

#### **Contracting in the Norwegian Market**

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#### **Topics**

- Public Procurement
- Planning and Building authorities
- Contracts construction
- Contracts consulting services
- Labour law, national insurance, insurance, residence
- VAT



#### Public Procurement



#### Public procurement (1/3)

- Based on the EU directives 2004/18/EC, 2004/17/EC, 89/665/EEC and 2007/66/EC
- Threshold values depending on sector
- National announcements on the Doffindatabase, internationally on TED



#### Public procurement (2/3) Types of competition

- NNRA:
  - Classic Sector
  - Entitled to conduct negotiated procedure as in utility sector
  - Negotiated procedure most used
- NPRA:
  - Classic Sector
  - Competetive Tendering
  - If all requirements met, lowest price wins



#### Public procurement (3/3) Types of competition

- Avinor:
  - Utility sector
  - Negotiated procedure
  - Economic most advantous offer wins



#### Complaints

- Complaints may be filed:
  - Directly to entity staging the competition
  - The Norwegian Complaints Board (KOFA)
  - Directly to the Court of Law
- Temporary injunction may set aside an unlawful decision, if material to the competition
- If serious non conformance: contract declared null and void og award compensation for damages
- Positive or negative contract interest compensated





#### **General rules**

- The Planning and Building Act requires performance by «responsible enterprises»
- Must meet the requirements with respect to competence and experience in their field
- The Construction must have been given prior approval by the municipal Building Authority
- Structures and constructions must be designed and built in accordance with the appropriate building regulations (TEK10)



# Exceptions for railway and road constructions

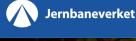
- Exempt from the application process if specified in a zoning plan (regulation plan)
- Roads must be built in accordance with the Roads Act and accompanying regulations
- Railways must be constructed in accordance with the Railways Act and technical requirements
- Airports and facilities are subject to appliccable requirements





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### Contracts



#### **Contracts - Construction**

- Contractual freedom professional parties are at liberty to enter into any contract
- Standard contracts for construction work:
  - Standards Norway is Norway's representative in CEN and ISO
  - Private organization with responsibility for drawing up standards in a variety of areas
  - The standards made througt dialogue with stakeholders
  - Standards (NS XXXX) used unchanged with inidividual adjustments
- Design-Bid-Build most used (NS8405)
- Use of Design and Build will increase (NS8407)



#### **Contracts-Construction**

- Contractors responsible for insurance of The Works through the building period
- Financial bond, normally 10%, through building period, lower in warranty period
- Invoicement as The Work is performend, though 5% percent normally withheld (7,5% for D&B)
- Disputes to be resolved in Court of Law or Arbitration





#### **Contracts-Engineering**

- Different Standard contracts depending on fixed price, or by the hour (NS8401/02)
- Insurance to cover engineering errors, limitation of liability according to Standard contract
- In group contracts, special regulations apply
- Disputes resolved in Court of Law or Arbitration



## Labour law, national insurance, insurance, residence



#### **Posted workers directive**

- The posted workers directive has been implemented in Norwegian law
- Employees posted to Norway are subject to Norwegian laws on health and safety in the workplace, holiday entitlement, etc.
- National regulations on hiring personell apply
- Exeptions for skilled/specialized workers

#### Wages and collective agreements

- Employers bound by a collective agreement, are entitled to the wages set out in agreement
- Parts of some important collective agreements have been made generally applicable by law
- The contractor is jointly liable for it's subcontractors for payment of minimum wages
- The contractor is jointly responsible for subcontractor's payment of minimum wages
- Mandatory to pay minimum wages when working for the public sector!





#### Social security and national insurance

- All employees are, as a rule, automatically and compulsorily insured under the National Insurance Scheme from their first day of work
- Contribution to the National Insurance Scheme is 7.8% of gross salary
- Companies are obliged to cover occupational injury insurance for their employees
- Foreign workers are entitled to Norwegian health services
- Registration in NAV employer/employee register

#### Worker's welfare is strongly emphasized in Norway





#### Value Added Taxes

- Registration in VAT-register if Turn-Over exceeds €6.700 (NOK 50 000)
- Use of representative if not registered business address in Norway
- Sales returns to be submitted six times pr year
- Representative and enterprise jointly responsible for VAT
- Separate ledger for VAT required

### Thank You for Your attention

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