

AGREEMENT

between the Progressive Party, the Independence Party and the Left Green Movement
on collaboration in a coalition government and reinforcing the capacity of the Althingi

INTRODUCTION

In the new government, parties spanning the political spectrum from left to right intend to establish a new tone, concentrate their energies to key projects that will bring Iceland into the front rank and take steps that will make Iceland a good place to live for young and old alike.

The situation in Iceland as regards social issues is in many respects unusual. While equilibrium has been achieved in public finances, urgent challenges remain to be addressed in the fundamental structures of society. In terms of national averages, people's financial position has improved rapidly in recent years, but it is important to maintain balance and ensure that everyone living in this country is equal in terms of opportunity.

We must aim at long-term stability, with greater transparency in the economy and in all public administration so as to build up public confidence in the way companies are run, the financial sector, politics and social institutions. Successes of many types have been achieved since the economic collapse, but the social reconciliation that the nation has long called for has yet to materialise. We must work toward this. At the same time, we must respond to rapid changes and new social attitudes in many fields, and also global inequality and turmoil.

Iceland can make its voice heard in the international arena by being a model regarding gender equality (where there is still room for improvement), by setting itself ambitious targets in combating climate change, by protecting its unspoiled natural vistas and by nurturing the natural environment and wildlife. Sustainable development must be our guiding principle when we take decisions, in accordance with our international obligations and the goals we have undertaken to respect.

Broader consultation and more efficient communication must lie behind all planning that is to apply in the long term. Inter-party collaboration in the Althingi (parliament) must be increased; the Althingi itself must be made more independent and its procedural framework, professional support and status must be enhanced. Deeper consultation must be established with the labour market in order to achieve a stronger society in as many areas as possible. Finally, consultation with local government, and support for the municipalities regarding the strengthening of infrastructures, regional development and financial relations must be increased.

Unusual circumstances demand a change in approach, with more open administration, transparency and respect for the projects with which we engage. It is the desire of the parties now embarking on collaboration in a coalition government and the reinforcement of the capacity of the Althingi to tackle these challenges in a new way in the interests of the people of this country, not least by taking deliberate measures to bolster the Althingi and increase its influence.

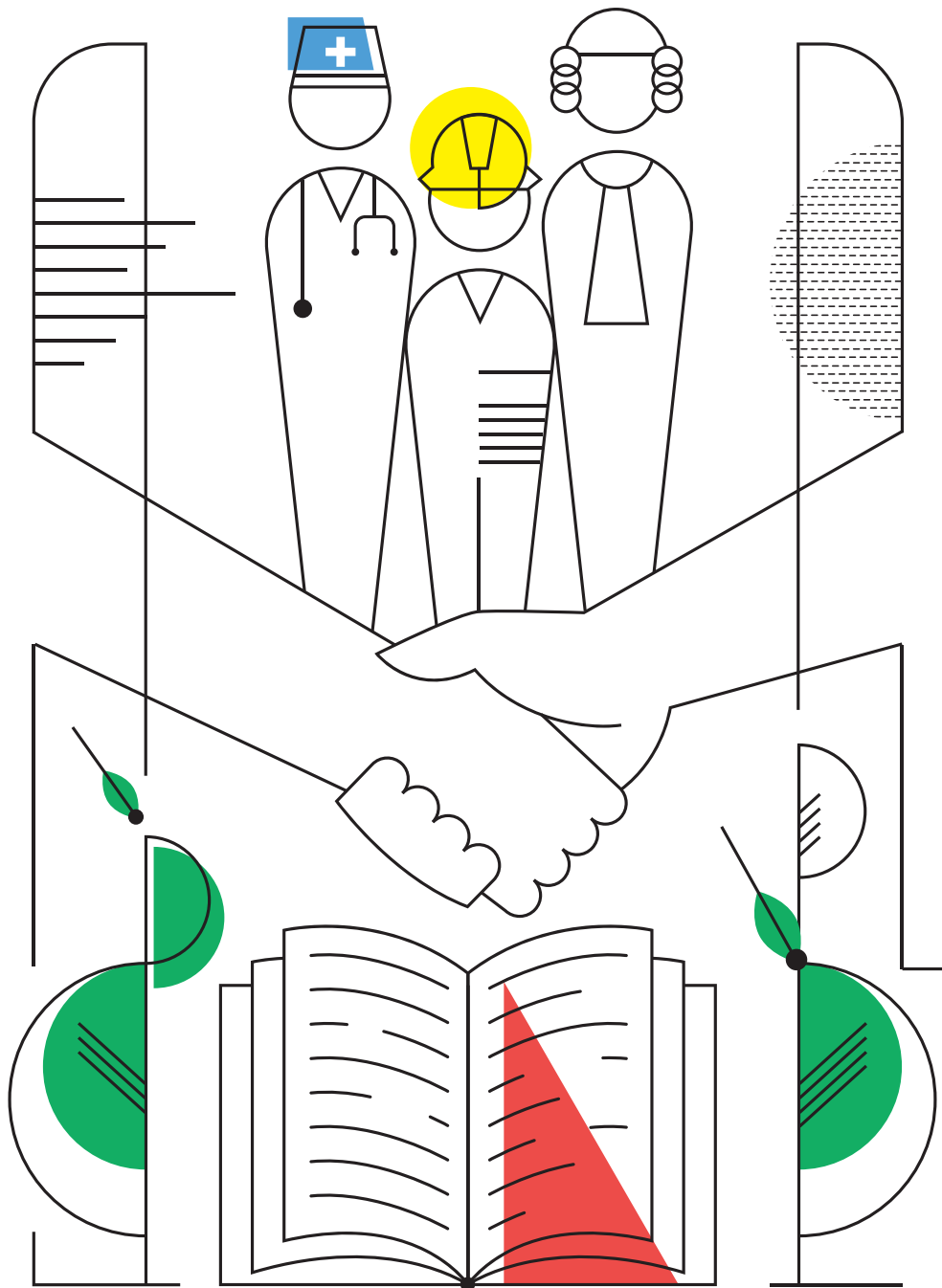
REINFORCING THE CAPACITY OF THE ALTHINGI

The legislative, budgeting and supervisory functions of the Althingi will be reinforced during this electoral term by means of additional support for the work of its committees and that of the parties represented in parliament. In addition, the government aims to launch a considerable number of projects by means of a consensual (non-party-specific) approach, so ensuring, to a greater extent than has often been the case, that the skills, knowledge and versatility of human resources available to the Althingi will be employed in the service of Iceland and its people, irrespective of what parties are in power or in opposition at any given time. Early in the term of this government, task forces with memberships that cut across political-party allegiances will be appointed, in consultation with the relevant ministers, to work on matters including the establishment of a national park in the interior of the country, a policy on innovation, the development of indicators to measure economic prosperity and the quality of life, an energy policy, the constitution, the application and review of the legislation on foreign nationals and a ‘future committee’ to address the challenges and opportunities associated with technological change.

We must achieve a consensus on the future structure of the financial system. A white paper on a future vision regarding the financial system in Iceland will be submitted to the Althingi for discussion before decisions are taken on policy regarding the financial system.

The government’s main priorities, which are interdependent and mutually supporting, may be grouped under the following headings:

- A strong society
- A vigorous economy
- Environment and climate
- Innovation and research
- Equal opportunities
- Democracy and transparency
- International affairs



A STRONG SOCIETY

Healthcare

Iceland's healthcare system should stand comparison with the world's best. All people in Iceland should have access to quality services, irrespective of their financial standing and where they live.

The government will produce a comprehensive healthcare policy for Iceland, taking account of the needs of all people in the country and better defining the role of individual aspects of the health services and how they are interrelated. Healthcare targets and the means to achieve them will be defined in collaboration with the profession and the Directorate of Public Health, the aim being to promote good public health and create an attractive working environment for healthcare workers. Primary health clinics will be given greater support as the first destination for those using the service. Work on construction of a new treatment centre in Landspítalinn (the National and University Hospital) will begin next summer.

