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National Accounts 1992-1999
Institutional Sector Accounts

Statistisk sentralbyrå • Statistics Norway
Oslo–Kongsvinger

Norges offisielle statistikk

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ISBN 82-537-4845-0
ISSN 0809-2028

Topic
09.01 National accounts

Design: Enzo Finger Design
Trykk: Kopisenteret

Standardtegn i tabeller	**Symbols in tables**	**Symbol**
Tall kan ikke forekomme	Category not applicable	.
Oppgave mangler	Data not available	..
Oppgave mangler foreløpig	Data not yet available	...
Tall kan ikke offentliggjøres	Not for publication	:
Null	Nil	-
Mindre enn 0,5 av den brukte enheten	Less than 0.5 of unit employed	0
Mindre enn 0,05 av den brukte enheten	Less than 0.05 of unit employed	0,0
Foreløpige tall	Provisional or preliminary figure	*
Brudd i den loddrette serien	Break in the homogeneity of a vertical series	—
Brudd i den vannrette serien	Break in the homogeneity of a horizontal series	|
Rettet siden forrige utgave	Revised since the previous issue	r

Preface

This publication provides national accounts statistics for the years 1992-1999. The 1998 and 1999 figures are preliminary. The publication contains accounts for production and generation of income, allocation of primary income, secondary distribution of income and redistribution of income in kind, use of disposable income, use of adjusted disposable income and capital account for institutional sectors. National accounts statistics covering production and generation of income accounts and employment by industry, final consumption, gross capital formation, exports and imports, are published in National Accounts 1992-1999: Production, Use and Employment (Cxxx).

The figures presented here are compiled according to the guidelines of the System of National Accounts 1993 and the European System of Accounts 1995. Definitions and classifications of the national accounts are reviewed in the text.

Figures back to 1978 are published in National Accounts 1978-1996: Institutional Sector Accounts. Besides, principal figures from the national accounts can be found on Internet at Statistics Norway's Web-pages.

This publication is also available with text in Norwegian: Nasjonalregnskaps-statistikk 1992-1999: Institusjonelt sektorregnskap (C 613).

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Statistics Norway
Oslo/Kongsvinger, 23 October 2000

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1. Introduction

The national accounts statistics are designed to provide a consistent and comprehensive survey of the national economy. The national accounts contain national aggregates, and give detailed descriptions of transactions between different sectors of the economy, including the rest of the world. The national accounts also provide information on capital stocks and employment. Statistics from many areas are utilized in the national accounts. Some parts of the national accounts are constructed more or less directly from other statistics, while other parts are based heavily on calculations and estimations.

The first Norwegian national accounts based on modern principles were published by Statistics Norway in 1952. In the 1950s, national accounts figures were compiled back to 1865. Later, the national accounts have been considerably expanded and adapted to new international recommendations. The national accounts have for many years been an important source of information for analyses of the economic development, and the macroeconomic models used by Statistics Norway are to a great extent based on national accounts statistics.

2. Sources and methods

2.1. Coverage

The coverage of the national accounts is defined by international guidelines of the System of National Accounts SNA 1993 (published by UN, OECD, IMF, the World Bank and the Commission of the European Communities) and the European System of Accounts ESA 1995 (published by Eurostat/EC-Commission in 1996).

The production boundary is defined to include production of individual and collective services by government, the own-account production of housing services by owner-occupiers, production of goods for own final consumption, the production of services by paid domestic staff, and in principle production forbidden by law, and production from which the revenues are not declared to the fiscal authorities. Domestic and personal services produced and consumed within the same household fall outside the production boundary.

The national accounts comprise two basic statistical units: institutional units and local kind-of-activity units (establishments). Institutional units are economic entities that are capable of owning goods and assets, of incurring liabilities and of engaging in economic activities and transactions with other units in their own right. An institutional unit contains one or more local kind-of-activity units (local KAUs). The local KAUs are classified by type of activity. An activity is characterised by an input of products, a production process and an output of products. The group of all local KAUs engaged on the same, or similar, kind-of-activity constitutes an industry.

The Institutional Sector Accounts present data on all economic transactions that the institutional sectors are involved in, in addition to balance sheets. This part of the national accounts therefore builds on institutional units, that is units capable of reporting a full set of business accounts. The institutional units are grouped together to form institutional sectors, more closely defined in chapter 3.

The total economy is defined in terms of resident units. A unit is said to be a resident unit of a country when it has a centre of economic interest on the economic territory of that country - that is, when it engages for an extended period (one year or more) in economic activities on this territory.

