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# **Labour market crime**

**Whole of governmental approach - To act as one**

**25.September 2017 – Peer Review**

**Monica Bredesen, Norwegian Tax administration**





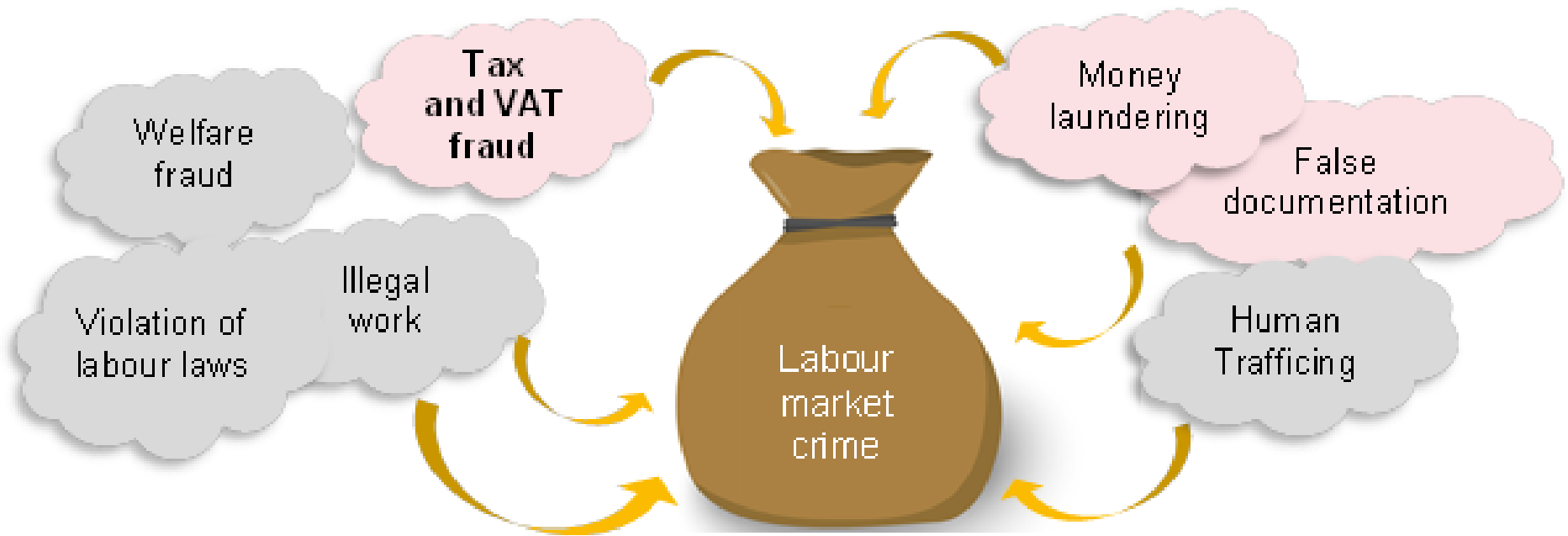
Skatteetaten

# Why is the Norwegian Tax Administration focused at labour market crime?

- ❖ Secure the base of the welfare state
- ❖ Secure fair competition – by preventing compliant companies to be squeezed out of business
- ❖ Maintain the trust for the tax-system

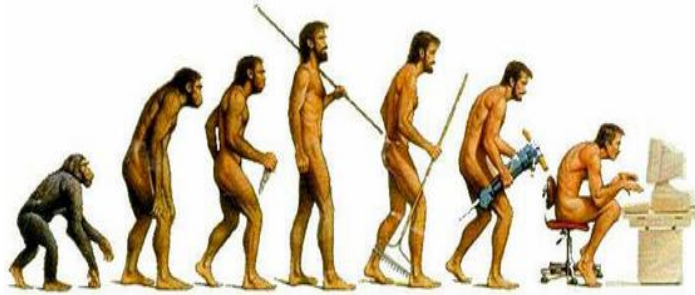
**❖ Tax and VAT evasion must not fund other crimes**