Innovation in healthcare will be given additional support so that Iceland will be in the front rank and adopt the use of the latest technology in this area, e.g. for teletreatment.

The government intends to reduce patients' participation in the costs of the healthcare service with the aim of making it more transparent and efficient. In this, the results produced by the current system must be reviewed with respect to the most seriously ill patients, with a concurrent examination of issues not covered by the present system, such as travelling and maintenance expenses and the cost of dental treatment and psychological services.

A mental health programme up to 2020 will be financed and launched. Mental health services in primary health clinics and hospitals around the country will be bolstered and finance will be secured for the emergency psychiatric ward and the children's and young people's psychiatric ward of Landspítalinn so as to meet their operational costs. The health services in upper secondary schools will be expanded, with an emphasis on mental health.

The government will give special priority to preventive measures and health for all; this will include measures in the

educational system and the healthcare system and support to sports, youth activities and work among elderly people. The use of economic incentives to promote health for all will be examined.

The shortage of places in nursing homes has placed increased strain on hospitals and reduced the quality of life for the elderly. It is clear that there is a substantial need for nursing home development over the next five years. A major campaign of development in this area will be launched and this will be reflected in the government's budget projection. Part of the proposed National Fund could be used for this purpose. Attention will also be given to putting the operations of the nursing homes on a firmer basis, and to other aspects of services, including home-nursing services, daily exercise activities and rehabilitation.

Education and research

An effective educational system is a precondition for progress, and the government proposes to launch a major campaign in this area. Creative and critical thinking, literacy and participation in democratic society will continue to be the foundation of the Icelandic school system. Great priority will be given to improving education in Iceland with the interest of pupils and society at large as the guiding principle. Innovation and development must be supported at all levels of the educational system, as education will be a core element in innovation in the future.

It is important to promote recognition and respect for the work done by teachers, to increase their professional independence and focus attention on institutional development at all levels of the educational system. Teacher shortages must be tackled jointly by central government, local government and the trade unions.

It is the government's aim to ensure upper secondary educational institutions the freedom and financial resources needed to adopt their own policies within the framework of the Upper Secondary Education Act and to examine the advantages of permitting pupils to move between levels of the school system in their own time rather than according to their age.

The government plans to put special emphasis on education in the arts and additional technical skills with the aim

of making Icelandic society more competitive in international comparison. Additional support will also be given to studies in crafts and industrial trades and to practical and vocational training so as to support variety and a stronger society based on a broader range of skills.

One of the government's main aims is to ensure equal access to education, irrespective of where people live and their circumstances in other respects. The legislation on upper secondary and higher education needs to be revised and a clear framework must be established for the activities of educational institutions and collaboration with the business sector.

The aim is that Iceland should attain the OECD average as regards funding of university education in 2020 and the Nordic average by 2025, in accordance with the projections by the Science and Technology Council; this will be of great significance for both teaching and research in the country's universities. Work will be done to solve the accommodation problems of the Icelandic Academy of the Arts during the electoral term. Finance will be allocated for a plan of action on language technology to ensure that Icelandic will be usable in the cybersphere.

An overhaul of the student loan system will be undertaken in collaboration with the student movements, with the emphasis on equal rights to education, efficiency and a study-grant system based on the Nordic model.

Regional development

One of the fundamental preconditions for a well-functioning society is housing security independent of people's financial standing or where in the country they live. One of the most crucial factors in achieving this is to ensure that the management of the economy will promote a continued reduction in interest rates. The government intends to use its influence to bring about reforms designed to stimulate the property market and make it more stable. The different challenges posed regarding housing in various parts of the country will be examined, and also the problems inherited from the past. Measures must be taken to ensure that at any given time, analyses and statistics on the supply and demand of housing are available, based on demographic trends and planning contingencies.

Short-term rentals of residential accommodation to tourists have expanded greatly in the past few years, which has had a

significant impact on the property market in many parts of Iceland. Clearer rules on such rentals must be set, in collaboration with the local authorities and the tourist industry, in addition to which the monitoring of unlicensed operations must be tightened. The possibility of granting the local authorities greater powers to control the rental market must also be examined.

Better access for the general public to secure housing must be achieved by bolstering support systems and adopting coordinated policies on the development of socially-assisted housing, greater transparency on the rental market and increased provision of information on housing.

The government will take measures to lower the threshold faced by young people and people of restricted means to enter the housing market. To this end, the public support systems will be reviewed so that support will primarily benefit people in these categories. Amongst other things, the possibility of using pension savings for this purpose will be examined.

Greater numbers of building lots, and levies on new buildings, will be discussed in negotiations between central and local government on income bases and financing, as will a review of the administrative structure applying to construction activities. Support in the form of establishment grants from the state for non-profit rental associations operated on a social basis must be continued.

The government will take deliberate steps during the electoral term towards abolishing the indexation of mortgages; at the same time, counterbalancing measures will be taken to safeguard the opportunities open to young people and people of restricted means to acquire property. Special priority will be given to maintaining economic stability. Furthermore, the government intends to create incentives and support to enable those householders who so wish to convert indexed mortgages to non-indexed mortgages.

Property prices are one of the components in the consumer price index in Iceland, and the great property-price rise in recent years has therefore meant that the principals of indexed mortgages have risen far more quickly than they would otherwise have done. The government will initiate an examination of how real estate can be removed from the base for the calculation of the consumer price index.

Transport and telecommunication

All around the country there are aspects of civil infrastructure that call for urgent attention. Examples can be found in transport structures, telecommunications, utility systems and other public works. In the coming years there will be opportunities for using the state's income from its assets for such projects, so ensuring the reliable infrastructure foundation that is a precondition for healthy economic activity in all regions.

The government intends to speed up development of the road system and other transport infrastructures, both in the form of new construction projects and maintenance work. When priorities are chosen regarding the road system, special attention will be given to the differences in the levels of facilities between various regions, the needs of the tourist industry and considerations of safety. Work will be done on making domestic flights a more economically attractive option for residents of the rural areas. The development of public transport in all parts of the country must continue, and support will be given to the proposed high-speed transport system within the metropolitan area in collaboration with the Association of Municipalities in the Metropolitan Area. Further facilities must be developed for pedestrians and cyclists in built-up areas. The possibility of opening more international entry-points into the country must be considered, so raising the number of local regions that can benefit from tourism.

The installation of fibre-optic cables all over Iceland will be completed in 2020; this will result in greater quality of life and provide more opportunities for creating employment. The government is keen to see Iceland continue to be in the front rank when it comes to telecommunications and IT, and regards it as a priority to have closer collaboration with telecoms on the development of basic infrastructures in this sphere.

Law enforcement

Effective law enforcement is one of the premises for ensuring citizens' security. A draft of a new law enforcement plan for Iceland has been produced, addressing security levels, service levels, personnel requirements and financial allocations. This plan must be completed, and work must proceed in accordance with it. Rising numbers of tourists create a need for increased financial allocations, and law enforcement in the uninhabited central areas of the country must be boosted over the busiest tourist season. The Icelandic Coast Guard must be guaranteed sufficient funding so as to be able to carry out its work.

The policy of severe punishments for drug use should be abandoned, while support must be increased for measures against drug-peddling and the importing and production of drugs. Addicts must be guaranteed appropriate treatment through collaboration between the justice system, the social services and the health services.