The national accounts record two basic kinds of information: flows and stocks. Flows refer to actions and effects of events that take place within a given period of time, for example the output of an industry in a year. Stocks refer to positions at a point of time, for example the value of capital stocks or the number of employed persons.

2.2. Sources of data and production cycle

Statistics Norway compiles annual and quarterly national accounts. The institutional Sector Accounts has so far been published on an annual basis only.

The compilation of annual national accounts is based on many statistical sources: structural statistics for manufacturing and other industries, accounting statistics for government and enterprises, wage and earnings statistics, external trade and balance of payments statistics, household consumer surveys, labour force surveys etc. In some areas, the statistics have to be adjusted in order to satisfy the requirements of the national accounts. In areas where the statistics are incomplete, assessments are essential.

The process of compilation starts with independent compilation of a full set of accounts for each institutional sector. Finally, reconciliation of each type of transaction across sectors are made, by using supplementing information and quality assessments of the various statistical sources.

The national accounts for a specific time period are published in several versions. Quarterly national accounts are published about 2 months after the end of the quarter. For each new quarter presented, the figures for the previous quarters within the same year are revised. The quarterly accounts comprise transactions in goods and services by industries and final use, in addition to employment data.

Three provisional versions of the annual accounts are compiled before the final version is published. The first version is published about 1 month after the end of the year and are based on accumulated quarterly accounts. These results are revised 3 months later, and for the first time aggregated institutional sector accounts are included.

The next two versions are more disaggregated and are published about 16 and 28 months after the end of the accounting year respectively. The quarterly figures are harmonized with the final annual figures subsequently.

The national accounts are published in the Daily/Weekly Bulletin of Statistics, Economic Analyses and in Official Statistics of Norway publications. National accounts data are also reported to international organisations: Eurostat, OECD, IMF and the United Nations.

2.3. The 1995 main revision

Main revisions are the occasions when special attention is given to the actual levels of the national accounts items, whilst best possible year-to-year movements have a first priority in the current national accounting work. In addition, main revisions normally will introduce new methods of estimation, based on new basic statistics, as well as new definitions and classifications, based on revised international guidelines.

The results from the most recent main revision of the Norwegian national accounts were published in 1995. Norway was the first European country to adapt to the new international guidelines. The 1995 revision, no doubt, improved the quality of the Norwegian national accounts, in particular from a better utilization of the many important statistical sources behind the national accounts estimation. In addition, the revision included considerable enlargements, such as integrating new elements of the institutional sector accounts with real economy national accounts data.

The main revision also had direct impact on the compilation of balance of payments statistics, presented in Norway as an integral part of the national accounts. Balance of payments statistics follow the IMF guidelines (Balance of Payments Manual, fifth edition, 1993), which are now harmonized with SNA 1993.

The 1995 revision has quite considerably amended earlier estimates. One important reason for this is that more than 20 years have elapsed since last main revision of the national accounts was undertaken in Norway. Earlier, main revisions were normally undertaken every 10 years or so. In recent years, the direct use of main aggregates such as GDP and GNI has become more important, in particular as a reference item, and often as a financing assessment base in international economic policy. Need for best possible estimated levels, means that main revisions in the future should be carried out more frequently than before.

3. Accounting structure

The system is built around a sequence of interconnected flow accounts linked to different types of economic activity taking place within a given period of time, together with balance sheets. The sheets record the values of the stocks of assets and liabilities held by institutional sectors at the beginning and end of the period. Each flow account relates to a particular type of activity such as production and generation of income, allocation of primary income, secondary distribution of income, redistribution of income in kind, use of disposable income and accumulation. The accounts are balanced by introducing balancing items. The balancing item from one account is carried forward as the opening item of the following account. The balancing items are economic constructs of considerable interest, for example, value added, operating surplus, disposable income, saving and net lending. There is a strong link between the flow accounts and the balance sheets. All the changes in net worth of the balance sheets are due either to transactions of the flow acccounts or to revaluations or other changes in volume of assets.

The accounts are grouped into three categories: production and income accounts, accumulation accounts and balance sheets (opening and closing balance sheets). These three categories are described below.

3.1. Production and income accounts

The production and income accounts record the production of goods and services, the generation of income from production, the distribution and redistribution of income among institutional units or sectors, and the use of income for the purposes of consumption or saving.

Production and generation of income account

The production account records the activity of producing goods and services, i.e. all transactions directly related to production. Its balancing item, value added, is the difference between the value of output and intermediate consumption. It is a measure of the institutional sectors‘ contribution to gross domestic product (GDP). In the generation of income account, the balancing item between value added, consumption of fixed capital, compensation of employees and taxes (less subsidies) on production and imports, is operating surplus, called mixed income in the households.

