

1 Introduction

The Government presented its strategy against work-related crime in January 2015. The strategy was prepared on the basis of dialogue with the main employer and employee federations. The main directions of the strategy are: broad and sustained cooperation with all parties in the organised working life and improved coordination between government agencies to achieve the greatest possible impact from their joint efforts. The strategy was revised in February 2017, and again in February 2019.

Work-related crime continues to be a significant problem with serious consequences for affected workers, enterprises and society in general. Work-related crime can lead to reduced value creation and can thus undermine the foundation for the Norwegian welfare state. Today, Norway is a country characterised by trust. It is important that statutes and rules are followed, and that the latitude in which criminal actors act is reduced, if we want to maintain trust and confidence in working life.

A number of measures have been initiated to combat work-related crime as a follow-up to the Government's 2015 strategy. However, the agencies report that the criminal actors have become more adaptable to avoid being discovered, and that they increasingly camouflage their activity behind a seemingly law-abiding facade. This means that it has become more challenging to combat criminal actors than before. The Government wants to reinforce its efforts to prevent and combat work-related crime. Heightened focus on prevention, a better basis of knowledge and more targeted information will contribute to shrinking the market for the criminal actors.

This revised strategy emphasises prevention, knowledge and information as important areas. The measures in the revised strategy have been updated, some new areas have been added and measures that have already been implemented have been withdrawn.

Main areas of the strategy:

Cooperation with the social partners

Broad-based and lasting cooperation in working life is necessary in order to combat crime and irresponsible working conditions. The Government places this topic on the agenda, both in its own top-level meetings on work-related crime and in the Government's Contact Committee with the social partners, and will follow up the measures in this strategy with the social partners.

Prevention and procurements

The procurement rules contain provisions that are intended to contribute to preventing work-related crime and irresponsible working conditions in public procurements. Private enterprises are also responsible for combating work-related crime in their deliveries.

The market for consumer services is large, and parts of this market may be attractive for criminal actors. The Government wants to reduce the market available to the criminal actors. It must be easier to identify the serious parties, and it must be more difficult for the irresponsible parties to offer their services. This shall take place in part through measures aimed at government clients, raising consumer awareness and reinforcing interaction with professional private purchasers. The social partners also in working life also play an important role as catalysts in the efforts against work-related crime, both in relation to their own members and the authorities.

Knowledge

Knowledge about work-related crime as a phenomenon, including scope, causes, consequences and development, is necessary in order to effectively prevent and combat it. A good basis for assessing the effect of the measures that are implemented will improve the possibilities for learning, correcting and guiding efforts against work-related crime.

Information

Targeted information to foreign workers and enterprises that carry out assignments in Norway is important in the effort to prevent work-related crime and irresponsible working conditions. One important objective is to ensure that foreign workers are aware of their rights and obligations, know what they can demand from their employer, as well as their rights to assistance and protection if they are exposed to human trafficking or other punishable offences.

Control and follow-up

Work-related crime is complex and must be combated through a joint effort on the part of the police, the Norwegian Tax Administration, the Norwegian Labour Inspection Authority, the Norwegian Labour and Welfare Service and other public agencies. This cooperation has been strengthened and made more systematic at the national, regional and local levels. The fact that the agencies share information with each other and utilise their collective sanction potential is important to ensure effective control and follow-up by the public authorities.

Better registration schemes and identity management

The public agencies that cooperate on fighting work-related crime report that the criminal actors and networks are well-organised. They report professional parties who employ various and creative methods in violation of prevailing regulations to ensure access to the market and financial profit. Using false and incorrect identities enables e.g. the use of fictitious employment contracts and relationships. The Government will continue its work to combat identity abuse, and to promote secure identification. Registration of foreign service-providers that perform work in Norway will be improved.

International cooperation

Crime and irresponsible working conditions are transnational challenges. In a report sent the European Commission in 2017, the Government has proposed strengthening European cooperation against work-related crime. Strengthening cooperation with supervisory and control authorities in other countries is important to achieve results. Norwegian authorities take part in a number of international collaboration efforts. Norway and EEA Grants can contribute to such work in countries that receive such funding, in accordance with the Government's Strategy for cooperation with the EU.

