



When labour costs squeeze the price

– an analysis of public sector investments in infrastructure

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Summary

This report analyses three large infrastructure projects in Sweden where the purchasers are the National Rail Administration and the Swedish Road Administration.¹ The infrastructure projects studied are Citytunneln in Malmö and Norra Länken and Citybanan in Stockholm.

The National Rail Administration and the Swedish Road Administration have consciously and actively worked to hold down costs of infrastructure projects. This means that main contractors who hire sub-contractors with a large percentage of foreign workers are awarded a large proportion of the public procurement contracts. The foreign labour comes largely from Poland via Polish or Irish staff agencies. Labour is supplied at a low price and as a consequence the sub-contractors can offer a cheap price.

The forms of procurement are usually turnkey contracts and the customer generally takes limited responsibility for the main contractor's procurement of sub-contractors. After each procurement process the responsibility for compliance with laws and agreements is moved down the chain of contractors. Responsibility is thus left to trade union organisations and public regulatory authorities.

The report reveals that the Swedish legislator applies a precautionary principle for public procurement in which economic mobility is put before social considerations. This precautionary principle has contributed to strengthening the efforts of the National Rail Administration and the Swedish Road Administration to squeeze prices by accepting bids at the lowest price.

The result of the procurement process is that about 45 per cent of the workforce is liable to tax and/or social security contributions in a country other than Sweden. A large proportion of the foreign workforce comes from foreign staff agencies that in some cases for reasons of cost choose to act as "normal" sub-contractors to the main contractor. In such situations the main contractor usually takes responsibility for health and safety work under the Work Environment Act. However, the main contractor takes no responsibility for employment and living conditions.

¹ The Swedish Road Administration and the National Rail Administration have been amalgamated and from 1 April 2010 constitute the Swedish Transport Administration.

Guest workers seem to feel to some extent that it is unclear what they can require of their employer. There is reason to take this information seriously. Some trade union self-examination may be necessary. In the Swedish Trade Union Confederation (LO) work is in progress to draw up guidelines for the preparation of posting (of workers) agreements. These posting agreements will probably contribute to clarifying which terms and conditions of pay and employment apply to guest workers.

The staff agencies sell labour by the hour, which means that they are sensitive to things that affect their own costs for the labour. The companies act within the framework of the law and are constantly seeking to reduce labour costs. This often means that they employ foreign workers.

It is very difficult to find out the actual wages that apply to the foreign suppliers of labour. In general the foreign workers have a contract for a gross wage of between SEK 100 – 150 per hour. Overtime compensation is seldom paid, despite the fact that overtime is common.

The pay differences between Swedish and foreign workers are great. There are data that show that foreign workers in some cases are only paid 55 per cent of the gross pay of equivalent Swedish worker. The substantial pay difference is the result of the employer making deductions for travel, housing and tax from both gross and net wages. These deductions mean that workers find it difficult to know their actual wage. The company can squeeze its labour costs in this way. Making deductions from wages for housing and travel is, however, in contravention of Article 3 of the EU Posting of Workers Directive (96/71/EC). It happens that employers tell their employees that they must pay tax both in Sweden and in Poland. The pay difference we can calculate is that foreign workers receive between 55 and 80 per cent of the rate per hour worked that a Swedish worker receives.

Companies whose workforce is liable to tax and/or social insurance contributions in countries other than Sweden can keep labour costs down in several ways. This gives those companies a competitive advantage over companies with a Swedish-registered workforce. Labour costs for foreign-registered companies are kept down through establishment in countries with low taxes and contributions; often Ireland or Poland. From there workers are posted to Sweden and receive gross wages that in some cases are comparable with normal Swedish gross wages. Even if the gross wage is on a comparable level, the foreign-registered companies obtain a com-

petitive advantage over Swedish-registered companies through lower taxes and contributions.

The suppliers of labour show further ingenuity when it comes to reducing labour costs. In some cases 6-month contracts are signed with the employees to avoid Swedish income tax. It has also been shown that some companies change name and corporate identity number once a year. The reason for this is that they want to avoid being regarded as having a fixed place of business in Sweden.

1. Introduction

Companies and labour now move freely over borders within the EU. Despite it being generally known and much discussed, there are great knowledge gaps to close as regards terms and conditions of employment and other circumstances in companies that post workers to Sweden.

A large proportion of the foreign workforce in the construction industry in Sweden comes from the countries of Central and Eastern Europe. After the 2004 enlargement, differences in labour costs within the EU are great. Workers see an opportunity to earn more money than at home. This is known by the companies that want to use the opportunity to compete on low wages, poor conditions of employment and avoid, completely or partially, paying tax and other contributions in Sweden.

Many of the foreign companies that compete on low labour costs are awarded contracts in Sweden via public procurement. Investments that are funded by Swedish tax revenues. Most of these foreign companies act as sub-contractors to the main contractor in major infrastructure projects. These sub-contractors are often labour suppliers, that is staff agencies engaged by the main contractor. The main contractor thereby ensures that cheap labour from central and Eastern Europe is used while at the same time avoiding liability for employment and living conditions.

Large infrastructure projects such as those studied in this report are often used to alleviate the consequences of a downturn in the economy. Billions are invested to create jobs, increase production and consumption in the domestic market. The idea is that the billions invested in the projects should return to the Swedish state in one form or another. When an increasingly large proportion of the labour force in the infrastructure projects is foreign, the return to the Swedish state will be less than if the labour force had only been Swedish. However, the EU is a common market and so it is not wrong per se that the money ends up in Poland, for example, where perhaps it is needed most of all.

