

# **MAIN CHANGES IN THE SOCIAL SECURITY LEGISLATION 1 JULY 2014 – 30 JUNE 2015**

## **NORWAY**

### **I. GENERAL**

#### **A. Administration/Organisation**

a) – c) No major news to report.

#### **B. Benefits**

a) The basic amount (hereinafter “B.a.”), which is the main basis for payment and earning of pensions and several other benefits from the Norwegian National Insurance Scheme, was increased by 1.92 per cent, to NOK 90,068, with effect from 1 May 2015.

b) – c) No major news to report.

### **II. MEDICAL CARE**

a) The ordinary ceiling for cost sharing by a patient (ceiling I, which includes payment for treatment by physicians, psychologists, important drugs and transportation expenses related to examination and treatment) has been marginally increased. The maximum cost sharing amount for 2015 is NOK 2,185. However, as regards ceiling II (which includes physical therapy, some forms of dental treatment that is subject to reimbursement and accommodation fees at rehabilitations centres and treatment abroad), the maximum cost sharing amount remains at the same level as in 2014, i.e. NOK 2,670.

b) In order to reduce the waiting time for patients and in order to prioritize improved treatment and improved prevention regarding mental health and drug abuse, the group of professions who may write referrals to the specialist health care, will be expanded to include some categories of psychologists. This legislative amendment will enter into force with effect from 1 July 2015.

c) No major news to report.

### **III. SICKNESS BENEFIT**

a) – c) No major news to report.

### **IV. UNEMPLOYMENT BENEFIT**

a) The holiday supplement for beneficiaries who had received unemployment benefits for eight weeks or more during the previous year, was phased out from 1 January 2015.

b) The period in which a person can receive unemployment benefits during temporary lay-offs (permittering) will, with effect from 1 July 2015, be expanded from 26 weeks to 30 weeks during a period of 18 months.

c) No major news to report.

### **V. OLD-AGE BENEFIT**

a) One of the central features of the old-age pension reform in 2011, was that the old-age pension may be drawn wholly or partially. An amendment to the National Insurance Act, which entered into force 1 January 2015, established a right to draw partial old-age pensions

for persons who have attained the age of 62 and who are receiving disability benefits by a lesser degree than 100 per cent. The sum of the two partial benefits may not exceed 100 per cent.

b) – c) No major news to report

d) See I B a).

## **VI. WORK ACCIDENT AND OCCUPATIONAL DISEASE BENEFIT**

No major news to report.

## **VII. FAMILY BENEFIT**

a) No major news to report.

b) A proposal has been made to reduce the period, in which a recipient of family allowances may stay abroad while receiving the allowance, from six to three months.

c) No major news to report.

## **VIII. MATERNITY BENEFIT**

Part VIII of the European Code on Social Security has not been included in the Norwegian Ratification of the Code, or in subsequent Notifications. Reference is thus made to Norway's 23rd biennial report of 2014 on non-accepted Parts of the Code, in accordance with Article 76 of the Code.

## **IX. INVALIDITY BENEFIT**

a) Disability benefits under the Norwegian National Insurance Scheme

The Norwegian disability benefit reform entered into force 1 January 2015. The previous benefit “disability pension” was replaced by “disability benefit”.

The main changes were:

- Disability benefits are taxed as income, not as pension (which means benefits are taxed at a higher percentage than before)
- The levels of the disability benefits are increased, in order to compensate for the higher taxation
- Recipients of disability benefits may avail themselves of their residual work ability, without affecting their determined degree of disability. However, payment of disability benefits is reduced if income from work exceeds 0.4 B.a. (See I B a).

The new disability benefit system provides long-term income protection.

The disability benefit compensates for loss of income and is calculated on the basis of the average pensionable income of the best three of the previous five years before the onset of the disability. Income exceeding 6 B.a. (See I B a) will be disregarded for the purposes of this calculation.

The purpose of the disability benefits scheme is to secure income when the working capacity is permanently reduced by at least 50 per cent (in certain cases 40 or 30 per cent loss is sufficient), due to permanent illness, injury or defect.

The reform is intended to provide disabled persons with some residual work ability with incentives for remaining occupationally active.

Firstly, this is reflected in the level of the payments. Disability benefits are 66 per cent of the person's previous income, up to a ceiling of 6 B.a. If the person's working capacity is reduced by less than 100 per cent, the disability benefit is proportionally reduced.

Secondly, a new flexible and seamless arrangement is introduced in order to make it easier to combine disability benefits and work. Before the reform, the degree of disability was automatically re-evaluated when the person had income from work exceeding 1 B.a.