Culture, creative industries and sport

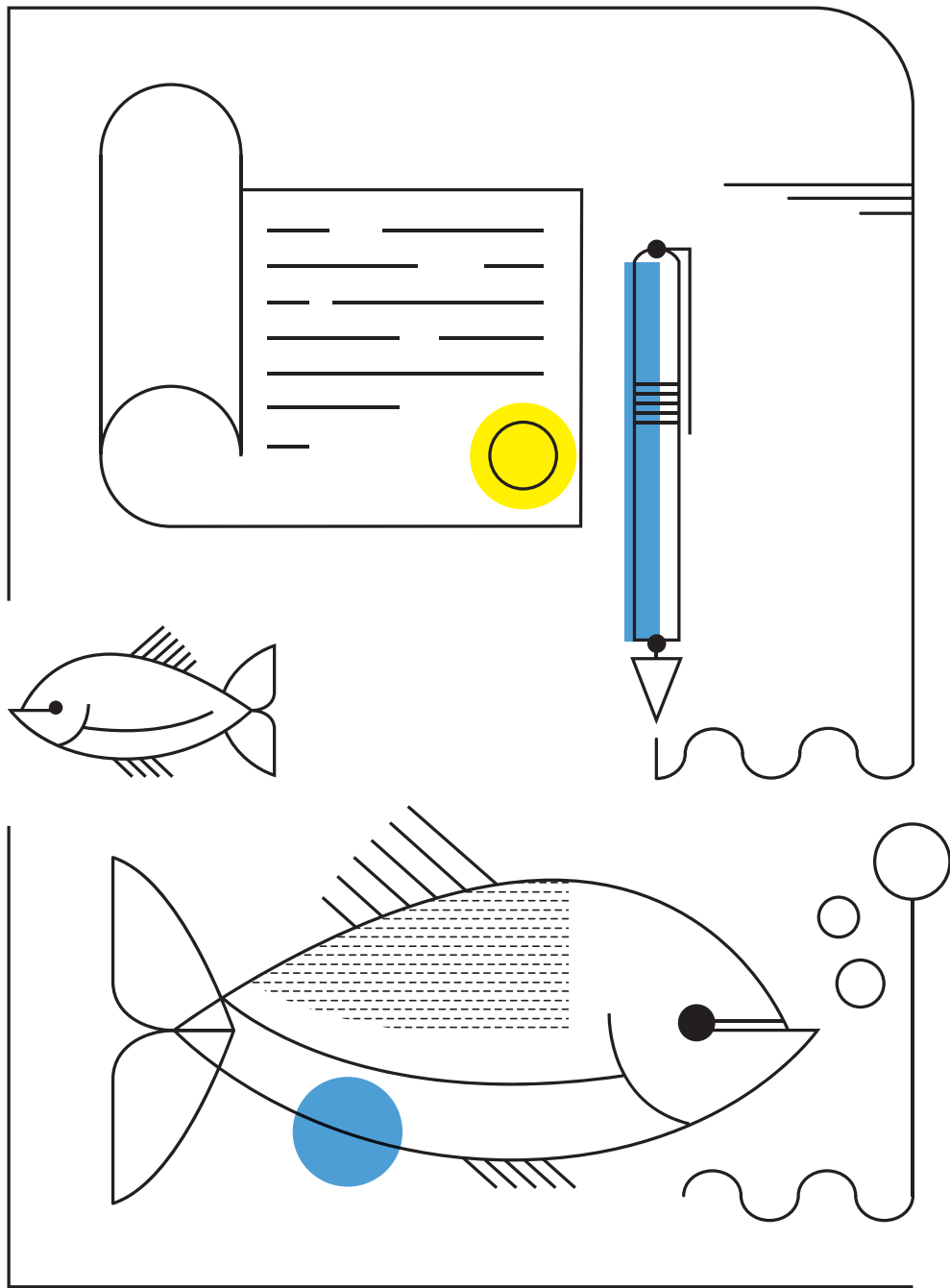
Access to cultural amenities is an important part of life in a free society. Consequently, it is important that all people in Iceland should be able to enjoy culture and the arts and to take part in activities in these spheres themselves. The role of the authorities is to create conditions in which variety, creativity and initiative can flourish in the arts and the cultivation of people's cultural heritage. A plan of action on this will be drawn up, based on the approved cultural policy.

Special attention will be given during the electoral term to supporting the activities of Iceland's three main museums. As part of this, the Natural History Museum of Iceland will be given a grant to open an exhibition of its holdings, and provision will be made for the design of a building for a new museum in the five-year budget projection.

Consideration will be given to changes in taxes on music, published material in Icelandic and the media. The first step in this will be the abolition of VAT on books. Economic indicators will be drawn up for culture, the arts and creative occupations. Work will continue on supporting creative occupations as an increasingly important sector of the economy in Iceland.

Royalties collected by recognised intellectual property right-holders' associations will be taxed as investment income (capital revenues). Work will continue on the support of funds that support artists with honorary salaries and grants for particular projects.

Sports and youth society work play an important role in a prosperous and healthy community. Work with NGOs in this area will continue, aimed at the development of grassroot-level work and the support of high-achieving individuals. Work will be undertaken, together with the City of Reykjavík and the sports movement on the development of a national sports stadium in Laugardalur (in Reykjavík).



A VIGOROUS ECONOMY

Economic strength is the basis for being able to ensure long-term social stability, prosperity and quality of life. The government will make a priority of having public finances rest on a sound foundation which will make it possible to embark on investment and development and so pass things on in a good condition for coming generations to build on. The committee on the review of monetary policy is expected to complete its work, after which the necessary amendments will be made to the framework of the policy.

The government attaches priority to maintaining variety in economic life and having Iceland prepare itself to meet the challenges and make use of the opportunities brought by ever-faster technological changes. These will be accompanied by new demands regarding staff education and skills and make it imperative to maintain an environment that encourages innovation in all areas, including the state and long-established professions and occupations.

A Sovereign Wealth Fund will be established to hold the revenues derived from the country's natural resources, beginning with the natural energy resources. The role of the fund will be to build up the capacity to address significant economic shocks. A demarcated part of the fund's holdings will be used to stimulate innovation and support the growth and development of start-up companies. This will sow the seeds for the development of new and well-paid jobs in future. In addition, part of the fund will be used to fund a campaign to expand nursing-home facilities for senior citizens.

The labour market

The government will initiate a coordinated effort involving the social partners to ensure that collective agreements will deliver real gains to wage-earners and society as a whole. Peace on the labour market is a necessary condition for being able to work for price stability and balance, so creating the economic conditions for lower interest rates and an improved standard of living. The government aims to work with the social partners to ensure

a responsible labour market. Provisions on chain liability covering subcontractors in a range of occupations must be introduced; work must proceed on abolishing the gender pay-gap and combating social dumping, human trafficking and the practice of companies switching ID numbers, and steps must be taken to have more effective monitoring of safety and health in the workplace.

Taxation

The wage increases of the past few years, together with larger pension premium contributions by employers and a stronger exchange rate, have reduced the competitiveness of Icelandic business enterprises, particularly in export industries. It is vital that the government and the labour market seek ways of improving the competitive position of Icelandic industries while at the same time continuing to improve wages and terms for the general public in the rounds of collective agreement negotiations that lie ahead. In order to promote a positive outcome, the government intends to make it a priority to reduce the lower rate of income tax. The reduction of social insurance tax during the electoral period will also be one of its priorities.

The overriding priority during the electoral term will be to maintain economic stability and ensure that measures taken regarding the labour market will deliver real gains in terms of wages and terms. For this reason, the timing and implementation of measures to achieve the above aims will depend on the overall outcome of the collective bargaining rounds over the coming year or two.

Investment income tax will be raised to 22% at the beginning of the electoral term with the intention of making the tax system fairer, irrespective of the source of income. Concurrently the tax base for investment income will be reviewed.

With a view to improving Iceland's international competitive position, the government will make a reassessment of the arrangements for the reimbursement of research and development costs so as to abolish the ceiling that has applied to such reimbursements.

The planned increase in VAT on tourist services will be shelved, while alternative types of levies will be examined in consultation with the tourist industry, including the possibility of charging visitors to the country a fee on arrival or departure.

Collection of the night occupancy fee charged to tourists will pass to the local authorities during the electoral term as part of the arrangements negotiated between central and local government on the revision of revenue bases. The fee will be changed; instead of a flat rate, it will be a proportion of the tariff charged to the guest.