In Sweden the social partners have the main responsibility for regulating conditions of pay and employment. Collective agreements set out the terms and conditions that are to create neutrality of competition between both workers and firms. The model giving extensive autonomy to the social partners is usually called the Swedish model.

An important part of this model is that trade union organisations can use trade union industrial action to induce firms to sign collective agreements. This prevents non-unionised employers from gaining a competitive advantage by applying worse terms and conditions of pay and employment. The wage levels are regulated in negotiations and agreements between the trade unions and employers. There is no law that guarantees wages, but instead collective agreements that set a lowest common wage level, while at the same time providing collective insurance protection.

The price of labour must be regulated between workers and employers and their respective organisations. Employment contracts and collective agreements are civil law agreements. The legitimacy of these agreements is undermined if the state becomes involved in price formation. The fact that the parties themselves, founded on civil law, regulate wages contributes to their taking a responsibility. Wage agreements are more stable in the long term than wage legislation. The common responsibility of the parties also contributes to keeping the number of days of industrial dispute in the labour market low.

The Laval judgment entails challenges for the Swedish collective agreement model. The European Court of Justice restricts the autonomy of the social partners. The terms and conditions of pay and employment directed towards guest firms cannot be identical in all aspects to those adopted in collective agreements.

In the debate following the Laval judgment there were lively discussions about terms and conditions of pay and employment for posted workers. The European Court of Justice judgment contributes to pushing down the price of labour. This report can hopefully throw light on the mechanisms helping to create competitive advantages for guest firms.

2. Purpose and method

This report aims to analyse some major infrastructure investments to give a picture of the procurement process, payment flows, contractors and staff agency chains, as well as the composition and conditions of the labour force. The report describes three large infrastructure projects; Norra Länken and Citybanan in Stockholm, two ongoing projects, and Citytunneln in Malmö, which is by and large complete. All three are investments that draw on large amounts of tax revenue. In this report we want to give a realistic description of these three major infrastructure projects. We can do this by mapping two areas:

- **The procurement process:** how does it work? How do the National Rail Administration and the Swedish Road Administration approach the matter? Do the authorities check that contractors comply with laws and agreements? Are the trade unions included in the process? How do purchasers evaluate the social aspects?
- **Composition of the workforce:** How great a percentage of the workforce is posted to Sweden? Does the foreign workforce come from staff agencies or sub-contractors? What are the wages of the workforce? Is there a difference in pay between Swedish and foreign labour? What is the work environment of the workers on the infrastructure projects? To what extent are the Swedish social insurance systems used by foreign workers? How do the foreign workers live? Do the foreign workers pay taxes and/or contributions in Sweden? Does the foreign workforce have an impact on the pay trend in the infrastructure projects?

We hope that the report will create a better and clearer understanding of how the terms and conditions of pay and employment for the workforce are in reality. We also try to explain in easily understandable terms the outcome and approach for large public procurements

To investigate public sector investments in infrastructure three projects were analysed. These were Citytunneln in Malmö, Citybanan in Stockholm and Norra Länken in Stockholm. The largest contracts in these three projects were studied, which means that about 65 per cent of contracting costs were investigated. This constitutes about 40 per cent of total costs of the three infrastructure investments.

At Citytunneln in Malmö the contracts at Malmö Central (NCC, E101), tunnels and the Triangeln station (MCG, E201), stations (NCC, E400) and railway construction (Banverket Produktion, E308) were studied. The supporting data for these contracts was collected through visiting the workplaces, visiting the Citytunneln's project office, visiting and going through documentation at the Building Workers' Union and SEKO (Union for Service and Communications Employees) branches in Malmö. Polish tunnel workers working on Citytunneln were also interviewed in Poland. Otherwise data was gathered through telephone interviews with the social insurance office in Malmö, the Swedish Tax Agency and the Swedish Work Environment Authority. Some project employees were also interviewed. Additional data was collected from the monthly reports submitted by the contractors to the customer.

At Norra Länken in Stockholm the tunnel contractors called NL 11 and 52 (Skanska), NL 12 (Bilfinger Berger/PEAB), NL 21 and NL 22 (Bilfinger Berger), NL 31 (NL 21 Hb), NL 34 and NL 35 (Veidekke), NL 35 and NL 51 (JV Hochtief-Oden Tunneling) and NL 41 (PEAB) were studied. At Citybanan it was Tomtebodan (PEAB), Vasatunneln/Odenplan and Anslutning Södra Station (Bilfinger Berger), Norrmalmstunneln (Oden), Centralen/Norrström (NCC) and Söderströmstunneln (JV Söderströmstunneln) that were studied.

The data from Norra Länken and Citybanan were collected through workplace visits, telephone interviews with project managers/project leaders and in some cases with the staff functions of the respective contractors. Facts were also obtained from the Building Workers' Union databases and trade union elected representatives at the Building Workers' Union, Transport Workers' Union and SEKO (Union for Service and Communication Employees). Moreover, data was also collected from the Swedish Road Administration and National Rail Administration information and press services, the Swedish Tax Agency, the Swedish Work Environment Authority and through conversations with Polish building workers on the projects and at other construction projects in Stockholm.

The collection of material was on a broad scale. The reference material varies from interviews, own observations to project documentation. Government agencies that are involved in questions dealt with in the report were also contacted in relation to their experience of foreign firms and foreign labour. The report is based on source material that can only be partially documented. The material on which the report is based derives from interviews, public documents, own documentation, agreements etc.

As a rule, data from mutually independent sources is consistent. The purpose of the report is to provide a description of the real situation in three infrastructure initiatives. Altogether the broad and varying facts that have been collected provide a good picture of reality as we see it.