2 Challenges

Work-related crime

Work-related crime entails activities that violate Norwegian legislation concerning wages and working conditions, national insurance and taxes, often in an organised form, that exploit workers or distort competition and undermine the social structure.

The element of multi-crime is a characteristic feature of work-related crime. The presence of one or more of the following elements is characteristic of work-related crime:

- Crime related to taxes and government fees – violation of the Taxation Act, the Tax Administration Act, the Tax Payment Act and the Value Added Tax Act
- Gross violations of accounting and bookkeeping practices – incorrect and deficient accounting and use of fictitious/incorrect documentation
- Corruption
- Breach of trust – unlawful bleeding of companies
- Bankruptcy crime
- Money laundering
- Currency smuggling
- Human trafficking
- Social security fraud – receiving national insurance benefits while working undeclared
- Gross fraud – commissioned fraud, invoice fraud, fraud against the financial sector
- Providing incorrect or false information and documentation to public authorities – including use of false identity and recording of incorrect data in public registers
- Gross violations of the Working Environment Act and the General Application Act
- Exploitation of labour in violation of statutes or agreements
- Violation of the Immigration Act – use of illegal workers

Relationship to social dumping

Work-related crime involves criminal offences, which is not necessarily the case as regards social dumping. In many cases, social dumping/irresponsible working conditions will coincide with violation of various statutes that govern working life, but not always. The efforts to combat social dumping are generally more wide-ranging than the measures targeting work-related crime, while there can also be examples of crime in working life that do not adversely affect employees. Therefore, there is some overlap between social dumping and work-related crime.

Relationship to human trafficking

Human trafficking in the form of forced labour is a serious form of work-related crime. Workers who live under shameful conditions and lack control over their own work and

life circumstances are indications of forced labour. This can include use of force, dependency and pressure, which the person feels compelled to accept in order to avoid the employer notifying the authorities regarding unlawful residence or other factors that can have negative consequences for the person.

Relationship to economic crime

Work-related crime is linked to economic crime. Economic crime is often defined as “profit-motivated, unlawful actions that are often committed within or originating from an economic activity that is, in and of itself – or that purports to be – legal”. Money laundering, tax, fee or toll evasions, accounting crime and securities crime fall under this definition. The strategy to counteract work-related crime is an important part of the Government’s overall measures to combat economic crime.

Challenges regarding wage formation

Crime and irresponsible conditions undermine the values that form the basis for cooperation between the parties in Norwegian working life. The official Norwegian report (NOU 2013:13) of the Holden Committee, which assessed the challenges facing wage formation in Norway in its recommendation, stated that systems to counteract social dumping and the race to the wage bottom would be necessary for a long time to come. The official Norwegian report (NOU 2016:15) of the Cappelen Committee concluded that the Holden Committee’s assessments are still valid. All of the main organisations in working life were represented in both these committees.

What is the scope of work-related crime?

In a report prepared on assignment from the Norwegian Tax Administration, the independent analytical group Economics Norway, has estimated tax and fee evasions in connection with work-related crime in 2015. Economics Norway indicates a range between 12 and 60 billion kroner as an estimate for the scope of failure to pay taxes and fees.

Economics Norway has also estimated the scope of hidden value creation, which includes data relating to detected income and the basis for employers’ contributions linked to work-related criminal acts, as well as an estimate of the value of relevant national insurance fraud. Economics Norway estimates the range of hidden value creation at between 28 and 108 billion kroner in 2015. 28 billion kroner is equivalent to 1.2 per cent of GDP Mainland Norway. Economics Norway’s calculations indicate that the scope of work-related crime was increasing in the period from 2000–2009, but that it has levelled off after that.¹

The Norwegian Tax Administration has also conducted its own analyses based on the Administration’s control data and a series of questionnaires targeting enterprises and consumers. The Norwegian Tax Administration has determined that about fifteen per cent of all enterprises are involved in work-related crime, although there is some uncertainty associated with this estimate. The percentage is highest in parts of the construction industry and road freight transportation. The Norwegian Tax Administration’s analysis indicates that control and verification efforts on the part of public agencies lead to a reduction in the scope of work-related crime in those sectors and industries subject to close monitoring by the authorities.²

¹ Economics Norway (2017) *Analyse av former, omfang og utvikling av arbeidslivskriminalitet*. Report 69-2017. <Analysis of form, scope and development of work-related Crime>