Attention will be given to changes in the tax rates imposed on music, Icelandic printed matter and the media. The first step in this direction will be the abolition of VAT on books. Royalties collected by recognised intellectual property rightholders' associations will be taxed as investment income.

The time is ripe for a comprehensive review of levies imposed on transport, i.e. 'green taxes' and tax concessions, so as to bring them into line with the goals regarding measures on climate change. The carbon tax will be raised by 50% immediately at the beginning of the electoral term and then raised further in the coming years in step with the expected programme of action on climate change. The number of exemptions granted from the carbon tax will be reduced.

More resources will be allocated to tax investigations as part of the effort involving the social partners to achieve a more responsible labour market. It must continue to be a priority to engage in international collaboration against tax evasion, with Iceland in the front rank of countries pressing for the abolition of tax havens.

Agriculture

Iceland should be a leader in the production of wholesome agricultural products. Emphasis will be placed on innovation and product development in order to support viable rural communities, stimulate value generation and utilise opportunities presented by an interest in food culture, with sustainability and quality as guiding principles.

The main aim is that Icelandic agriculture should be sustainable and the protection of its animal stocks guaranteed. One of the government's first tasks will be to respond to the problems faced by sheep farmers in both the short and the long term. Together with a new 'generation' of agricultural agreements, special adaptation agreements will be introduced to cover new activities in the rural areas. These will open the way for farmers to build up new agricultural activities or to establish

themselves in other occupations. Adaptation agreements of this type covering changes of agricultural activities will be for limited periods and will be subject to conditions regarding stable regional domicile, value generation and occupancy of the farm units in question, and they will contribute towards innovation, protection of the natural environment and new emphases in research and education.

Stable production, efficient monitoring and innovation are preconditions for the agricultural sector's being able to make use of the opportunities that the future will bring. The government intends to do more to guarantee the right of the consumer to information regarding product origins, production methods, drug usage and the environmental impact of agriculture.

The government will take measures to develop the bioeconomy still further, to promote 'green' solutions and means of reducing the environmental impact of food production by means of incentives and support aimed, amongst other things, at making the agricultural sector carbon-neutral. Particular support must be given to organic agriculture.

Fisheries

Iceland's fisheries sector occupies a very prominent position in international comparison due to the emphasis that is placed on sustainable utilisation of resources and on research and development. Its competitiveness on international markets must be ensured, and also that it will continue to be able to engage in innovation and product development so as to raise the value of its products. In addition, steps must be taken to make the fisheries carbon-neutral, e.g. through increased research on the use of renewable energy sources for the fishing fleet.

Marine research plays a key role in the sustainable utilisation of the resources of the sea, and it must be expanded. When legislation on fishing fees is reviewed, the main aim must be to ensure the nation a fair share of the profits from utilisation of the resource and to have the fee take account of the profitability of the fishing enterprises. Resource fees should be, on the one hand, a payment for access to a limited resource and, on the other, the payment of a share of the profits made from its utilisation.

It is important to support fishing villages and maintain variety of options in their scope for growth so as to ensure their economic viability. The arrangement regarding the catch permits

under the administration of the state, including those applying to coastal fisheries, must be assessed with a view to better ensuring stability in the population of rural districts and opportunities for new entrants to the industry.

Fish farming is a growing industry that presents opportunities for greater employment, but it must be developed with the utmost caution and in accordance with scientific advice so as not to jeopardise biological diversity. In step with the growth of the industry, measures must be taken to ensure necessary studies and monitoring of the impact on the living environment, and the future arrangement regarding licensing fees must also be discussed.

Tourism

A long-term policy on tourism will be laid out in collaboration with players in the tourist industry and with sustainability as the guiding principle. From the point of view of environmental protection and regional economic activity, it is desirable that the flow of tourists to Iceland should be dispersed more evenly across the country. Regional marketing authorities must be given support. Priority will be given to identifying capacity limits as regards the natural environment, the local community and the economy. The need for access control at tourist attractions which are publicly owned or under public administration must be assessed, in addition to which declarations of protected area status could be used to reduce pressure on vulnerable sites. The work that has already been begun on resolving clashes of interest between the tourist industry and laws governing the right to access to land must be concluded.

Substantial support will be given to studies and analytical work on tourism and on building up infrastructures and the work of wardens. Care must be taken to ensure that development of the tourist industry does not result in popular tourist destinations losing their appeal and to ensure that some areas will continue to be largely devoid of people, both in order to protect the natural environment and to provide a special experience for the visitor.

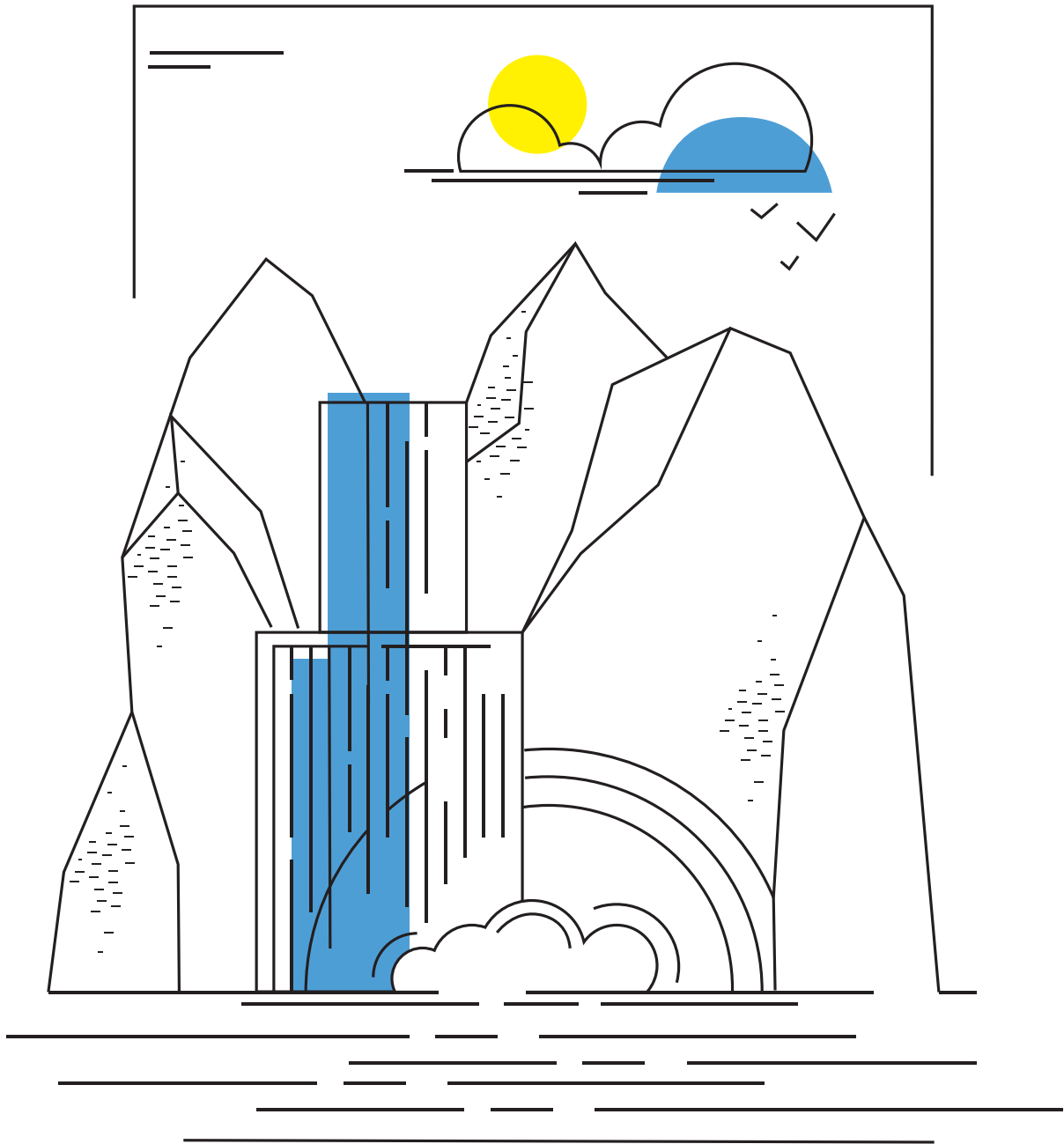
The planned increase in VAT on tourism will be shelved and other types of levies will be examined instead in consultation with the tourist industry, including the possibility of charging visitors to the country a fee on arrival or departure. An owners' policy will be developed for ISAVIA.