Some of the interviews with Polish workers were carried out in their home towns in Poland. This increases the reliability of the information. Experience shows that posted workers are unwilling to talk to trade unions or the authorities in Sweden due to fear of reprisals. There are several examples of workers who have been sent home after talking to trade unions or authorities.²

Many interviews with Polish workers are anonymous. This means that the reader cannot verify who said what or where this person comes from. The reason for some people choosing to be anonymous is the previously mentioned fear of reprisals. In some cases the descriptions in the report rest on interpretation of information (such as observations at workplaces visits and interviews). The use of anonymous interviews could be criticised; there is a risk that the report could be perceived as biased. To counteract this we have as far as possible published interviews where workers, despite risks of reprisals, have decided to step forward. We address particular thanks to these brave workers.

The reference data collected is very extensive. We have decided not to burden the report unnecessarily with excessively heavy appendices. However, to give an example of the data we attach three examples (see appendix 2 – reference data). Anyone wishing to study all the background material can contact the authors of the report.

² See for example the interview with Adam Polniak, appendix 4.

3. The procurement process

The purchasers of the three infrastructure projects are the National Rail Administration (Citytunneln in Malmö and Citybanan in Stockholm) and the Swedish Road Administration (Norra Länken in Stockholm). The total cost of the projects is SEK 36 billion. 35 - 40 per cent of the costs are construction client costs, that is costs for what the National Rail Administration and Swedish Road Administration carry out as purchasers. 60 -65 per cent are contracting costs.

Procurement at the levels below the National Rail Administration and the Swedish Road Administration is not public. The main contractor's agreements with sub-contractors come under civil law. The material collected indicates a variety of contract forms run wild. There are procurement procedures under standardised forms of contract and procurement through verbal agreements by phone between truck owners and sole traders. The checks made by the main contractor of sub-contractors' compliance with laws and agreements normally consist of a tax control using the Swedish Tax Agency's form "Request response Public information" and making sure that the sub-contractor is approved by the trade union. The responsibility for terms and conditions of pay and employment is then moved downwards through the contracts.³ Responsibility is also passed on to trade union organisations and public authorities.

"It has something to do with Polish tax rules, I think. I don't know, but we can only check that they comply by reporting that we use their services, it's not our job to police them". Bilfinger Bergers project manager, Svend Amland, on why Eurotech and CRZ (foreign staff agencies) change identities once a year.

The procurement process for infrastructure projects can be described on three levels:

- The first level consists of the purchasers, i.e. the Swedish Road Administration and the National Rail Administration.
- The second level is the main contractors, i.e. those who have "won" the public procurement contracts
- The third level consists of sub-contractors, i.e. contractors engaged by the main contractor or sub-contractors.

³ From interviews with project managers/project leaders at Citybanan and Norra Länken, for example Svend Amland, Bilfinger Berger, at a workplace visit on 4 December 2009

Purchaser level

The National Rail Administration is the purchaser for Citytunneln in Malmö and Citybanan in Stockholm. The Swedish Road Administration is the purchaser for Norra Länken in Stockholm. The procurement contracts follow the procurement standards normally existing in the industry with some additions of their own. The standard contracts contain for example section 2, which governs execution.⁴ This prescribes that liability for compliance with laws and agreements lies with the parties. There is also a standardised system of sanctions linked to this.

Community law and public procurement

Public procurement is regulated at EU level. There are mainly two directives that govern public procurement. One is Directive 2004/17/EC coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors (Utilities Directive) and the other is Directive 2004/18/ on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (the Procurement Directive). These are the central directives, but in addition there are a number of other regulations that govern procurement in the areas of security and defence, procurement procedures etc.

The purpose of the regulation at EU level is to guarantee free movement of goods and services and to guarantee that the contracting entity does not favour national contractors more than foreign contractors. The directives stipulate that the contract must be awarded to the bidder with the lowest price or the bidder that, on the basis of certain criteria, submits the most economically advantageous tender according to the contracting authority. Even if these economic goals must be achieved it is nevertheless possible to take account of social obligations (social goals other than purely economic, such as protection of workers, environmental protection etc.) in public procurement. The rule is that the procurement procedure must be based on free competition and be open, clear and non-discriminatory.

There is nothing in the regulations to say that Community law as a whole (including the directives on procurement) only takes economic factors into consideration, such as always accepting the cheapest tender. It is possible to apply social considerations in public procurement. However, the EU regulations are expressed in general terms on this point. This gives Member States some leeway in national implementation of Community law.

Lack of clarity creates problems, but also opportunities. Some Member States, such as Denmark and Finland, impose conditions in accordance with collective agreements for public procurement. It is not possible to ascertain that such social criteria, in so far as they are not in conflict with the Posting of Workers Directive, are not compatible with Community law.

Source: Ahlberg, Kerstin & Bruun, Niklas, 2010, *Upphandling och arbete i EU (Public Procurement and labour in the EU)*, Stockholm, SIEPS

⁴ The contracts are called: AB (General Conditions of Contract for Building and Civil Engineering Works and Building Services, ABT in the case of turn-key contracts)

The National Rail Administration and the Swedish Road Administration supplement the standard contracts with certain requirements (guide words) that must inform the project. The Citybanan contract at Odenplan/Vasatunneln includes for example "safe workplace with no or as few as possible personal injuries" as part of one of a total of seven guide words. The seven guide words are linked to a points system in which each point of fulfilment of the substance of the guide words gives a SEK 1 million bonus to the contractor. In other words the purchasers' requirements of the contractors to guarantee social conditions, environmental considerations and compliance with legislation is regulated in the construction contracts.⁵ In Malmö the project had its own policy stating that the project should be marketed internationally.⁶

The forms of procurement are usually turnkey contracts, i.e. the contractor has total responsibility. There are also cases of performance contracts, both fixed price and cost plus. Generally the purchasers have taken limited responsibility for the contractors' procurement of sub-contractors. Lars Malthe, functional manager of procurement for Citytunneln, says that they used the services of a labour lawyer when the contracts were drawn up for the purpose of distributing liability between purchaser and contractor.⁷ The public utilities had no contact with trade union organisations at the procurement stage.