Allocation of primary income account
This account shows the remaining part of the primary distribution of income (the income generated from production). It records for each sector property income receivable and payable, compensation of employees receivable by households and rest of the world and taxes less subsidies on production and imports receivable by government. This account has balance of primary income as balancing item.

Secondary distribution of income account
The secondary distribution of income account shows the redistribution of the balance of primary income. It covers only the redistribution through transfers in cash, such as current taxes on income and wealth, social contributions, social benefits and other current transfers. Its balancing item is disposable income.

Redistribution of income in kind account
The purposes of this account are to give a more complete picture of the role of government; to give a more complete measure of the household sector income, to make comparisons over time and international comparisons easier when social arrangements differ or change, and to give a more complete view of the redistribution process. The redistribution of income in kind account is relevant only for the household sector, government sector and NPISH, due to the nature of the transactions concerned. Balancing item of this account is adjusted disposable income.

Use of disposable income account
This account shows how disposable income is allocated between final consumption expenditure and saving for those sectors which have final consumption expenditure, i.e. households, NPISH and general government.

Use of adjusted disposable income account
This account shows how adjusted disposable income is allocated between actual final consumption of government (collective consumption of government), actual final consumption of households and saving.

3.2. Accumulation accounts
The accumulation accounts cover all changes in assets, liabilities and net worth.

Capital account
The capital account records transactions linked to acquisitions of non-financial assets and capital transfers involving the redistribution of wealth. Non-financial assets include tangible and intangible fixed assets, inventories, valuables, as well as tangible non-produced assets, such as land, subsoil assets, water resources, and intangible non-produced assets such as patented entities etc. Capital transfers consist of transfers of ownership of assets without any counterpart being received in return. Balancing item of this account is net lending (if positive) or net borrowing (if negative).

Financial account
The financial account records transactions in financial instruments.

In this publication, the only accumulation account presented is the capital account.

3.3. Balance sheets
The opening and closing balance sheets display assets on one side and liabilities and net worth on the other at the beginning and end of the period. Assets and liabilities are valued at the prices of the date the balance sheets are established. Net worth is the balancing item of a balance sheet, the difference between assets and liabilities.

Balance sheets for fixed assets by main activity are published in NOS National Accounts 1992-1999, Production, Uses and Employment. Balance sheets for financial assets are published in NOS National Accounts 1978-1996, Institutional Sector Accounts.

4. Classifications of the national accounts

4.1. Accounting system of the national accounts
The accounting system for the revised Norwegian national accounts is based on the international standards for national accounts SNA 1993 and ESA 1995. The accounting system gives the framework and contents for the production of national accounts statistics. In addition to accounting structure, the accounting system contains a number of groupings or classifications used in the national accounts. Some of the most important classifications used in this publication are described below.

4.2. Institutional sector classification
The institutional sector classification lists the main sectors of the economy, i.e. non-financial corporations, financial corporations, general government, households, non-profit institutions serving households and rest-of-the world, with the corresponding sub-sectors. This classfication is reviewed in Bank og kredittmarkedstatistikk (7/96 Temahefte) and is particularly important for the production and publication of national accounts statistics and balance of payments statistics, while also playing a central role for credit market statistics and financial balance sheets.

In this publication, we give figures for the main sectors and the sub-sectors of the economy. By disaggregation of the total economy into sectors and sub-sectors, it is possible to observe the interactions between the different parts of the economy that need to be measured and analysed for purpose of policy-making.

The institutional units are grouped together to form institutional sectors, on the basis of their principal functions, behaviour, and objectives:

Non-financial corporations
Institutional units whose distributive and financial transactions are distinct from those of their owners and which are principally engaged in the production of market goods and non-financial services.

Sub-sectors
- State business enterprises
- Other state enterprises
- Municipal corporations
- Private non-financial corporations
- Market NPIs serving business

Financial corporations
Institutional units which are principally engaged in financial intermediation or in auxiliary financial activities.

Sub-sectors
- Central Bank
- Commercial and savings banks, including Post office bank
- State lending institutions
- Credit corporations
- Other financial corporations
- Investments funds
- Financial auxiliaries
- Life insurance corporations and pension funds
- Non-life insurance corporations

General government
Institutional units which, in addition to fulfilling their political responsibilities and their role in economic regulations, produce services (mostly non-marked) for individual or collective consumption and redistribute income and wealth. The principal resources of these units are derived directly or indirectly from compulsory payments made by units belonging to other sectors.