² Norwegian Tax Administration (2017) *Omfanget av utviklingen av arbeidslivskriminaliteten i Norge - Analyse av risikobaserte kontroller*. Technical report 2017. <Scope of development of work-related crime in Norway – Analysis of risk-based verification

Survey of attitudes towards tax evasion

Survey of attitudes related to tax evasion can provide an indication of the development in work-related crime. The Norwegian Tax Administration conducts annual surveys among industries and enterprises, while Cooperation Against Underground Economy (SMSØ) conducts surveys among consumers every other year:

- SERO (Norwegian Tax Administration's survey of compliance, reporting and risk of discovery)
- Survey of the building and construction sector "B2B Market" (BA proff)
- SMSØ (Collaboration against Underground Economy) survey of undeclared work in the private market

SERO poses questions to business operators about the likelihood of the tax authorities discovering tax evasions in their sector. In the 2018 survey, about 70 per cent report that the likelihood of being discovered is high, which is an increase of 10 per cent from 2016. SMSØ's survey of the scope of undeclared work in the private market indicates a decline in the purchase of undeclared labour, from 14 per cent in 2016 to 10 per cent in 2018.

Report on work-related crime in Norway

In 2017, the National Inter-Agency Center for Analysis and Intelligence (NTAES) prepared a situational description on work-related crime.³ This report is based on a similar situational description from 2014. At that time, the report showed that work-related crime was in the process of becoming more systematic and organised. This development has continued. The situational description from 2017 shows that enterprises increasingly camouflage their violations of the law behind a seemingly law-abiding facade. The agencies experience a growing degree of activities being moved among enterprises, that new enterprises are constantly being established and that sole proprietorships are used where, in fact, there is actually an employer responsibility. Use of fictitious and false documentation is highlighted as a very significant challenge, and this is used e.g. to camouflage undeclared work. There is also an increasing tendency towards use of false IDs and ID abuse, and this plays a key role in cases of fraud.

The criminal actors operate in several sectors and they often move their operations between sectors. The scope still appears to be highest in the construction sector, but the agencies also uncover many violations in service activities linked to property operations, car washes and repair shops, cleaning, hairdressers/beauticians, food service, etc. Road freight transportation is also mentioned as an arena where criminal actors operate.

³ National Inter-Agency Center for Analysis and Intelligence (NTAES) (2017) Situational description 2017 – Work-related crime in Norway.

Survey of social security fraud

In an analysis commissioned by the Directorate of Labour and Welfare in 2013, PROBA Research estimated that the scope of social security fraud amounts to five per cent of all disbursements for transitional benefits, work assessment allowances, disability pensions, unemployment benefits and parental benefits.¹ In 2018, Oslo Economics estimates that the scope of incorrect payments linked to sick pay, which comprise both deliberate acts (social security fraud) and unconscious acts (e.g. user or process errors), account for between 150 and 550 million kroner each year.² Oslo Economics has also been assigned the task of analysing incorrect payments in the field of unemployment benefits.

¹ PROBA Research (2013) Social security fraud in Norway.

² Oslo Economics (2018) Mapping the scope of incorrect payments in the field of sick pay.

Common goals for the multi-agency collaboration against work-related crime

The Norwegian Labour Inspection Authority, the police, the Norwegian Tax Administration and the Norwegian Labour and Welfare Service have organised a broad-based collaboration on efforts to combat work-related crime. The agencies have agreed to organise their joint efforts to achieve the following goals:

- *Key parties posing threats* have experienced a substantial reduction in their capacity and intentions
- *Foreign employees* have been empowered to safeguard their rights and fulfil their obligations
- *Consumers and employers/principals* do not contribute to work-related crime through purchases of goods and services

The agencies will employ various instruments to combat criminal actors in working life, such as seizing assets, shutting down enterprises, withdrawing rights, prevention against organising and camouflaging illegal activity and criminal prosecution. It is an objective that the criminal actors shall perceive organising and camouflaging their violations as being difficult, as well as obtaining access to capital, customers, suppliers, expertise and manpower; all of which they rely on to operate outside the law. The objective is that the criminal actors shall perceive it as being difficult, preferably impossible, to earn money on this type of activity in working life. The agencies will also implement measures aimed at foreign employees to reinforce their ability to safeguard their own rights and obligations. Moreover, the agencies shall develop and implement multi-agency preventive measures aimed at consumers and employers/principals.