⁵ Construction contract Project Citybanan in Stockholm, Contract B3-9509 Odenplan and Vasatunneln, National Rail Administration F 08-707/IN70

⁶ Procurement plan for Citytunnel, according to Lars Malthe in an interview on 17 November 2009.

⁷ The interview took place on 17 November 2009

Sweden and public procurement

In Sweden Community law has been implemented through the Public Procurement Act (Procurement Directive) and the Utilities Act in the areas of water, energy, transport and postal services (Utilities Directive). The wording and structure of these Acts is close to the EU Procurement Directive, which means that the lack of clarity at EU level on taking social considerations into account follows down to national level. This means that those who apply the regulations, i.e. municipalities, county councils and government agencies, find it difficult to take social considerations into account in the procurement procedure.

When implementing EU regulations for public procurement Sweden has used a “precautionary principle”. The legislator has not utilised the national leeway allowed in Community law to take social considerations into account in public procurement. The scope provided by Community law to impose conditions in accordance with collective agreements in procurement is difficult to apply in practice for public agencies, since it is difficult to refer back to national legislation.

Swedish county councils, municipalities and authorities are thus left in the lurch with unclear legislation. If the authorities do want to try to take social considerations into account in procurement they are not given any direct guidance either. Thus the Government is consistent in its use of the precautionary principle.

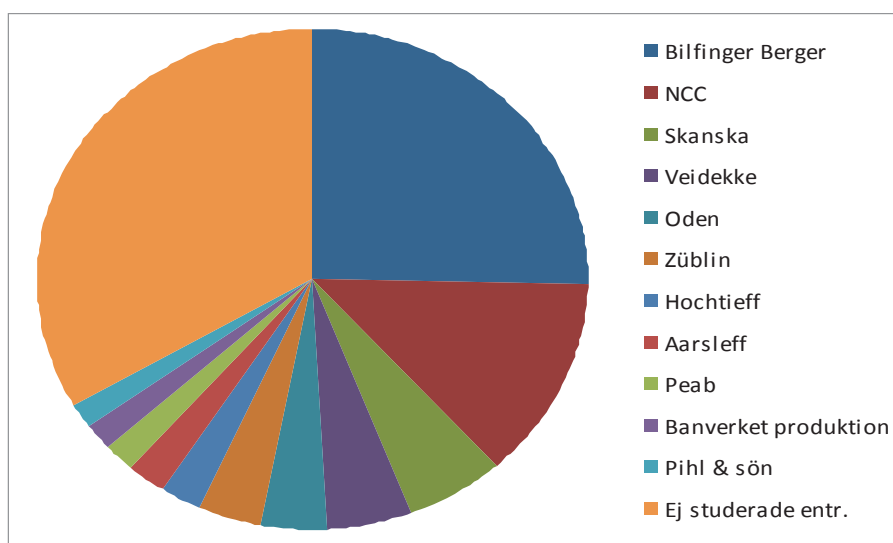
Source: Ahlberg, Kerstin & Bruun, Niklas, 2010, *Upphandling och arbete i EU*, Stockholm, SIEPS

Main contractor level

All contractors in the projects studied are large, internationally active construction giants. The biggest share went to Bilfinger Berger AG. The company operates in consortia, in specially formed trading partnerships or through Bilfinger Berger Scandinavian Branch, to carry out contracts in the three infrastructure projects for SEK 5.6 billion; that is about 25 per cent of the contracting costs.⁸ Bilfinger Berger seems to consistently use a large percentage of agency workers and in that way can keep prices down.

The Swedish company NCC is the company that has received the next largest share of the contracting total, SEK 2.9 million. Otherwise there are Swedish companies like Skanska, PEAB and Oden, the Norwegian company Veidekke, the Danish companies Pihl & Sön and Per Aarsleff as well as the German companies Züblin and Hochtief among the construction contractors.⁹

The figure below shows the distribution of contractors for the infrastructure projects.



Sub-contractor level

The major contracts studied in this report use a large number of sub-contractors. Normally, according to the sub-contractor lists compiled,

⁸ See appendix 2 – reference data for examples of basic data for these calculations.

⁹ See appendix 2 – reference data for examples of basic data for these calculations.

between 10 and 40 sub-contractors operate under each contract.¹⁰ The lists are usually the Swedish Tax Agency's form "Request response, Public information".¹¹ These lists are used to obtain information on sub-contractors' registration and to comply with tax and contribution payment requirements. The lists do not identify the companies' contracting parties, which makes it difficult to follow the contractors downwards in the chain.

The sub-contractors can be divided into three categories; traditional construction sub-contractors, specialists and labour suppliers. Traditional construction contractors are Swedish companies with skills and specialists the main contractor itself does not have. These are hauliers, excavators, electricity and plumbing firms, cleaners, crane operators, scaffolders, smiths etc. The specialists are both Swedish and foreign companies that have developed specific skills needed in the projects. Examples of such companies are Rohmberg Bahntechnik, which casts roadbeds and DWT-teknikk, which saws rock. Labour suppliers are staff agencies, both Swedish and foreign. Companies that act as contracting firms but only sell labour also belong in this category.