# Violation/breaches the tax administration identify and fokus on when working together

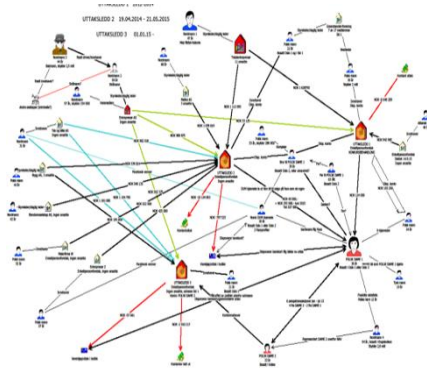




Skatteetaten



**Once upon a time - Development**



From simple tax evasion to...

- Empty invoices to get deduction in tax and VAT
- Fictitious and false invoices to get deduction in tax and VAT - camouflage black salary by statement of subcontractors
- Fictitious companies are establishing, increased use of false/fictitious and imposed ID's. Different structures of companies with chains of subcontractors and straw companies
- More systematic and organized crime
- Multicriminal network with large skills for adaptation
- Enablers that misuse manpower and organize the criminals' establishment and infiltrate the legal business and labour market

❖ **The main goal - economical profit**

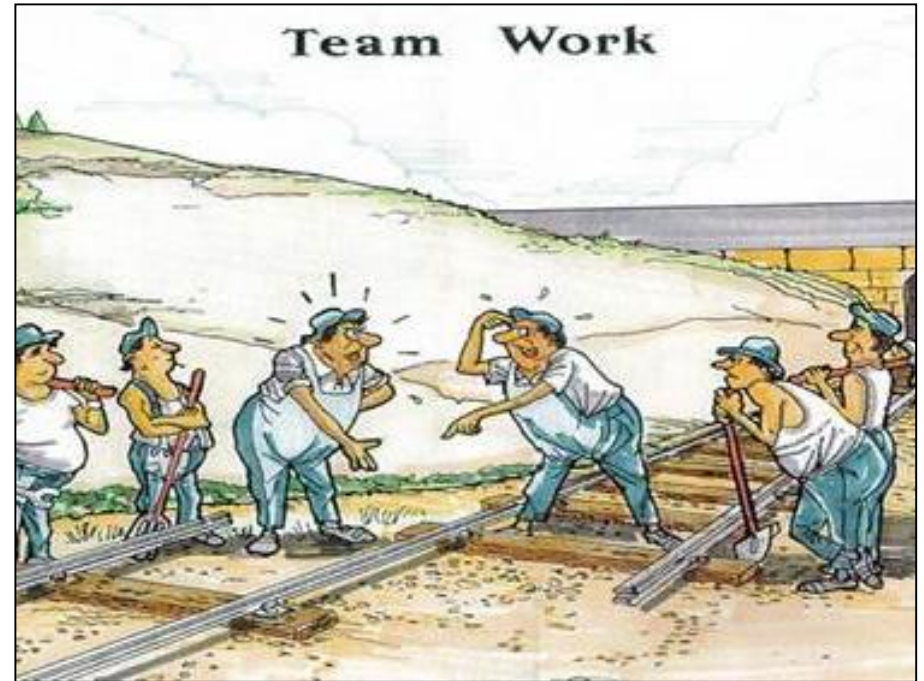
# The tax administrations positive experiences and results from the collaborative work?



- We see more ongoing crime, cooperation and earlier detection gives more access to evidence
- Increasingly we get common perception of reality, and common knowledge and intelligence regarding:
  - The criminal environments
  - The participants
  - Different phenom and modi operandi
- More commitment and higher priority to combat the crime both in the cases and in each agency
- Better skills to choose and use the best and most cost-efficient tools

**Cooperation can be both challenging and developing**

**What does it  
take to act as  
one?**



The society expects us to deal with problems as a whole

# In order to succeed in cooperation, there are some critical points to keep in mind



Joint vision



Reality check



Focus on opportunities



Will and patience



Mind set of continuous improvement..