Sub-sectors
- Central government
- Local government

Households
All physical persons in the economy, with the institutional unit in the household consisting of one individual or a group of individuals. According to the criteria for defining an institutional unit, the household of the owner of an unincorporated enterprise in general includes this enterprise, which is not considered an institutional unit. Defined as institutional units, households include unincorporated enterprises owned by households, whether market producers or producing for own final use, as an integral part of the households. Only those household unincorporated market enterprises that constitute quasi-corporations are treated as separate institutional units.

The principal functions of households are the supply of labour, final consumption and, as entrepreneurs, the production of market goods and services.

The household sector may be divided into sub-sectors on the basis of socio-economic groups, i.e. according to the characteristics of the main income earner of the households.

Sub-sectors
- Employees
- Unincorporated enterprises
- Recipents of pensions, students, other households

Non-profit institutions serving households (NPISHs)
The sector non-profit institutions serving households (NPISHs) consists of non-profit institutions which are separate legal entities, which serve households and which are principally engaged in the production of non-market goods and services intended for households. Their main resources, apart from those derived from occasional sales, are transfers from general government, voluntary contributions by households and corporations and property income.

Rest of the world
All non-resident institutional units that enter into transactions with resident units, or have other economic links with resident units.

4.3. Transactions in goods and services
This is a listing of variables for which transactions of the national accounts are grouped in terms of products. The main categories are output, intermediate consumption, final consumption expenditure (and actual final consumption), gross capital formation, exports and imports. Output is distributed on market and non-market output, plus output for own final use. Non-market output has sub-categories for central government, local government and the NPISHs. The former two sub-categories define the production of general government, when also some market output in local government (water supply, sewage and refuse disposal) are added. Important consumption categories are individual consumption expenditure, collective consumption expenditure and actual final consumption concepts which are defined below. Gross capital formation consists of former categories of gross fixed capital formation and changes in inventories, plus a new category of acquisitions less disposals of valuables

(data later). A main breakdown of exports and imports follows the distinction between goods and services.

4.4. Distributive transactions
This is a listing of variables for which transactions of national accounts is relevant for the various income accounts. The main categories are wages and salaries, employers' social contributions, taxes on production, subsidies, property income, current taxes on income, wealth etc., social benefits, other current transfers and capital transfers.

4.5. Transactions in financial instruments
This is a grouping of financial instruments, which at the same time classify financial assets into 10 main groups with corresponding sub-groups. The classification is reviewed in Bank og kredittmarkedstatistikk (7/96 Temahefte).

4.6. Other accumulation entries
These are categories of flows that are not transactions, such as revaluations and other changes in volume of assets. They should have an integrated role in the institutional sector accounts when fully developed.

4.7. Classification of balancing items in the national accounts
This is a listing of main aggregates which are arrived at as balancing items in the national accounts and balance of payments, such as gross domestic product (GDP), gross national income (GNI), disposable income, saving, net lending/net borrowing, export surplus and external balance of current account. These are main aggregates that are among the most important concepts used in the production and presentation of national accounts and balance of payments statistics.

4.8. Classification of non-financial assets
This is a classification by type for aggregates of non-financial assets, such as tangible and intangible fixed assets, inventories, valuables, and non-produced assets, both including tangible assets such as land, subsoil assets, water resources etc. and intangible assets such as patented entities, transferable contracts etc. It classifies the various types of non-financial assets according to the structure of these main items. There are minor deviations between this classification and the corresponding classification used for gross capital formation by type.

4.9. Classification of financial assets
See transactions in financial instruments above.

5. Concepts and definitions

5.1. GDP and production
Gross domestic product (GDP)

= Output (basic price) - Intermediate consumption (purchaser price) + Taxes on products - Subsidies on products - Correction for FISIM

= Output (producer price) - Intermediate consumption (purchaser price) + Taxes on imports + VAT + Investment levy + Customs duties - Correction for FISIM

= Total value added (basic price) + Taxes on products -Subsidies on products - Correction for FISIM

= Total value added (producer price) + Taxes on imports + VAT + Investment levy + Customs duties - Correction for FISIM

= Final consumption expenditure + Gross fixed capital formation + Changes in inventories + Exports - Imports

= Final uses - Imports

= Final domestic uses + Exports - Imports

= Compensation of employees + Operating surplus + Consumption of fixed capital + Taxes on production - Subsidies on production - Correction for FISIM

GDP (Gross Domestic Product) refers to the sum of the values added of all units engaged in production, and consequently all income generated from production. GDP may be defined and compiled from three different main approaches (cf. the three definition blocks above), i.e. the production or output approach, the expenditure approach and the income approach. In the first block, the item "Correction for FISIM" might have been alternatively included with intermediate consumption and in the third block with operating surplus.

