report presents the conclusions reached in discussions and collaboration between a broad group of people who are concerned about the standing of individuals and groups within Icelandic society. The participants in this work are representatives of various institutions, social affairs and charity organisations and clients of the welfare services. The aim of the project was to throw light on a common cause for concern known from the experience and general awareness of the participants. Furthermore, an aim of the project is to put forward points for consideration and proposals and also to give an insight into the discussion and working procedure followed by the group in which the aim was to identify common points of emphasis and bring these to the notice of others.

The first part of the report contains a brief account of the background and approach by the group. The emphasis was on bringing together representatives of various organisations and institutions and holding a discussion in order to identify the main points of concern and hints they might give regarding welfare in society. Next, the intention was to describe in further detail the points of emphasis that all parties shared and to present them in a clear and accessible manner.

There are several main themes in the points presented for consideration by the group. *Firstly*, the group points to the desirability of bearing in mind the social contract in society when approaching the discussion of welfare and poverty. We maintain that the unwritten social contract embraces two main premises, neither of which can exist without the other. On the one hand there is the accepted definition of human rights, and on the other there are general notions of empowerment and social capital. Rights and obligations come into play here, seeking equilibrium: the demand that everyone be guaranteed the means of support, while expecting of them participation on the premises of each individual. *Secondly*, the group identifies poverty traps which it has proved difficult to render harmless, notwithstanding a broad intention to do better and notwithstanding the fact that some groups are at their limit of tolerance. *Thirdly*, the group considers it important that the discussion, and the remedies offered by the welfare services, be based on an approach which identifies strengths, quality and rights instead of weakness, lack and almsgiving.

The presentation and dissemination of the conclusions produced by the project are intended with a view to submitting this report to the Minister of Welfare and other representatives of central and local government. Thereafter, an open meeting of organisations and interest groups will be called at which the contents and points of emphasis in the report will be introduced specially – possibly under the aegis of EAPN.

Further processing and publicity of the material will be in the hands of the representatives, organisations and individuals, each in their area of specialisation.

The group hopes that this contribution may initiate a real change in the position of those who live in poverty in Iceland, and also that attention will be drawn to issues that call for new solutions and improvements. Finally, the collaborative group hopes that purposeful discussion and collaboration will enable all people in Iceland to have a life which they feel there is reason to regard as good, so enjoying an acceptable level of welfare and prosperity.

***[The translation of this report is published without
the translation of sources and appendixes.]***