The Swedish Competition Authority and public procurement

In Sweden it is the Swedish Competition Authority that is the supervisory authority for public procurement. As this is an agency whose primary task is to promote free competition, it does not as a rule have knowledge and understanding of social considerations in the procurement process. The fact that the Swedish Competition Authority functions as supervisory authority for public procurement strengthens the precautionary principle.

On 15 April 2010 the Swedish Competition Authority made a decision (Ref. no. 259/2009) concerning a public procurement in which Botkyrka municipality was the purchaser. The municipality had written into the contract a condition enjoining suppliers that had not signed Swedish collective agreements to apply terms and conditions that were equivalent to those of a collective agreement for their employees. The Swedish Competition Authority made a cautious assessment to the effect that this wording was in breach of the legislation. This in such a way that it was not sufficiently transparent in relation to foreign bidders. However, the Authority wrote in the same decision that the legal position is unclear and believed that the matter had not been directly reviewed by the European Court of Justice before.

¹⁰ See appendix 2 – reference data for examples of basic data for these calculations.

¹¹ Swedish Tax Agency Form SKV 4820

Conclusions in summary

The National Rail Administration and the Swedish Road Administration have actively worked to hold down costs of infrastructure projects. This was done by consciously engaging contractors who keep down prices by using foreign labour. Several of the large construction companies in Sweden state that the readiness of the National Rail Administration and the Swedish Road Administration to squeeze project costs by using foreign labour is an argument for their own use of the method.¹² This has meant that main contractors who hire sub-contractors with a large percentage of foreign workers are awarded a large proportion of the public procurement contracts.

The forms of procurement are usually turnkey contracts and the customer generally takes limited responsibility for the main contractor's procurement of sub-contractors. After each procurement process the responsibility for compliance with laws and agreements is moved down the chain of contractors. Responsibility is thereby passed on to trade union organisations and public authorities. According to our information a labour lawyer was engaged by Citytunneln for the writing of contracts between purchaser and main contractor. The purpose was to distribute responsibility between purchaser and contractor. The result of this was that the National Rail Administration avoided responsibility for bad working conditions instead of preventing bad working conditions.

All the main contractors are construction giants operating internationally. The largest share went to Bilfinger Berger, a company that seems to consistently use a large proportion of agency workers. All the main contractors studied in this report use a long chain of sub-contractors; between 10 and 40. The sub-contractors can be divided into three categories – traditional, specialists or labour suppliers.

¹² According to Lars Malthe, functional procurement manager at Citytunneln, they participated in trade fairs and advertised internationally to a greater extent than usual when the Citytunneln contracts were procured. The interview took place on 17 November 2009. Peter Gimbe, head of media relations at Skanska, says that they keep labour costs down by using Slovakian workers. This is to be able to compete with foreign companies for public procurement contracts in Sweden. Public procurement manager Lars Jacobsson at the Swedish Transport Administration (previously employed by the Swedish Road Administration) says that the cost of labour is a factor of competition among others and that downward pressure on prices is rewarded regardless of method. The interview took place on 12 May 2010.

The Swedish legislator and the Swedish Competition Authority apply a precautionary principle for public procurement in which free economic mobility is put before social considerations. This creates problems for authorities in Sweden and means that they have an unclear perception of how and what social requirements can be imposed in procurements of the type studied in this report. The precautionary principle has contributed to strengthening the efforts of the National Rail Administration and the Swedish Road Administration to squeeze prices by accepting bids at the lowest price.

4. The composition and conditions of the workforce

In the contracts studied (about 65 per cent of contracting costs, which means 40 per cent of the total cost) about 30 per cent of the workforce are white-collar workers and 70 per cent workers under collective agreements, i.e. workers whose terms and conditions of pay and employment are mainly regulated through collective agreements. In these two groups a total of about 45 per cent of the workforce is liable to tax and/or social security contributions in a country other than Sweden. The foreign workers are mainly in the group of employees under collective agreements, i.e. the skilled workers group. As this is the largest and most relevant group of workers for the Swedish Trade Union Confederation it has been used as the basis for describing the composition of the workforce in this report.

The main contractors in the projects studied have three different ways of employing skilled workers. Some have a large percentage of their own personnel, some have a mixture of their own personnel and personnel from sub-contractors/sub-suppliers and some obtain their labour almost entirely from agencies. Peab (Norra Länken and Citybanan), Veidekke (Norra länken), Oden (Citybanan) and NCC (Citybanan) have a high proportion of their own skilled workers. The percentage of skilled workers employed by the companies themselves varies from 50 to 80 per cent. In the middle group are companies such as Skanska (Norra Länken) and Oden/Hochtief (Norra Länken). About 30 – 50 per cent of these main contractors' skilled workers are their own employees. In the third group are Bilfinger Berger (Norra Länken and Citybanan), MCG and NCC (Citytunneln) and JV Söderströmstunneln (Citybanan). These companies have from 0 - 30 per cent own employed skilled workers.¹³

What is the difference between contracting and staffing?

A staff agency is an operation in which a company hires out workers to carry out work at another company. The worker continues to be employed by the staff agency, as it is that company which is the employer. The labour law provisions in the Employment Protection Act thus apply to the staff agency. However, when using a staff agency the company hiring in staff has the management right, i.e. the company hiring in directs and distributes the work at the workplace.

Contracting means that an agreement between a purchaser and contractor (provider) on price and what is to be done is made in advance through a procurement procedure. The contractor has total responsibility for its own staff and performance of the contract. In that way the contractor directs and distributes the work in its own way.