4 Revised strategy for combating work-related crime

Overview of measures

Below is an overview of the measures in the revised strategy. Several of the measures have been changed as compared with the revised strategy presented in 2017. Some of the measures are placed differently, and new measures are included. A status report will be prepared based on the revised strategy.

No	Measure	Responsible ministries
Cooperation with the social partners		
1	Tripartite cooperation against work-related crime	The Office of the Prime Minister coordinates
2	Continue work on tripartite industry cooperation in vulnerable sectors	The Ministry of Labour and Social Affairs
3	Measures to promote responsibility in the construction sector	The Ministry of Local Government and Modernisation, the Ministry of Labour and Social Affairs and the Ministry of Finance
Prevention and procurements		
4	Stronger inter-agency cooperation on prevention of work-related crime	The Ministry of Finance, the Ministry of Justice and Public Security and the Ministry of Labour and Social Affairs
5	Business-related contacts in the police	The Ministry of Justice and Public Security
6	Develop service that makes it easier to verify whether suppliers are responsible – eBevis	The Ministry of Trade, Industry and Fisheries and the Ministry of Children and Equality
7	Information and follow-up of regulations for public procurements	The Ministry of Trade, Industry and Fisheries, the Ministry of Labour and Social Affairs and the Ministry of Education and Research
8	Collaboration against underground economy	The Ministry of Finance
9	Make it easier for consumers to choose responsible market players	The Ministry of Children and Equality, the Ministry of Labour and Social Affairs and the Ministry of Finance
10	Make it easier for private businesses to be responsible	The Ministry of Labour and Social Affairs and the Ministry of Finance coordinate
11	Reinforced follow-up of suppliers in connection with purchase of labour market measures	The Ministry of Labour and Social Affairs
Knowledge		
12	Better knowledge about work-related crime	The Ministry of Finance coordinates
13	Survey on the development of forms of affiliation in working life and the use of the general application of collective agreements	The Ministry of Labour and Social Affairs

No	Measure	Responsible ministries
Information		
14	Targeted information work vis-à-vis foreign workers and employers	The Ministry of Finance coordinates
15	Increased awareness in relation to victims of forced labour and human trafficking	The Ministry of Labour and Social Affairs and the Ministry of Justice and Public Security
Control and follow-up		
16	Further develop the inter-agency cooperation	The Ministry of Labour and Social Affairs coordinates
17	Stronger cooperation and follow-up in the road and transportation sector	The Ministry of Transport and Communications
18	Better sharing of information between public authorities	The Ministry of Justice and Public Security coordinates
19	More effective sanctions	The Ministry of Justice and Public Security and the Ministry of Labour and Social Affairs
20	Broader enforcement in relation to illegal hiring of temporary agency workers	The Ministry of Labour and Social Affairs
21	Effective confiscation	The Ministry of Justice and Public Security
22	Better access to bankruptcy information	The Ministry of Justice and Public Security coordinates
23	Agencies' cooperation with employers, employees and businesses	The Ministry of Labour and Social Affairs coordinates
Better registration systems and identity management		
24	Better register quality in public registers	The Ministry of Finance, the Ministry of Labour and Social Affairs and the Ministry of Trade, Industry and Fisheries
25	Better registration and follow-up of service providers and vulnerable workers	The Ministry of Labour and Social Affairs
26	More secure ID documents	The Ministry of Justice and Public Security coordinates
27	ID verification in connection with issuing D-numbers and comprehensive responsibility for EEA citizens	The Ministry of Justice and Public Security coordinates
28	Consideration of links between biometric data in the National Registry, the Passport Register and the Register of Foreign Nationals	The Ministry of Justice and Public Security coordinates
International cooperation		
29	Implement the Posting of Workers Directive in Norwegian law	The Ministry of Labour and Social Affairs
30	Stronger cooperation at the European level	The Ministry of Labour and Social Affairs coordinates
31	Reinforce the international cooperation between control authorities	The Ministry of Labour and Social Affairs, the Ministry of Finance, the Ministry of Justice and Public Security, the Ministry of Transport and Communications and the Ministry of Foreign Affairs