Output
Value of the goods and services that are produced from resident production. This cover market production, production for own final use, and non-market production in general government and in non-profit institutions serving households.

The term has been amended from gross output as gross/net is not distinguished for this item. Output of goods and services (products) should not be mistaken for sale or turnover of products. Correction items such as taxes on products and subsidies on products are not included with output when recordings are made at basic prices, but are considered as additional items to total value added of the industries in order to arrive at GDP (at market prices). When recordings are made at producers' prices, such additional items are confined to taxes on imports, customs duties, VAT and investment levy.

In general government and other non-market production, value of output is determined as the total costs of production, i.e. intermediate consumption, compensation of employees, consumption of fixed capital, and (if any) other taxes less subsidies on production.

Intermediate consumption
Value of the goods and services consumed (transformed or used up) as inputs by the production process, excluding fixed assets whose consumption is recorded as consumption of fixed capital.

The Norwegian term has been amended to empasize that both goods and services are involved as inputs in the production process. More precise definitions are available, in particular for drawing up the borderlines against gross fixed capital formation and against compensation of employees. Intermediate consumption relates to products consumed and not to products that are purchased.

Taxes on products
Compulsory, unrequited payments from units of production to general government as taxes payable per unit of goods and services when they are produced, delivered, sold, transferred or otherwise disposed of by their producers.

The term has been amended from commodity taxes in the former accounts. The contents of taxes on products are not much amended as a result of the revision.

Subsidies on products
Current unrequited payments that government units make to units of production as subsidies payable per unit of goods and services which they produce, sell or import.

The term has been amended from commodity subsidies in the former accounts. A significant part of non-commodity subsidies in the former accounts is now treated as subsidies on products instead.

FISIM
Value of financial intermediation services indirectly measured, i.e. for services which are not charged directly, defined as total property income receivable by financial intermediaries minus their total interest payable, excluding the value of property income receivable from the investment of own funds.

This part of output of financial intermediation (by banks and other financial institutions) is not allocated to various uses, but is unallocated and recorded as intermediate consumption (correction item to GDP), a convention which might be changed if international agreement is reached.

Value added
The additional value created or income generated by the process of production, here recorded for a sector or the total of all resident sectors, and defined as the value of output less the value of intermediate consumption.

In general government and other non-market production, value added is determined as the sum of compensation of employees, consumption of fixed capital, and (if any) other taxes less subsidies on production.

Market production and production for own final use
Production carried out by producers whose output is all or mostly all marketed, respectively retained for their own final use.

The definitions of market and non-market production are based on certain criteria. Production for own final use by industry includes agriculture and hunting, fishing, general construction of buildings, building installation and completion, dwelling services (owner-occupiers etc.), and private households with employed persons. In addition, products involved in market production might also be designated as products for own final use (e.g. agricultural products, firewood, fish etc.).

Total supply
= Output (basic price) + Taxes on products - Subsidies on products + Imports
= Output (producer price) + Taxes on imports + VAT + Investment levy + Customs duties + Imports

5.2. Final use categories

Final uses
= Final consumption expenditure + Gross fixed capital formation + Changes in inventories + Exports

Final consumption expenditure
= Household final consumption expenditure + Final consumption expenditure of NPISHs + Central government final consumption expenditure + Local government final consumption expenditure
= Actual final consumption of households + Actual final consumption of general government

The first relationship defines total final consumption expenditure of the sectors. The second relationship sums up total consumption of goods and services acquired by the sectors, i.e. by the value of all the individual consumption of goods and services acquired by resident households irrespective of which sector is financing them, and by the value of the collective consumption services provided by general government to the community or large sections of the community.

Government final consumption expenditure

= Central government final consumption expenditure + Local government final consumption expenditure

= Individual consumption of general government + Collective (actual final) consumption of general government

Collective consumption of general government

Government final consumption expenditure (such as general public services, defence affairs, public order and safety affairs, industry-related affairs and services) that do not provide a mechanism for redistributing resources among individual households.

Collective consumption is the part of government consumption expenditure that is actually acquired by the general government, while the remaining government consumption expenditure (such as education, health, social security and welfare) are expenditures incurred by general government as well, but actually acquired by households.

Consumption of goods

Household consumption expenditure that relates to households' consumption of goods.