¹³ See appendix 2 – Reference data for examples of basic data for these calculations.

The main contractors generally take responsibility for health and safety work under the Work Environment Act at all workplaces. However, the main contractors take no responsibility for employment and living conditions of workers employed by the sub-contractor. The contracts that follow standard agreements between main and sub-contractors state that the sub-contractor assumes liability for following current legislation.¹⁴ The price squeezes in procurement nevertheless have a negative effect on the protection of employment and living conditions.

Main contractors with a low percentage of own skilled employees in principle hire all labour from sub-contractors or staff agencies. Some sub-contractors are staff agencies that, for reasons of cost, choose to act as "normal" sub-contractors. The reason for this is that the temporary staffing agreement applies to staff agencies. Under the pay rule in the temporary staffing agreement agency workers must be paid the same wages as the contractor's own employees. By being regarded as a sub-contractor the company avoids this pay rule, which often entails higher wage costs for the company. Acting as a subcontractor, despite the fact that the business operations are temporary staffing agency services, is in breach of the collective agreement.

Staff agencies belong, as mentioned before, in the category of labour suppliers. These companies sell labour by the hour, which means that they are sensitive to things that affect their own costs for the labour. Rimec, a company registered in Ireland (which sold labour to NCC in Malmö, for example), sent a German lawyer to the social insurance office when it was maintained that the certificates of posting from Ireland were invalid. The lawyer held that the social insurance office was putting Rimec's business concept at risk.¹⁵ Another example of an attempt to hold down labour costs is that R&M Industrial Services changed the employees' contracts on several occasions when the Building Workers' Union had negotiated remuneration in accordance with collective agreements. Moreover, Polish building workers, employed by Rimec, also related that they were only given employment contracts for 6 months.¹⁶ The reason for this is that the company and the employees want to avoid paying Swedish income tax.

¹⁴ Contract – standard agreements (AB-U, ABT-U) specify that sub-contractors undertake to follow applicable legislation.

¹⁵ Conversation with Bengt- Olle Andersson at the Swedish Social Insurance Agency on 16 February 2010.

¹⁶ Adam Polniak, 29 December 2009 and Kazimierz O, 30 December 2009

The foreign labour suppliers have no Swedish employees. Consequently, contacts with the management of the contracts are through Polish-speaking employees or English-speaking supervisors at the main contractors. Polish labour suppliers usually recruit staff close to the company's domicile. Eurotech mainly recruits from South-Eastern Poland and BIS Multiserwis from around Krapkowice. Recruitment is through advertising, but also through employees of the companies recruiting via personal contacts.¹⁷

A brief account of taxes and contributions for posted workers in Sweden

People resident outside Sweden working for a company without a fixed place of business in Sweden are not liable to pay income tax on work for a period less than 183 days (about 6 months) in a 12-month period. Foreign companies operating in Sweden are obliged to submit statements of earnings and tax deductions for employees staying in Sweden for more than 183 days.

As a posted worker you can stay within the social insurance system of the posting country and consequently pay social security contributions there. However, this must be verified by means of an E101 certificate (certificate of applicable legislation in the EU) or certificate of posting. This applies to workers posted for a period shorter than one year.

People resident outside Sweden and working for a company with a fixed place of business in Sweden for a period less than six months must pay special income tax for non-residents (25 per cent). If the worker lives abroad but stays in Sweden for more than six months consecutively the worker may be liable to pay ordinary income tax.

The traditional sub-contractors, that is hauliers, excavators, electricity and plumbing firms, cleaners, crane operators, scaffolders, smiths etc, consist of a mixed set of workers. The transport side has the worst terms and conditions. A large centre (forwarding agent) is engaged by the main contractor. After that the centre hires small firms, which in turn hire individual vehicle owners, who then hire drivers. Through this long chain of sub-contractors the terms and conditions for the individual driver are made worse.¹⁸ Information indicates also that there is wide and deliberate cheating, with incorrect wages and overloading of vehicles. The trade union density rate is minimal in this part of the industry, unregistered work is common and it is difficult to perform checks.

¹⁷ Polish building workers.

¹⁸ The information comes from trade union official Benny Lundgren at the Transport Workers' Union Branch 5 in Stockholm and from the previous chair of the Branch Bengt-Olof Lindgren.

The Laval case and Lex Laval

The blockade of a school building site in Vaxholm in November 2004 attracted a lot of attention. The question of the lawfulness of the industrial action was referred to the European Court of Justice. In a controversial judgment the European Court of Justice decided to restrict the trade union right to take industrial action. To deal with the consequences of the European Court of Justice judgment on Swedish law a government inquiry was set up. On the basis of the inquiry proposals the Swedish Government presented Bill 2009/10:48 – Measures in response to the Laval judgment. The Bill was passed by the Riksdag and has been in force as of 15 April 2010.

There are a number of amendments in the new legislation, called Lex Laval, which lead to problems for Swedish trade unions and workers.

Lex Laval entails a restriction on the right to take industrial action and hence interferes with self-regulation in the labour market. The right to negotiate is restricted since the conditions that may be demanded of foreign employers are pre-defined. Consequently there is nothing to negotiate about since the final result is given in advance.

Lex Laval also means that the trade union can only require collective agreement terms from guest companies that are within the "hard core". The European Court of Justice has interpreted the "hard core" to mean the country's minimum wage and employment conditions. One problem lies in establishing what is the minimum wage. The collective agreements usually state the lowest wages plainly and clearly. However, the gap between lowest wage and the wage actually paid can be great. This means that there may be employers who operate in Sweden with lower wages. This gives rise to low wage competition. This prevents the trade union from using the collective agreement to promote equal treatment between foreign and domestic workers.

