

## NORWAY

### Priorities supported by indicators

#### **Reform disability and sickness benefit schemes (2007, 2009, 2011)**

**Recommendations:** Make increased use of independent doctors to certify sickness and disability and/or improve incentives by lowering replacement rates. Expand use of partial disability payments for the disabled who take up part-time work.

**Actions taken:** The 2008 requirement for a joint employer-employee back-to-work plan for each sickness benefit recipient failed to halt the trend. New measures were introduced in 2011, e.g. to sanction employers and employees and require mandatory training for certifying doctors.

#### **Increase product market competition (2007, 2009, 2011)**

**Recommendations:** Strengthen competition in network industries, especially in transport and postal services, as well as in the retail sector. Reduce public ownership.

**Actions taken:** The government sold a fibre-optic company, but some minor backward actions have also been taken such as the simplification of procedures for the government to overrule competition authority decisions in 2008 and the tightening of restrictions on establishing out-of-town shopping centres.

#### **Reduce producer support to agriculture (2007, 2009, 2011)**

**Recommendations:** Reduce tariffs, quotas and seasonal import restrictions on agricultural products. Reduce restrictions on trading in fishing quotas.

**Actions taken:** No action taken.

### Other key priorities

#### **Improve education efficiency and outcomes (2009, 2011)**

**Recommendations:** Reduce the number of schools and focus more on migrants' needs. Enhance school and teacher accountability by making wider use of performance indicators. Improve teacher training and career paths.

**Actions taken:** From 2009, candidates for teacher training must meet more stringent entry requirements. The government requirement for municipalities to prepare performance reports was strengthened in 2010, but there is no obligation to publish performance at the school level.

#### **Improve the efficiency of the tax structure (2009, 2011)**

**Recommendations:** Reduce personal income taxation and shift the composition of taxes toward consumption and property. Remove the undervaluation of housing in the wealth tax.

**Actions taken:** In 2010, steps were taken to move the valuation of housing for the wealth tax closer to market values, but it is still only a fraction of the full market valuation.

#### **Implement a comprehensive pension reform (2007)**

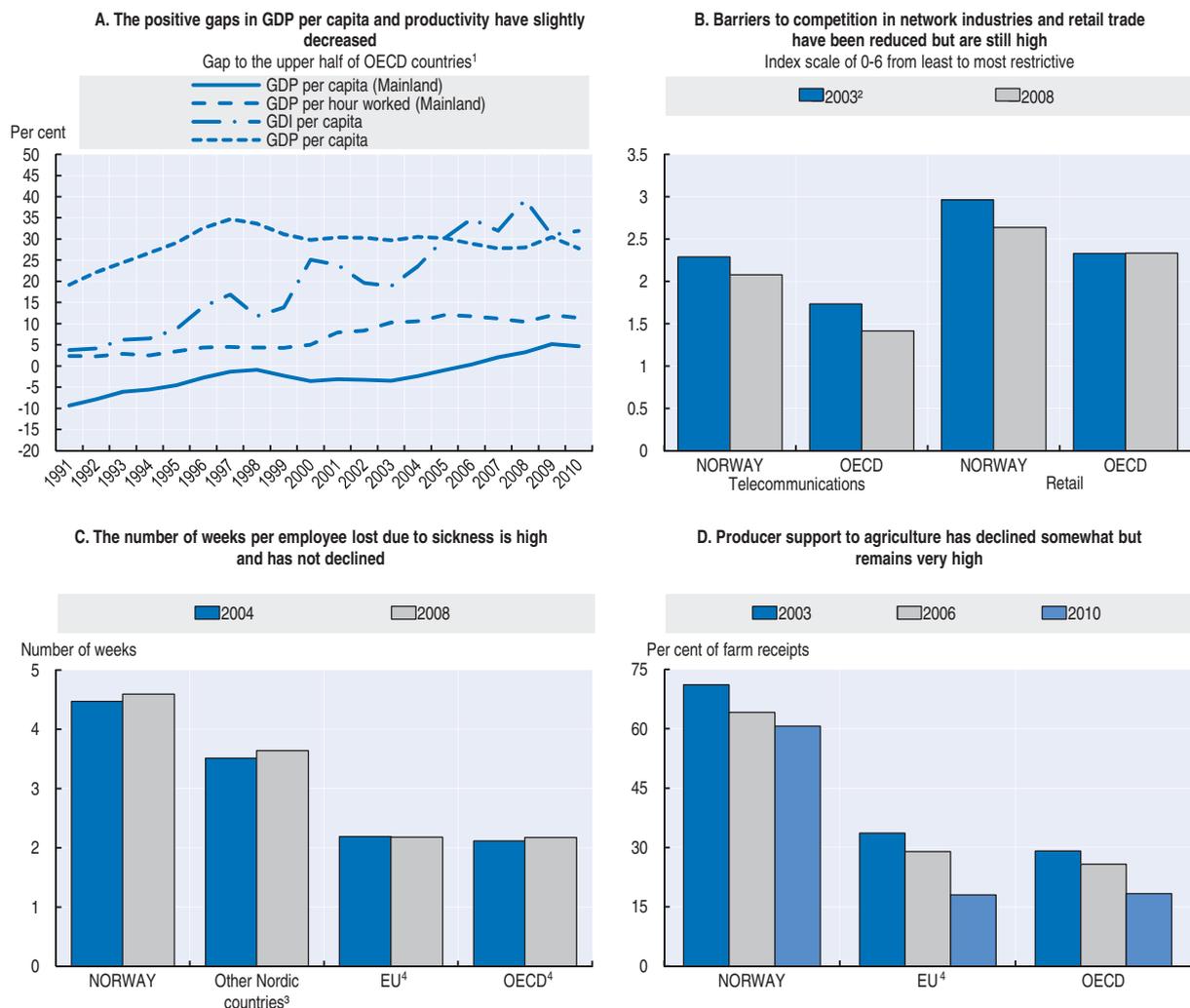
**Recommendations:** Introduce an actuarially neutral pension system aimed at increasing the effective retirement age.

**Actions taken:** The reform of the National Insurance scheme was completed in 2011, ensuring actuarial neutrality and allowing for flexible retirement after 62. However, while the early retirement scheme in the private sector was adjusted in a similar way, the public sector retains high incentives to early retirement.

## NORWAY

- Norway's non-oil economy has maintained a high level of GDP per capita relative to the upper half of OECD countries, owing mainly to high productivity.
- In key priority areas, measures have been taken to improve education efficiency, and the private sector pension system has been reformed. Little has been done to contain sickness and disability benefit take-up and to increase product market competition.
- In other areas, the merger of the Public Employment Services and National Insurance Services was completed in early 2011.

## Performance and policy indicators



1. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs). GDP per capita (Mainland) excludes petroleum production and shipping. While total GDP overestimates the sustainable income potential, mainland GDP slightly underestimates it since returns on the financial assets the petroleum fund holds abroad are not included.
2. The OECD average excludes Chile, Estonia, Israel and Slovenia.
3. Average of Denmark, Finland and Sweden.
4. Average of European countries in the OECD. EU and OECD averages exclude Chile, Estonia, Israel and Slovenia in Panel C.

Source: Chart A: OECD, National Accounts and Economic Outlook No. 90 Databases; Chart B: OECD, Product Market Regulation Database; Chart C: OECD (2010), Sickness, Disability and Work: Breaking the Barriers: A Synthesis of Findings across OECD Countries; Chart D: OECD, Producer and Consumer Support Estimates Database.

StatLink  <http://dx.doi.org/10.1787/888932565604>