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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**



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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 Doffin-database, 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
 - Competitive Tendering
 - If all requirements met, lowest price wins



Public procurement (3/3)

Types of competition

- Avinor:
 - Utility sector
 - Negotiated procedure
 - Economic most advantageous 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





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Området er TV-overvåket

Hold god avstand
til plattformkant!



Teleslynge Teleloop

Rep.Y4104
LYS



Rep.S4114
LYS



**Planning and
Building
authorities**

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 applicable 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 through dialogue with stakeholders
 - Standards (NS XXXX) used unchanged with individual 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 performed, 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



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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



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VAT



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**