# A joint vision is crucial to achieve a “whole of government approach”



Joint vision

Levels and roles that need to have a joint vision:

Government

Employers associations

Trade unions

Agencies

Media



**2014** – an important year towards a “whole of government approach” in Norway

# However, a joint vision is not enough

## 2015 & 2017 Strategy Actionplan



### Directive to the agencies:

- Work-related crime should be given high priority
- Strengthen cooperation with each other
- Develop, improve and share knowledge about labour market crime
- Establish a formalised practical cooperation
- Use the broad possibilities of the different agencies' means and tools
- Get extra budget findings

The most important effect of the strategy is that it sets the direction for all agencies' efforts and priorities within Labour Market Crime

# Important initiatives were made in the first strategy and action plan



## Reality check

- Different definitions and understanding of the problem
- Limited knowledge about means and tools and regulations
- Limited opportunities for information sharing
- Unbalanced resource input
- Different governance models and KPI' s



## Focus on opportunities

Establish joint centres

Establish national centres for intelligence and analysis

Develop supervisor of confidentiality regulations

Identify needs for regulatory development

Develop technical cooperation solution

# There are several points of challenges that require will, patience and continuous improvement



Will and patience



Mind set of continuous improvement..



## Points of challenge:

- The agencies have different cultures
- Sharing of information
- Standardize and formalism
- Different KPI's to report on – different social tasks
- Cooperation can give good results for one agency, but no 'visible' results for the other actors involved
- Where shall the 'back office work' be done?

*Report about the joint operation centres released Oct 2016 by UniResearch Rokkan Centre, Stavanger, Norway*

# Achieving compliance requires long-term perspective



Will and patience



Mind set of continuous improvement..



- Working together does not necessarily give added value to each agency involved
- *The highest value is for society as a whole*



# *Experiences from joining forces in combating work related crime.*

*Ludvig Guldal, Senior advisor . The Norwegian  
Labour and Welfare Administration*

25.9.2017/European peer review

# Typical violations uncovered in joint controls

- Fraud involving sickness benefit, work assessment allowance, unemployment benefit and birth allowance
- Undeclared work and claiming one or more of these benefits
- Bogus work or bogus self employment as a basis for claiming one or more of these benefits
- Cooperation between the employer and the employees in establishing the fraud
- Professional helpers – accountants, medics, lawyers
- Combining benefit fraud with tax evasion and many other violations

# Positive experiences for my authority

- A wider base of experience, data and regulations to work on in picking objects and uncovering fraud
- A wider set of sanctions to choose from in joint efforts
- The sense of purpose in working together achieving goals for the common good
- A stronger basis for communicating the efforts and results of public authorities in fighting work related crime
- Some outstanding results in a few complex cases
- The potential in further integration of means and resources



# Challenges for my authority

- An absence of detailed and well defined common goals
- No changes made in the secrecy and confidentiality acts, thus relying entirely on the potential of manouvering within current legislation
- No common database or data solution for processing, sharing and analysing data extracted from joint efforts
- A general shortage of staff with competence in intelligence-work and anlyse-based management processes
- All these challenges are being adressed and are currently being worked on



**The Norwegian Labour Inspection Authority**



# Typical violations

- Wages (in sectors with general agreements)
- OSH-cards in construction and cleaning
- Employment contracts
- Working hours
- Compensation for overtime work
- Housing
- Safety (equipment, training, language)
- All kinds of OSH matters



## Positive experiences

- Very good experience with joint centres
- Could not have achieved what we do alone
- Sharing of information
- Larger access to relevant information
- Building cases together (→ overview of networks)
- Our competence is relevant for example for obtaining information from a company
- We have effective means for short term action
- The wide range of possible means/actions is a big advantage



# Challenges

- Strict regulations for sharing of information between agencies
- Sometimes lack of human resources from the involved authorities affects the total efficiency of the centres  
(→ lack of resources → lack of effective means/sanctions)
- We are now working together to establish a more common organization of the seven centres
- Within the labour inspection we need to be more uniform in the way we use our sanctions/means in the seven centres