The financial system

The financial system should be robust and serve society in a fair and efficient manner. The level of public ownership of financial enterprises in Iceland is the highest in Europe, and the government aims to seek ways of reducing it. It is nevertheless clear that the state will be a leading investor in at least one of the financial institutions that play an important role in the overall system.

A white paper setting out a future vision for the financial system in Iceland will be submitted to the Althingi for discussion before any decisions influencing policy on the financial system are taken.

The main aim in work on the white paper will be to stimulate confidence in the Icelandic finance market and to increase transparency and financial stability. Even though important reforms have been made in the legal environment of financial enterprises, further improvement is needed. The ownership of financial institutions that play a key role in the system must be transparent. It is the government's wish to see work proceed on further efficiency in the financial system with the aim of reducing costs to the consumer. It is important to reduce risks associated with unrelated aspects of the operations of financial enterprises. While a future arrangement is being drawn up, particular attention should be given to the experience gained in other small open economies and in the other Nordic countries.



ENVIRONMENT AND CLIMATE

Climate issues

In its policy on climate, Iceland is guided by the goal of the Paris Agreement of 2015 to limit the average increase the temperature of the Earth's atmosphere to 1.5°C from the reference level. The main aim of the government's climate policy is to avoid negative effects of climate change on marine life. In no other part of the world has the temperature risen as much as it has in the Arctic. Thus, it is incumbent upon Iceland to conduct more extensive studies of acidification of the ocean in collaboration with the academic community and the fishing industry. Iceland is moreover bound to achieve a 40% reduction in emissions of greenhouse gases, based on the 1990 level, by 2030.

It is the government's wish to go further than is envisaged in the Paris Agreement and to aim to have a carbon-neutral Iceland by 2040 at the latest. The aim is to achieve this by making a permanent reduction in greenhouse-gas emissions and also through changes in land use in accordance with internationally recognised standards and by incorporating approaches that take account of the local ecology and planning considerations. Support will be given to industrial sectors, individual enterprises, institutions and local authorities in their attempt to set themselves targets pertaining to climate-change. The government aims to have all major public projects assessed in terms of their impact on the climate-policy targets. Concessions for new investment projects will be subject to the condition that the projects have been assessed in terms of their impact on climate and how they conform to Iceland's international undertakings regarding reductions in greenhouse-gas emissions. Emphasis will be placed on involving all players in society, and the general public, in reducing greenhouse-gas emissions, and support will be given to innovation in this sphere.

A climate council will be established and a plan of action on emission reductions will be drawn up, with a time-scale, and financed. The plan of action will include targets regarding transport and the proportion of vehicles powered by environmentally-friendly fuels in the total number of vehicles in Iceland, utilisation

levels of fuel and power in business and industry, the introduction of international conventions on the protection of the oceans, ‘green steps’ in state operations and a Climate Fund, and moves will be made to prohibit the use of heavy oil in vessels within Iceland’s economic zone.

Collaboration will be established with sheep farmers on neutralising the carbon emissions from sheep farming in accordance with a plan of action. Other production sectors will be invited to collaborate on comparable projects.

Environmental issues and natural resources

A national park will be established in the central highland region of the country; this will be done in consultation with a committee composed of members of all political parties, the Ministry for the Environment and Natural Resources, the local authorities, nature-conservation and outdoor-life associations and other players. The possibility of establishing national parks in other regions will also be examined.

It will be a priority project of this government to utilise the power already harnessed in Iceland in the most economically efficient way possible. To this end, steps must be taken to make the electrical transmission and distribution system more reliable, to connect key regions better than is done at present and to ensure security of electrical power delivery in all parts of the country. The extent to which ground cables could be used in these connections in an economical manner should be investigated. No power lines will be built across the central highland region.

The handling by the administrative sector of decisions on the building of power lines has taken a long time for various reasons. It is important to speed up this process where possible in accordance with current legislation, e.g. by strengthening the Environmental Issues and Natural Resources Appeals Committee. Furthermore, the government is in agreement on the need for a review, during the first half of the electoral term, of the provisions on access by NGOs to decisions on environmental issues with the aim of ensuring this right in the earlier stages of the licensing procedure; this would made for quicker and more secure processing of licences without abridging this right. Furthermore, Iceland’s international obligations under the Aarhus Agreement are to be implemented.

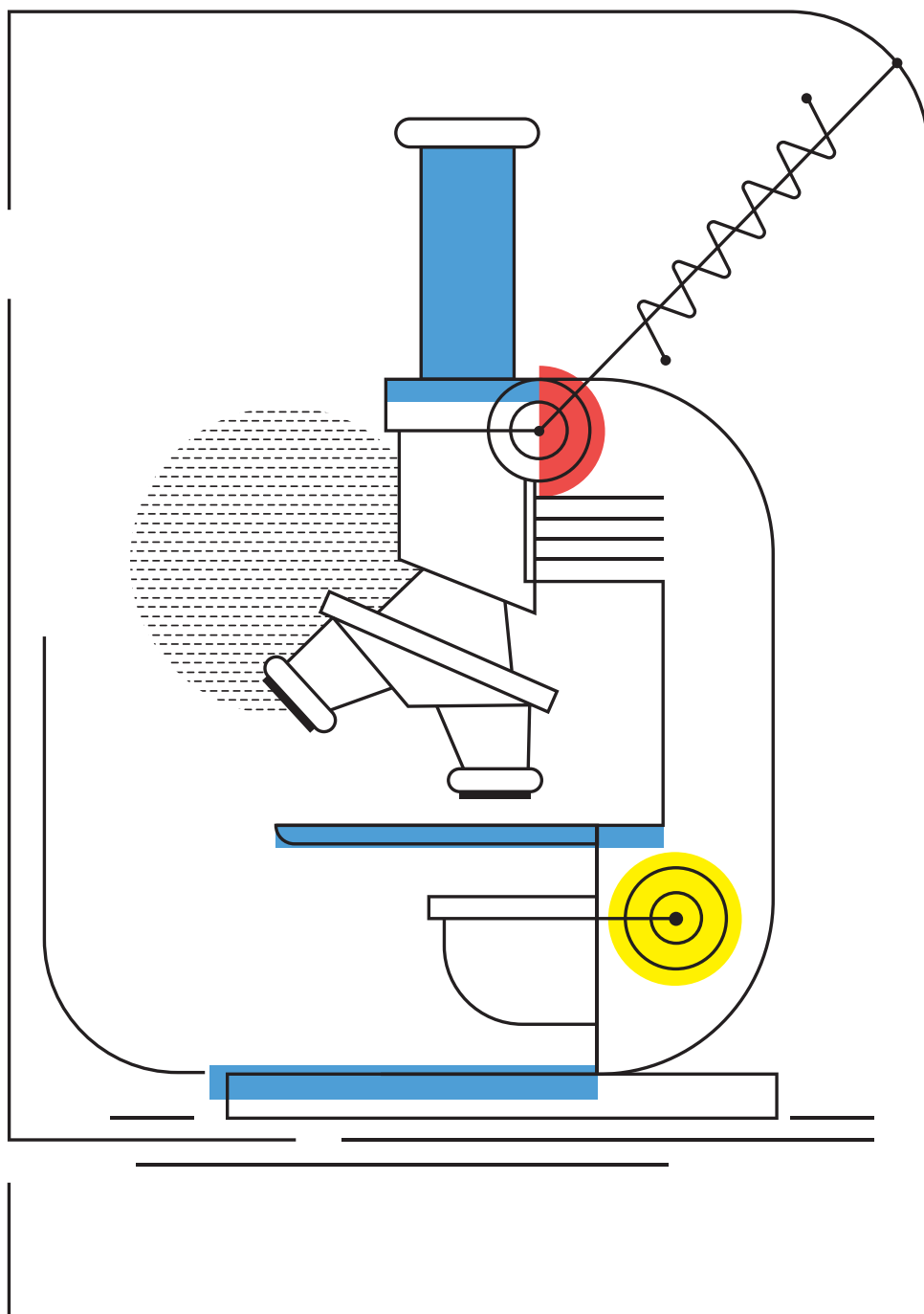
Legislation must be enacted on wind farms and work must be undertaken with the local authorities on guidelines regarding planning decisions and licensing.