Furthermore, there was a waiting-period of one year before the pensioner was allowed to have any income in addition to a full disability pension. After 1 January 2015, there is no waiting-period before a person on disability benefit may work, and he or she may earn 0.4 B.a. before the disability benefit is reduced. The degree of disability are no longer evaluated automatically. Persons with varying work capacity may thus adapt to their own ability to work and not to any income-thresholds.

#### The public occupational pension schemes

The disability benefit reform of the Norwegian National Insurance Scheme necessitated modifications of the public occupational pension schemes. This reform entered into force at the same time as the National Insurance Scheme reform, on 1 January 2015. The public occupational pension scheme is converted from gross-pensions coordinated with benefits from the National Insurance Scheme, to net-pensions, where the pension is paid as a direct supplement to the National Insurance Scheme benefits.

If the ability to work is reduced by less than 100 per cent, the pension is reduced proportionally. Pensions can not be granted if the ability to work is reduced by less than 20 per cent. Before 1 January 2015, there were no minimum reduction of working ability for entitlement to disability pensions from the public occupational pension schemes.

Disability pension from the public occupational pension schemes can be granted as a temporary or permanent benefit. Disability pensions from public occupational pension schemes are, like disability benefits from the National Insurance Scheme, taxed as income. New provisions have been adopted regarding reduction of disability benefit due to occupational income. The rules mainly correspond to the rules given in this regard in the National Insurance Scheme.

b) – c) No major news to report.

d) See I B a).

## **X. SURVIVORS' BENEFIT**

### a) Temporary supplement to invalidity benefit under the National Insurance Scheme for surviving spouses

Before the Norwegian disability benefit reform entered into force 1 January 2015, a surviving spouse could receive disability benefits which in full or in part were based on the late spouse's pension rights. It was necessary to adapt surviving spouses' existing rights, to the reformed disability benefit. A supplement to the disability benefit for surviving spouses was therefore

introduced. The supplement is a temporary benefit, limited to five years. Certain conditions must be met.

b) Temporary supplement to old age pensions under the National Insurance Scheme for surviving spouses

In 2016, the first cohort (the 1954 cohort) may draw an old age pension that is calculated partly according to the new provisions and partly according to the old provisions of the National Insurance Act.

According to the old provisions, surviving spouses are entitled to old age pension based on a combination of his/her own pension earning and the late spouse's pension earning, depending on which approach gives the most favourable result. However, according to the new provisions concerning old age pension from the National Insurance Scheme, surviving spouses will not have any rights deferred from their late spouses. However, an amendment ensures temporary supplements to surviving spouses who are receiving old age pension based in part on the new provisions. The supplement is based on the advantage the surviving spouses have under the old provisions. The supplement is given to the 1954 to 1957 cohorts. The provisions enter into force 1 January 2016.

c) No major news to report.

d) See I B a).

## **XI. FINANCING**

a) – c) No major news to report.

### **Response to the Conclusions of The Committee of Experts on the Application of Conventions and Recommendations of the International Labour Organization concerning the 47th annual report submitted by Norway to the Council of Europe**

The Committee of Experts on the Application of Conventions and Recommendations of the International Labour Organization has studied the 47th annual report submitted by Norway, and requested further explanations to some points. The explanations to the Committee's questions follow below.

*As regards determination of the reference wage used for calculating the replacement level of benefits:*

1) Explain in detail how the average wage of skilled workers in the industrial sector is calculated today.

As a proxy for average wage for the skilled worker in the industrial sector, the Ministry of Labour and Social Affairs uses the average wage for blue-collar employees, male and female, in the manufacturing industry firms affiliated to NHO<sup>1</sup>. This reference wage is based on

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<sup>1</sup> Confederation of Norwegian Enterprise

yearly payment for normal working hours. It does not include pay for overtime, but cover basic salaries, variable additional allowances<sup>2</sup> and bonuses.

2) What reasons have led the Government to take this wage as the proxy for the wage of a fitter and turner in the manufacturing of non-electrical machinery?

From the technical note prepared by the ILO, we notice that a fitter and turner in the manufacture of machinery other than electrical machinery, is defined as an employee in occupations covered by ISCO-08 group 7. Male workers in the ISCO-08 group 7 had in 2014 an average monthly pay of 36 300 NOK, based on figures from Statistics Norway.

Monthly pay in NOK for ISCO-08 group 7 male workers, all sectors:

2012	2013	2014
34 400	35 400	36 300

Monthly earnings cover basic salaries, variable additional allowances<sup>3</sup> and bonuses. Overtime pay is not included in monthly earnings.

3) Request for updated statistics.