Household consumption expenditure of goods should not be mixed up with actual consumption of goods acquired by households (not specified in tables). The difference is equal to individual consumption of goods in consumption expenditure of general government and NPISH' s (minor importance since most individual consumption expenditure of these sectors relates to services).

Consumption of services

Household consumption expenditure that relates to households' consumption of services.

Household consumption expenditure of services should not be mixed up with household actual consumption of services, which has a far wider content (see above).

Household final consumption expenditure

Expenditure incurred by resident households on consumption goods and services.

Household durables and semi-durables - except expenditure on dwellings and valuables - are recorded as household consumption expenditure in the period they are acquired (purchased). Expenditure on dwellings by households constitutes gross fixed capital formation, while dwelling services (rentals) are recorded annually over the period of service lives of the dwellings as part of the household consumption expenditure.

Final consumption expenditure of NPISH

Expenditure incurred by non-profit institutions serving households on consumption goods and services. These expenditures add up from intermediate consumption (goods and services which NPISHs need for their production of education, health, cultural and other services), compensation of employees, consumption of fixed capital, any taxes on production, while deducting receipts from sales.

Final consumption expenditure of NPISHs is treated as actual final consumption of households, i.e. total value of final consumption expenditure of NPISHs is allocated as acquired by households.

Local government final consumption expenditure

Expenditure incurred by local government on consumption goods and services. These expenditures add up from intermediate consumption (goods and services which local government needs for its production), compensation of employees in local government, consumption of fixed capital in local government, any corresponding taxes on production, net, while deducting receipts from sales from local government to other sectors. In addition, local government final consumption expenditure includes consumption goods and - services that local government has purchased (i.e. expenditure incurred) from market producers and supplied directly to households.

Local government final consumption expenditure consists of two main parts, i.e. collective (actual) final consumption of local government and individual consumption expenditure of local government which is also part of actual final consumption of households.

Central government final consumption expenditure

Expenditure incurred by central government on consumption of goods and services. These expenditures add up from intermediate consumption (goods and services which central government needs for its production), compensation of employees in central government, consumption of fixed capital in central government, any corresponding taxes on production, net, while deducting receipts from sales from central government to other sectors. In addition, central government final consumption expenditure includes consumption of goods and services that central government has purchased (i.e. expenditure incurred) from market producers and supplied directly to households.

Central government final consumption expenditure consists of two main parts, i.e. collective (actual) final consumption of central government and individual consumption expenditure of central government which is also part of actual final consumption of households.

Actual final consumption of households

= Household final consumption expenditure + Final consumption expenditure of NPISHs + Individual consumption expenditure of central government + Individual consumption expenditure of local government

Individual consumption expenditure is exclusively related to households (i.e. only sector to acquire individualised consumption goods and services).

Gross capital formation

= Gross fixed capital formation + Changes in inventories + Net acquisitions of valuables

Net acquisitions of valuables entail an extended content of gross capital formation, but so far with poor empirical coverage for this new item. Gross capital formation as a term diverges from the similar term gross real investment (see below) which is used to distinguish investment in non-financial assets from investment in financial assets (cf. net lending/net borrowing).

Gross fixed capital formation

Value of acquisitions less disposals of new or existing fixed assets. Fixed assets consist of both tangible fixed assets (dwellings, other buildings and structures, machinery and equipment, cultivated assets) and intangible fixed assets (mineral exploration, computer software and other intangible fixed assets).

Apart from extended coverage for intangible fixed assets and new valuation principle for large items (see below), the definition is more or less as before the revision. The borderline against intermediate consumption is drawn by value magnitude and not by duration as before.

Changes in inventories

Value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories. Goods (and services that may take a long time to produce, such as software development) are relevant for changes in inventories, also including work-in-progress, as well as work-in-progress on cultivated assets (single-use plants or livestock - also including young fish - for later slaughtering).

Net acquisitions are partly actual purchases and sales of goods, but also reflect internal transactions of the producers. In practice, changes in inventories of goods in general are determined as total supply less total other uses of each good and subsequently summed over all goods.

Export surplus

= Exports - Imports

Exports

Value of goods and services from resident to non-residents.

Imports

Value of goods and services from non-residents to residents.

Total uses

= Intermediate consumption + Final consumption expenditure + Gross fixed capital formation + Changes in inventories + Exports

= Final uses + Intermediate consumption

= Domestic uses + Exports

= Final domestic uses + Exports + Intermediate consumption

5.3. Income components

Compensation of employees

= Wages and salaries + Employers' social contributions

Wages and salaries

Remuneration to employees as entitled to receive from employers in respect of work done during the relevant period (before adding employers' social contributions).