Another serious problem with Lex Laval is the "evidence rule". This rule means that the trade union may not take industrial action if the foreign employer can prove that it applies terms and conditions that are comparable with those of a Swedish collective agreement. However, from experience, and as shown in this report, it is difficult to know if the terms shown to the trade unions are really the terms that apply in practice. Obtaining proof is more or less impossible.

The most favourable terms and conditions of pay and employment are found among the group of sub-contractors referred to above as specialists. Gross wages are almost SEK 270 per hour, the workers may have their trips home paid for and they live in hotels. Most sub-contractors in the infrastructure projects, including the foreign-registered labour suppliers, have collective agreements through membership of an employer organisation. However, it is common that labour suppliers stop trade union work using various methods. For example, Adam Polniak (Polish guest worker) was sent home after joining a trade union.¹⁹ Companies also actively oppose trade union contact with employees. A large majority of the employees also see the trade union as a threat to jobs and conditions that they want to retain (for example the employees want to have the right to work as much as possible). This means that the trade union density rate

¹⁹ Interview with Adam Polniak on 29 December 2009

among the foreign workers is relatively low. However, in the Stockholm area, for example, there is a growing percentage of foreign workers who are members of the Building Workers' Union.

Trade union organisation of foreign workers – strategies and results in Norway and Denmark

The Norwegian Fafo Institute for Labour and Social Research and the Danish FAOS - Employment Relations Research Centre have made a comparative study between the countries regarding organisation of posted workers. The report finds that almost 40 per cent of the members of the building workers' trade union in Oslo are Poles or Balts. The corresponding figure in Copenhagen is 3 per cent. Both relative and actual figures show that the Norwegian trade unions have succeeded better in recruiting building workers from Poland and the Baltic States. To find the explanation for this the authors of the report have studied the trade unions' strategies.

The report shows that the trade unions take similar positions with regard to foreign workers. In both countries the national unions have an inclusive attitude and they oppose social dumping. Organisation of workers is at local trade union level and trade union officials in both countries have worked hard and actively to reach the foreign workers. However, they relate that in Oslo the work of organisation has been a great success while in Copenhagen it is the opposite.

The authors of the report believe that one explanation for the divergent results achieved by the trade unions in the two countries, despite similar premises and strategies, may lie in the country's institutional differences as regards dealing with conflicts. They believe that historically Denmark has had more conflicts than Norway in the labour market because it is easier from the point of view of law. This historical and institutional difference may be of significance for how the local trade unions perceive their trade union function in relation to workers from Eastern Europe. The Danish trade unions may have had a more aggressive attitude as they saw it as their main task to sign collective agreements. On the other hand the Norwegian trade unions offer more help to individuals and integrate them into the organisation since collective agreements can be extended to be generally applicable.

Source: Eldring, Line and Hansen, Arnholtz, Jens, 2009, *Fagbevegelsen og arbeidsinnvandring: Strategier og resultater i Norge og Danmark*, Institutt for samfunnsforskning, Oslo

Several of those interviewed testify to the difficulties of getting to know what terms and conditions of pay and employment apply in Sweden. Guest workers seem to feel to some extent that it is unclear what they can require of their employer. Even if some of the lack of transparency is due to employers juggling about with the terms and conditions of pay and employment, there is reason to take this information seriously. Some trade union self-examination may be necessary. In the Swedish Trade Union Confederation (LO) work is in progress to draw up guidelines for preparing posting (of workers) agreements. These posting agreements will probably contribute to clarifying which terms and conditions of pay and employment apply to guest workers.

Working conditions

*Wages*²⁰

The lowest wages in the projects are paid to cleaners, foreign construction workers and drivers. Gross wages are usually between SEK 100-150 per hour. Those who receive the highest wages are Swedish construction workers doing piece work and rock workers. These groups receive gross wages of between SEK 180 and 270 per hour. The wage differences are great; a site hut cleaner receives about 40 per cent of a rock blaster's wages. A driver with a contractual wage earns just under half that of a tunnel driver operator.

According to Building Workers' Union statistics, an average Swedish building worker, after piece rate measurement, has a gross wage of SEK 190.89 per hour in Stockholm and SEK 180.36 per hour in Malmö.²¹ In order to make the comparisons in this report manageable we calculate on the basis of average earnings for the two towns of SEK 185.6 per hour as gross wage. This gives a net wage of about SEK 130 per hour.²²

In general the employees of foreign labour suppliers have a contract that gives a gross wage of between SEK 100-150 per hour worked. However, there are major difficulties in finding out the actual wage from the foreign labour suppliers. This is because deductions are often made from the foreign workers' wages for such things as tax, travel and accommodation, and written pay slips are highly unusual. The deductions may be made from either gross or net wages. Moreover, employers have been known to say to the employees that they must pay tax in both Sweden and Poland on the workers' wages.²³

"No, we were not given any papers. Some got to see their pay slips, but if they didn't destroy them immediately they got a phone call from Poland" Adam Polniak, Polish guest worker at Citytunneln in Malmö, in reply to the question of whether he had saved any pay slips from Rimec.

²⁰ All data on wages in this report are taken from the Building Workers' Union inspection and measurement statistics and the Transport Workers' Union and SEKO (Union for Service and Communication Employees) unless otherwise stated.

²¹ This applies to the occupational groups bricklayer, tiler, builder and wood and concrete workers.

²² 185.6×30 per cent in income tax = SEK 129.92 per hour.