A long-term energy policy will be adopted during the electoral term in consultation with all parties represented in the Althingi. The policy will be based on projected long-term energy requirements, taking into account the government's intentions regarding, e.g., r°ranteed for both the public and industries. An 'owner's policy' for Landsvirkjun will take account of the energy policy.

Special priority will be given to giving 'protected area' status to sites identified in the Master Plan for Nature Protection and Energy Utilisation as being in the 'Protection' category and also to other protected areas in accordance with the nature conservation plan, taking into account the plans for the establishment of a national park in the central highland. By means of natural resource accounting it is possible to acquire a better view of Iceland's natural resources and to define their utilisation with sustainability as a guiding principle.

A long-term campaign will be launched against the use of disposable plastic with particular emphasis on preventive measures and on cleaning up and removing plastic pollutants from the environment, both on land and on the beaches. Efforts must be made to improve sewage handling, involving central government and the local authorities; there is a pressing need for development work in this sphere.

Icelandic fauna constitute part of the natural environment that calls for protection. Furthermore, the natural environment is the greatest attractive asset that Iceland has from the point of view of tourists. The legislation on the protection, welfare and hunting of wild birds and mammals is in need of review.



INNOVATION AND RESEARCH

Innovation and channelling of ingenuity are important for the development of a multi-faceted economy, a strong competitive position, economic growth and welfare in any nation, not least in view of the societal changes that can be expected in employment and education as a result of rapid technological change. Part of the proposed National Fund could be used to support initiatives in this area.

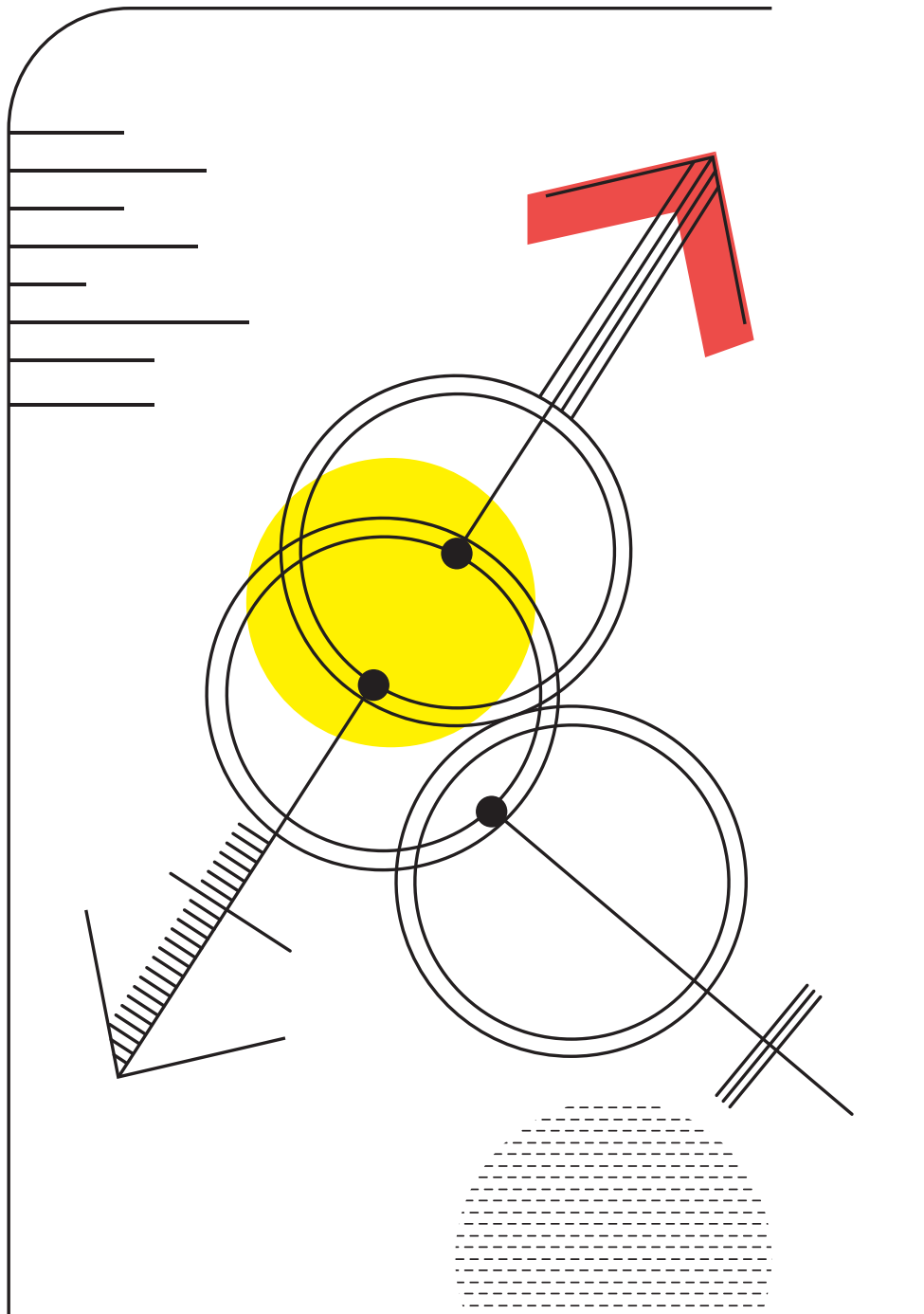
A comprehensive policy on innovation must be developed for Iceland in collaboration with representatives of the political parties and in close consultation with the business sector and the academic community. Consultation on this policy must also involve the education system so as to ensure that it will be integrated with the future vision regarding education at all levels, from pre-school to post-secondary level.

The government will apply the measures laid down in the recent action plan produced by the Science and Technology Policy Council; these include having a 'sign-post' on research infrastructures set up. The government will seek to ensure that conditions for entrepreneurs and start-up companies in Iceland are outstanding. It is clear that the working environment of these enterprises needs to be simplified, with a more developed support system and easier access to funding and foreign experts, and that support must be given to attempts to break into international markets.

With a view to improving Iceland's international competitive position, the government will make a reassessment of the arrangements for the reimbursement of research and development costs with a view to abolishing the ceiling that has applied to such reimbursements. Generous support will continue to be given to competition funds in accordance with the policy laid down by the Science and Technology Policy Council.

Priority will be given to encouraging innovation in public services and administration, the welfare services and projects dedicated to meeting goals regarding measures to combat climate change. The framework and opportunities regarding collective funding will be examined and the activities of the

New Business Venture Fund will be reviewed in the light of the recommendations that are expected from a task force appointed to examine it. The scope that Promote Iceland (Íslandsstofa) has for doing more to publicise Iceland as a cradle of research and developmental projects will be examined. Work will be launched on the preparation of a policy on cluster ventures for Iceland in which the strengths of various occupational sectors can be harnessed: those of the educational system, research bodies, the business sector, the local authorities and other players.