Wages and salaries are both in cash and in kind. Formerly, wages and salaries also included employers' contributions to private pension and similar schemes, which are now included in employers' social contributions. Wages and salaries in cash include pay for overtime, and sickness and maternity allowances paid by employers. Wages and salaries in kind have a much wider coverage than before the revision. Wages and salaries subsequently are distributed to households and to rest-of-the world (i.e. for non-residents employed with resident producers, cf. foreigners on Norwegian ships and employees not fulfilling the one-year criterion to their centre of economic interest).

Employers' social contributions

Value of social contributions incurred by employers in order to obtain social benefits for their employees, paid to central government and to autonomous social security and pension funds as well as non-autonomous pension funds. They include the following sub-items: employers' contributions to National Insurance, employers' other actual social contributions

(contributions to the Public Service Pension Fund, Municipal Pension Funds, other social security schemes, employers' contributions to employees with low wages and salaries, and other social contributions), and in addition, employers' imputed social contributions (which coincide with social benefits actually paid - i.e. through unfunded arrangements - from employers to present or former employees).

Other taxes on production
Taxes - except taxes on products - that resident producers incur, and that are payable to general government, as a result of engaging in production.

The term has been amended from non-commodity taxes in the former accounts. The contents of other taxes on production are not much amended as a result of definitional changes due to the revision.

Other subsidies on production
Subsidies - except subsidies on products - that resident producers may receive from general government, as a consequence of engaging in production.

The term has been amended from non-commodity subsidies in the former accounts. The contents of other subsidies on production are reduced considerably as a result of definitional changes due to the revision.

Taxes on production
= Taxes on products + Other taxes on production

Subsidies on production
= Subsidies on products + Other subsidies on production

Consumption of fixed capital
The decline, during the accounting period, in the value of the stock of fixed assets used in production activity, as a result of physical detorioration, normal obsolescence or normal accidental damage.

Operating surplus
= Gross domestic product - Consumption of fixed capital - Compensation of employees - Taxes on production + Subsidies on production

Operating surplus may also be estimated directly by using the income approach (see GDP above).

The term mixed income is used in the household sector, since it refers to remuneration of work done by the owner as well as return to the owner as entrepreneur. Income generated from services of owner-occupied dwellings is referred to as operating surplus. In the former accounts, gross operating surplus and mixed income were not distinguished.

Operating surplus in a sector
= Value added (producer price) - Consumption of fixed capital - Compensation of employees - Taxes on production + Subsidies on production

Operating surplus
Operating surplus is a measure of the surplus accruing from processes of production before deducting any explicit or implicit interest charges, rents or other property incomes payable on the financial assets, land or other tangible non-produced assets required to carry on the production.

5.4. GNI and disposable income

Gross national income (GNI)
= Gross domestic product - Primary incomes payable to non-residents, net
= Gross domestic product - Primary incomes payable to non-residents + Primary incomes receivable from non-residents

GNI (Gross national income) is the new term that replaces GNP (Gross National Product). It is the sum of gross primary incomes receivable by resident institutional units or sectors, mostly from domestic production and to some extent also from production abroad. GNI thus equals the sum of gross primary incomes of the sectors.

National income
= Gross national income - Consumption of fixed capital

Disposable income for Norway
= National income - Current transfers payable to non-residents, net
= Gross domestic product - Consumption of fixed capital - Primary incomes payable to non-residents, net - Current transfers payable to non-residents, net
= Saving for Norway + Final consumption expenditure

Primary incomes payable to non-residents, net
Income in the form of compensation of employees, interest, dividends (also including reinvested earnings on direct foreign investment) and any taxes on production payable to non-residents after deducting corresponding incomes receivable from non-residents.

This item represents the difference between GDP and GNI. In the former accounts, the term used was interest, dividends etc. to abroad, net.

Current transfers payable to non-residents, net
All current transfers payable to non-residents on a net basis, excluding primary incomes.

This item represents the difference between GNI and gross disposable income for Norway. In the former accounts, the term used was transfers to abroad, net.

External balance of current account
= Export surplus + External balance of primary incomes and current transfers
= External balance of goods and services + External balance of primary incomes and current transfers
These are balancing items vis-a-vis the rest-of-the world (relations between residents and non-residents).