The ILO has based its calculations on research from 2010. The same research was carried out in 2014. However, the findings of the research in 2014 have not been published yet. Norway will use the findings in the 2014 research to update the statistics in next year's report.

4) Will Norway continue to use the option selected under Article 65, paragraph 6 (a), of the Code?

The Ministry has looked into the alternative of using the average wage of a skilled employee of the ISIC rev.47 group with the highest number of male employees, in its report. In 2013, this would have been a skilled male worker in wholesale and retail trade. In 2014, there were only marginally more male employees in wholesale and retail, than in construction. The difference in average wage for these two groups is, however, substantial. Since the ISIC group with the higher number of male employees is expected to alternate often, the reported reference wage could, due to this change of groups, differ a lot from one year to another. In order to facilitate useful comparisons from one year to another, the Ministry therefore finds it more appropriate to continue using the option selected under Article 65, paragraph 6(a), of the Code.

*As regards social security and reduction of poverty*

Whereas Norway wholeheartedly supports the fight against poverty, it seems necessary to state the following:

We question whether there is any legal basis to be found in the European Code of Social Security for any kind of explicit or implicit requirement concerning poverty indicators. The minimum replacement rates etc. as set out in the Code, make no reference to certain percentages of the median equivalised income.

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<sup>2</sup> Variable additional allowances cover allowances for working evenings and nights, call-out allowance, shift allowance, dirty conditions allowance, offshore allowance and other allowances that occur irregularly

<sup>3</sup> Variable additional allowances cover allowances for working evenings and nights, call-out allowance, shift allowance, dirty conditions allowance, offshore allowance and other allowances that occur irregularly

Furthermore, the European Code of Social Security contains no requirements concerning Social Assistance, which therefore seems to fall outside of the scope of the Code.

We note the questions raised by the Committee of Experts on the Application of Conventions and Recommendations of the International Labour Organization.

We believe that the questions concerning social security and poverty and social assistance and poverty fall outside of the ratifying states' reporting obligations. We would nevertheless like to offer the answers below. However, we wish to stress that the answers are given *without prejudice* as to the question of the scope of the European Code of Social Security, which will be discussed in depth during the 133rd meeting of the Governmental Committee of the European Social Charter and the European Code of Social Security in the spring of 2016.

#### 5) Poverty among pensioners in Norway

As an average for 2014, the minimum old age pension in Norway was NOK 171 504 for a single pensioner and NOK 317 295 for couples. About 20 per cent of the old age pensioners in Norway receive a minimum pension.

The real value of the minimum pension in Norway has been increasing for several years until 2014. The minimum pension is exempted from tax and the income level for pensioners compared to other groups in the population is therefore higher measured after tax than before tax.

Compared to other OECD-countries, Norway is one of the countries with the highest minimum pension, see 3.4 on p. 123 in "Pensions at a Glance 2013":

<http://www.oecd.org/pensions/public-pensions/OECDPensionsAtAGlance2013.pdf>

There are different measurements of poverty in a population depending on the equivalence scale chosen and the chosen risk of poverty threshold. Generally, poverty among pensioners has been falling recently in Norway. The adjustment of the minimum pension has been favorable, especially in the years 2008–2010. In addition, pension earnings among new cohorts retiring are higher than for older cohorts, especially among women.

According to OECD, the poverty rate among people over the age of 65 is low in Norway, compared to most other countries; see Figure 2.8 on p. 75 in "Pensions at a Glance 2013". As in many other OECD-countries, the poverty rate among the elderly has been falling in recent years, see Figure 2.7.

#### 6) Subsistence allowance below severe-risk-of-poverty level?

The Committee refers to Circular A-1/2013, claiming that the Norwegian subsistence allowance was €705.10 (NOK 5,500) per month, much below the severe poverty level defined as 40 per cent of the median equivalised income (€1,429.56).

The referred amount (NOK 5,500) is, however, not a maximum amount. The benefit is in each individual case assessed to an amount securing the claimant "a dignified life" or a "decent minimum". The Ministry of Labour and Social Affairs provides guidelines on how to interpret the Act with respect to the term "secure subsistence" to ensure reasonable amounts for subsistence allowance (*stønad til livsopphold*).

Subsistence allowance is given based on an individual assessment of the recipient's needs, and may far exceed the guidelines if needed. In addition, support for expenses not included in the guidelines may be given, for example housing costs. Thus, a comparison between the guidelines for subsistence allowance and at-risk-of poverty level would be quite misleading.

7) The most recent and comprehensive statistics on the dynamics of poverty, including among the active population, pensioners and children, and on the minimum amounts of social benefits in comparison with the established poverty line.

Please see the attached tables.