EQUAL OPPORTUNITIES

Iceland should be a country of opportunities for all. For this to be a reality, special measures must be taken to improve the standing of those who are in the most precarious positions. A survey must be made of the economic standing of the lowest-paid groups in Icelandic society. Proposals for remedial measures must be made, applied and followed up. Particular attention must be given to the position of children who live in poverty, as they constitute one of the most vulnerable groups in society.

Gender equality

The government regards gender equality as a priority. Among matters to be put on the agenda in consultation between the government and the social partners are the lengthening of parental leave (maternity/paternity leave following the birth of a child) and higher payments during parental leave.

Deliberate steps will be taken to eradicate gender-based wage discrimination. For this purpose, it will be necessary, amongst other things, to publicise the gender pay-gap more prominently, e.g. in companies' annual financial statements. It must be ensured that comparable jobs are evaluated in a comparable manner, in accordance with the demands that are made of enterprises according to law and that are supposed to be reflected in the new Equal Pay Standard.

The new plan of action on improvement in the handling of sexual offences will be applied and financed in full. Under the plan, allowance is made for strengthening the mechanisms in the criminal justice system with the aim of improving the position of victims in the system and upgrading and coordinating services to victims across the country, not least in the healthcare system. The legal environment in which sexual offences are processed will be examined with the aim of improving the standing of those who press charges regarding sexual offences. The Istanbul Convention, on preventing and combating violence against women and domestic violence, will be ratified. Furthermore, the government will have a plan drawn up, in collaboration with the

local authorities, on the eradication of sexual violence, not least in the cybersphere.

The government aims to put Iceland in the front rank regarding LGBTI people's issues with ambitious legislation on self-determination based on gender awareness in accordance with the recently-published resolution on the human rights of intersex people. The legislation should lay down provisions under which individuals are able to determine their gender and gender identity; their gender awareness is to be respected, individuals are to enjoy the right to respect of their physical persons and equality before the law irrespective of their sexual orientation, gender awareness, gender characteristics and expression of their gender identity.

Welfare issues

A good society is one that ensures the quality of life of children. The Althingi has agreed that there is a need to bridge the gap between the end of parental leave (maternity/paternity leave following the birth of a child) and the time when the child begins pre-school; the lengthening of parental leave is an important contribution by the state towards building that bridge. The joint provisions by the state, the local authorities and others must guarantee all children equal opportunities regarding leisure-time activities and cultural activities. The provisions of the UN Convention on the Rights of the Child must be applied, including as regards increased influence on the part of children on the community in which they live.

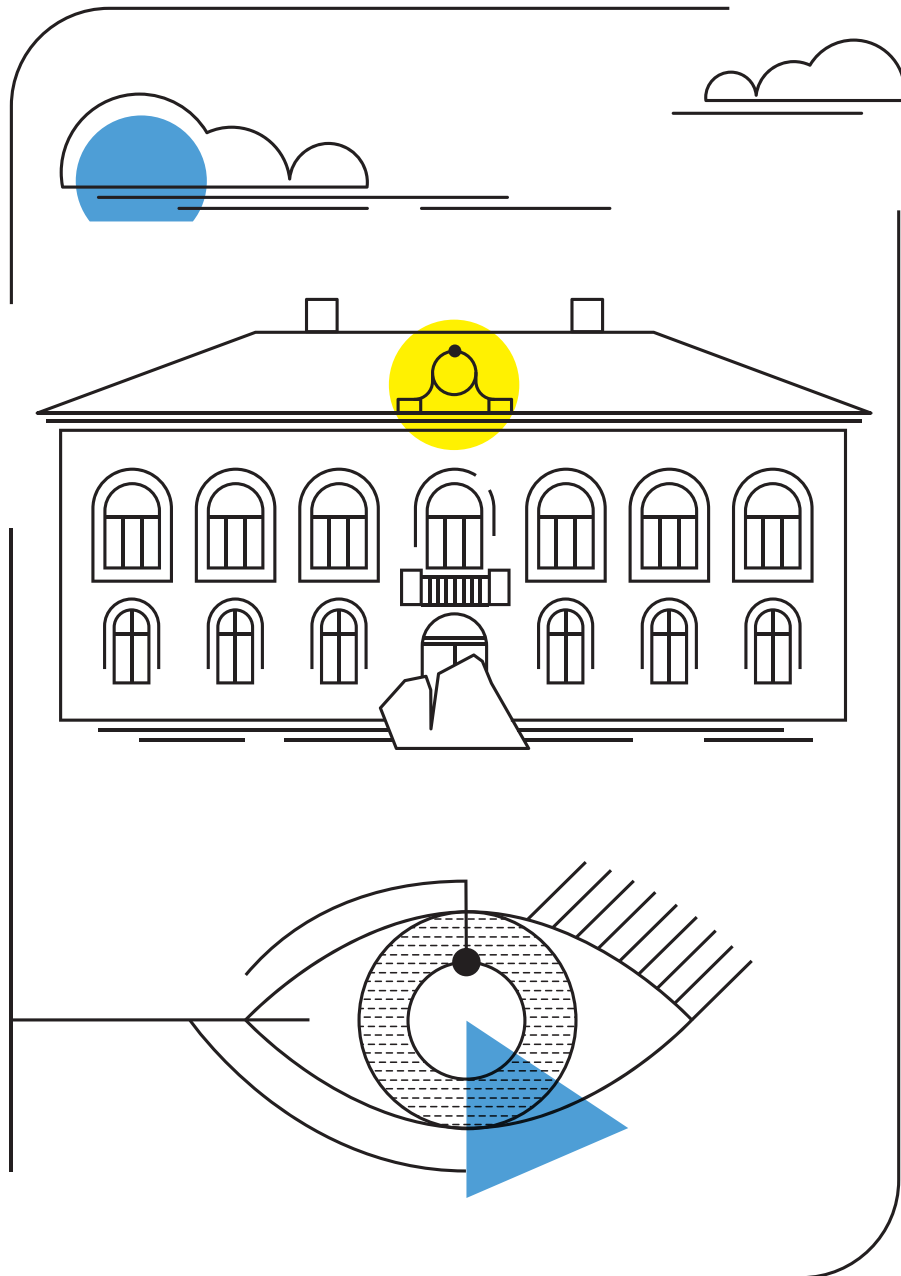
The amount that elderly people are permitted to earn from employment without a reduction of their state pensions will be raised to ISK 100,000 as from the end of this year. Tariffs of charges for dental treatment for the elderly and for recipients of disability pensions will be updated to reduce the costs paid by these groups.

The government will enter into consultation with representatives of disability pension recipients regarding changes to the benefit system with a view to reaching a consensus on simplifying the system, ensuring that disability pension recipients have enough to live on and putting them in a better position to participate in the community. In this consultative process, the government will confer mainly with the Organisation of Disabled Persons in Iceland (Öryrkjabandalagið) and the National

Association of Persons with Intellectual Disabilities (Proskahjálp) and will aim to complete the review as soon as possible. The first step on the part of the government will be to organise the provision of part-time jobs in the public sector for persons with reduced working capacity; at later stages it will be important to have the private sector play an active role in this project. The financial standing of disability pensioners who have children over the age of 18 who are pursuing studies will be strengthened by maintaining unchanged support contributions to the parent during normal study periods.

The ratification of the right to User-Defined Personal Assistance, with amendment of the Disabled Persons Act, must go ahead. The UN Convention on the Rights of Persons with Disabilities will be implemented. Provisions must be introduced in law on individuals' right to the assistance of sign-language interpreters in daily life.

Never before have there been more refugees in the world due to armed conflict, persecution and environmental catastrophes. Iceland will make its contribution to solve the refugee crisis and will accept more refugees. Humanitarian considerations and international obligations will be the basis for these actions and importance will be attached to the quality and efficient handling of applications for international protection. In addition, continuity and cohesion in services will be ensured, and assistance will be provided to those who receive such protection. An inter-party committee of parliamentarians will be entrusted with assessing application of the Foreign Nationals Act and, as necessary, the revision of that act.