External balance of primary incomes and current transfers
= Incomes receivable from non-residents - Expenditures payable to non-residents (see above)
= Interest receivable from non-residents + Dividends receivable from non-residents + Reinvested earnings receivable from non-residents + Other current transfers receivable from non-residents - Interest payable to non-residents - Dividends payable to non-residents - Reinvested earnings payable to non-residents - Other current transfers payable to non-residents

5.5. Saving and investment

Saving for Norway
= Disposable income for Norway - Final consumption expenditure
= Net lending / Net borrowing for Norway + Gross real investments + Capital transfers, net - Consumption of fixed capital

The first one is the direct and standard definition. The second connects the financial account and the production and income accounts.

Saving of households
= Disposable income + Adjustment for the change in net equity of households on pension funds - Household final consumption expenditure

Saving of financial corporations
= Disposable income - Adjustment for the change in net equity of households on pension funds

Acquisitions of non-financial assets
Gross capital formation (including addition to the value of non-produced non-financial assets).

Net acquisitions of non-financial assets
= Acquisitions of non-financial assets - Consumption of fixed capital

Capital transfers, net
Transfers in which the ownership of an asset is transferred between sectors or which obliges one or both parties to acquire, or dispose of an asset, i.e. net transfers between sectors which are not considered current transfers. Capital transfers are either in cash or in kind (including cancellation of liability).

Capital transfers consist of capital taxes (such as inheritance taxes), investment grants (treated earlier as subsidies) and other capital transfers (such as certain transfers to non-residents, treated earlier as social benefits).

Net lending/net borrowing for Norway
= Gross saving for Norway - Gross real investments - Capital transfers, net
= Saving for Norway - Gross real investments + Consumption of fixed capital -Capital transfers to non-residents + Capital transfers from non-residents

= External balance on current account + Capital transfers from non-residents, net

Change in net wealth of Norway
= External balance on current account + Revaluations, net + Other changes in volume, net
= Opening stock of net wealth of Norway - Closing stock of net wealth of Norway

6. Valuation

Valuation is particularly relevant for transactions in goods and services, but also to the general aspect of time of recording (cf. cash values or accruals values, and other principles in recording of statistical data). The transactions of variables to appear in this publication apply in general the accruals basis principle of recording. Thus, taxes on production and subsidies are basically recorded in accruals values and not as recorded in the government accounts (taxes on production and subsidies in cash values).

Transactions in goods and services have different price references for their recording. Output - in the institutional sector accounts as opposed to the production accounts by industries - is valued in producers‘ prices in the cases of market production and production for own final use, while non-market output (per convention) is recorded by total costs of production in lack of prices. The use categories - both intermediate consumption and final uses - are valued in purchasers' prices, including exports at fob. Total imports are also valued at fob.

GDP is valued in market prices, which means that accruals VAT (i.e. VAT on output less non-deductible VAT on intermediate consumption and other uses) and investment levy as well as taxes on imports and customs duties have to be added to total value added of the sectors to arrive at GDP. (Since FISIM in

Norwegian NA are not allocated, FISIM has to be subtracted from total value added to arrive at GDP.)

7. Weaknesses and inaccuracy

The national accounts are based on many different statistical sources. The sources are either survey data from establishments, enterprises or households, or data from registers. National accounts statistics are reflecting the inaccuracy that underlies the statistical sources and the methods of compilation. Weaknesses and inaccuracy in the statistical sources are normally described in the documentation of the relevant sources.

Since national accounts are an integrated system with balancing methods and consistency checks, it is reason to believe that national accounts may reduce some of the inaccuracies in the statistical sources. On the other side, national accounts require compilation of statistics in areas where the sources are unsatisfactory, and the inaccuracy in such areas may therefore be significant. Some of the figures in the national accounts are estimated as residuals. Examples are changes in inventories, operating surplus by activity, and value added.

Several sources that are used in national accounts take a long time to produce. Consequently, preliminary figures are more inaccurate than final figures.
The EU Commission and Eurostat have completed a quality evaluation of the national accounts in all EEA-countries. The conclusion was that the Norwegian national accounts are of a high quality, soundly based on reliable and exhaustive sources, integrated in a system with a detailed product breakdown (Report on the sources and methods used in compiling GNP in Norway, Eurostat/B1/CPNB/237/EN, 9 December 1997, Luxembourg.

8. Further information

In addition to the tables published in NOS National Accounts, it is possible to order more detailed tables by applying directly to Statistics Norway. Tables can be transmitted by paper (post or telefax), electronic by diskettes or by e-mail (Ascii or Excel).

National accounts figures can be found on Internet at Statistics Norway's Web-pages. The Web-address is: http://www.ssb.no/english/statistics_by_subject/09national/

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