DEMOCRACY AND TRANSPARENCY

The government attaches priority to good working methods, open administration and transparency. Every effort will be made to make information available and accessible on decisions and procedures that have a bearing on the public interest.

The government aims to continue with a comprehensive review of the constitution in a collaborative process involving all shades of political opinion with the involvement of the public, employing, amongst other things, methods of public consultation for this purpose. A committee on the matter will commence work at the beginning of the new parliamentary session, and the government regards it as a priority to reach a consensus on the course the work is to take.

The government aims at cultivating trust in politics and public administration. One element in this will be a review of the rules on the registration of the interests of both government ministers and members of the Althingi in the light of recommendations received and international standards. Another element will involve legislative amendments concerning the protection of whistle-blowers and improvements in the administrative and commercial environment, this being done partly to comply with recommendations from international bodies. The government will set itself a code of ethics at the beginning of the electoral period. It will also be proposed that the Althingi's accounts be opened for inspection in conformity with what has already been done in the government ministries.

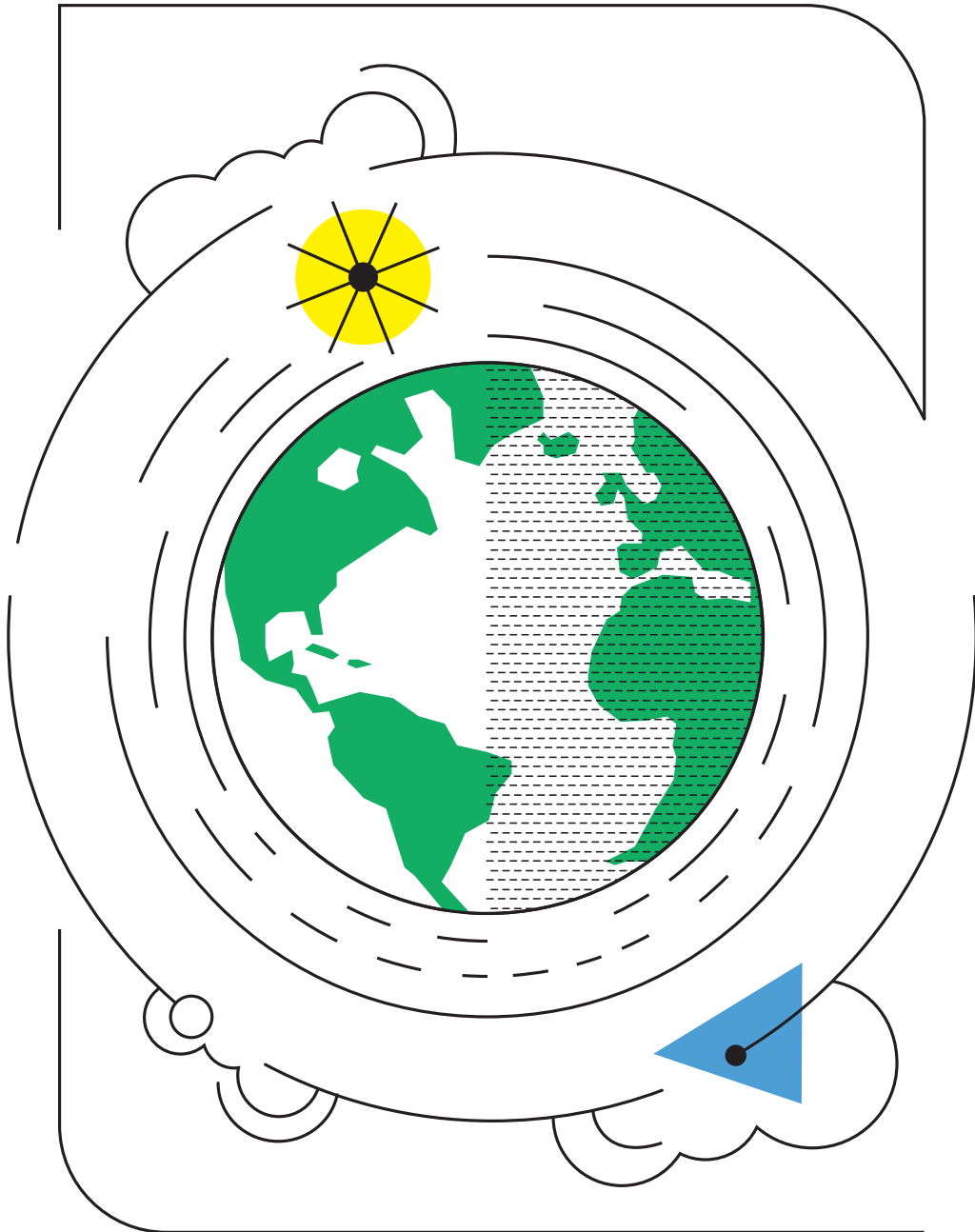
A service survey will be conducted in state bodies during 2018 with a view to making effective improvements in public services. An electronic service portal will also be established via which people will be able to access public services and conduct correspondence that is directed to government authorities. In addition, a consultative portal will be opened to the public through which comments will be sought on legislation and projects that are already at the preparatory stage; this will enhance transparency. A campaign will be undertaken to simplify regulations in the interest of the business sector and the general

public. The government regards it as a priority to have efficient and just public administration.

The government will improve the working environment of the media, e.g. by reviewing the taxation structure under which they function.

NGOs will also play a key role in a wide variety of issues and it is important to support this work. These issues include gender equality, sports and youth work, protection of the environment and nature conservation, mental health and LGBTI issues.

With ever-increasing registration and sharing of personal data and new techniques making it possible to exploit such data, it is even more important than hitherto to protect the fundamental rights of the individual in this area, for example as regards privacy. New personal data protection legislation will be introduced during the electoral term and education and awareness-raising activities will be bolstered.



INTERNATIONAL AFFAIRS

Europe and terms of trade

Nordic cooperation will continue to be one of the cornerstones of Iceland's foreign policy. Iceland's interests are best served by remaining outside the European Union. The government considers that one of the most vital interests for Iceland is to give its fullest attention to the implementation of the EEA Agreement, and that the Althingi should be more involved in this regard. Careful attention must be paid to securing Iceland's best interests in connection with the withdrawal by Britain from the EU, as Britain is one of Iceland's main trading partners. Free and open international trade is of advantage for small, open economies and promotes their well-being. Emphasis will be placed on entering into more free-trade agreements, both bilateral agreements and others made in concert with other EFTA states, and on lifting barriers to trade. When such agreements are made, special attention shall be given to promoting environmental issues and human rights, including women's rights.

The Arctic and climate issues

Iceland has a special position as an Arctic state since a large part of the country's economic zone lies within the Arctic. Increased shipping traffic and other activities in the region bring both opportunities and challenges when it comes to the environment, the biosphere and traditional ways of life. The delicate and vulnerable ecosystem of the Arctic should always enjoy the benefit of the doubt. Iceland will have chairmanship of the Arctic Council in 2019-2021. Arctic issues touch on almost all aspects of Icelandic society and receive top priority in the country's foreign policy. Within the Arctic Council, Iceland will highlight the UN's global goals, climate issues and matters concerning the ocean. In accordance with its approved policy on the Arctic, Iceland will place emphasis on respect for the rights of indigenous peoples and gender equality.

Security and development

The government regards it as a priority to have national security issues in good order. The National Security Policy approved by the Althingi will be followed as a guideline in this area. Application of the policy must proceed in close consultation with the Althingi at all times. Iceland's foreign policy is based on clear principles as regards democracy, human rights, gender equality, sustainable development and the peaceful resolution of disputes. The government intends to increase the country's contribution towards development aid over the coming years and aims that this should reach 0.35% of GDP in five years' time. Iceland's participation in development assistance projects will be under the auspices of civil institutions.