²³ Dzierzbud employees related this at a workplace visit on 4 March 2010 on condition that they would remain anonymous.

A steel fixer employed by the Polish company Dzierzbud (labour supplier) receives a net wage of SEK 85 per hour worked. This means about 65 per cent of what an average Swedish building worker receives in net wages. This is despite the fact that they work in the same place and do similar jobs. The employees of Dzierzbud also say that they work almost 230 hours a month without overtime pay.²⁴

Interviews with Polish workers employed by Rimec (labour supplier in Malmö) and BIS Multiserwis (labour supplier in Malmö) show that they receive gross contractual wages of between SEK 100-150 per hour.²⁵ Compared with the average wage of Swedish building workers this means that the Polish workers receive between 55 and 80 per cent of a Swedish gross wage.

Labour costs

Labour costs are costs that employers pay for workers. These include wages, income tax on wages, employer's contributions (social security contributions for old age pension, sickness insurance etc). Labour costs also include holiday pay, sick pay, cash remuneration and other contractual benefits.

For example if the worker has net wages of SEK 100 per hour, for this the employer in Sweden pays at least: wages SEK 100 + about 31 per cent income tax ($100/0.69=145$) + about 32 per cent in employer's contributions (32 % of gross wages) + at least 12 per cent holiday pay (12 % of gross wages) = about SEK 209 per hour. On top of these costs there may be additional contractual benefits such as occupational pension and other benefits.

At Norra Länken in Stockholm Skanska uses both Swedish and Slovakian labour. According to the Building Workers' Union Branch, the Swedish employees of Skanska, according to a piece rate measurement, receive a gross wage of SEK 193 per hour. The Slovakian Skanska employees carry out similar work but after a breakdown in piece-work rate negotiations have received a gross wage of SEK 150 per hour (in accordance with the provisions of the collective agreement). However, according to information from employees of Skanska Slovakia the gross wage is between SEK 125 and 130 per hour. The reason is that most Slovakian building workers have no Swedish vocational certificate and so receive 88 per cent of the gross wage they would have earned if they had had a Swedish vocational certificate. A comparison between the groups in Skanska shows

²⁴ Dzierzbud employees related this at a workplace visit on 4 March 2010 on condition that they would remain anonymous.

²⁵ Interviews with Polish building workers, see Appendix 4.

that the Slovakian workers receive 65 per cent of the Swedish workers' gross wages.

Our overall assessment is that there are large pay differences between Swedish and foreign workers. In some cases it is difficult to make correct comparisons as the foreign workers do not always know exactly what wage they receive. This is because, as mentioned above, various deductions are made for travel, accommodation etc.

Often the employees do not know what their gross salary is either, since they are only interested in the net wage. Besides, they do not receive any pay slips in writing. The wage differences we can establish vary. The pay difference we can calculate is that the foreign workers receive between 55 and 80 per cent of the rate per hour worked that a Swedish worker receives.

A brief description of how labour suppliers reduce labour costs

It is mainly the labour suppliers that seek ways, within the law, to be registered abroad and in that way reduce labour costs. This is because they sell labour by the hour, and so are very sensitive to things that affect their own costs for the labour. The suppliers of labour show considerable ingenuity as regards reducing the costs of labour.

In the first place the labour suppliers use labour from low-wage countries in Central and Eastern Europe (mainly Poland). In addition they normally sign contracts for six months with their employees to avoid Swedish income tax. In the second place the companies often post workers from Ireland or Poland. This is to minimise the costs of taxes and social security contributions. For example the social security contributions in Ireland are about 11 per cent and in Sweden about 32 per cent. In the third place some of the companies change their name and corporate identity number once a year. The reason for this is that they want to avoid being regarded as having a fixed place of business in Sweden, which would mean that they must be registered as employers in Sweden and pay Swedish social security contributions. One example is SPB, which is used by Bilfinger Berger in Stockholm. SPB is the fifth in a row of Polish companies with clear links to each other that change names and corporate identity number once a year for reasons of taxes and contributions. Eurotech, CRZ, S-Bud and Budomex are SPB's predecessors.

Working hours

Tunnelling in built up areas inevitably has an impact on workers' working hours. For example, noisy work is not allowed at certain times of the day, transportation cannot take place in the rush hours and disruption of existing rail traffic must be minimised. Various types of shift work, overtime

and working inconvenient working hours is therefore very common for all occupational groups involved in the infrastructure projects.

Large amounts of overtime are very common among the foreign companies that supply labour. The Polish building workers said that they work between 200-210 hours per month on average. The overtime hours were collected in an “hours bank” and used as compensation leave for travelling home to Poland.²⁶ It has been shown that at least one company, BIS Multiserwis, uses such an “hours bank” and criticism of this system is widespread among the workers. Dzierzbud employees also say that they work almost 230 hours a month without overtime pay. There is also information indicating that contractual fixed monthly remuneration has been paid regardless of how many overtime hours were worked.²⁷ The overtime work in the foreign companies seems often to be in contravention of both collective agreements and the Working Hours Act.

The work environment

At Citytunneln in Malmö there were 20.5 occupational accidents per 1000 employees per year. At Norra Länken an accident rate of 17.9 occupational accidents per 1000 employees and year is reported. At Citybanan in Stockholm there was an accident rate of 31.4 per 1000 employees and year. In general this is a high accident rate. According to the Swedish Work Environment Authority a normal accident rate is 11-18 accidents per 1000 employees and year in the construction projects group.²⁸

“I worked high up and climbed up a ladder. The ladder was not stable and I fell down and broke my arm.” Stanislaw M, Polish guest worker at Citytunneln in Malmö, in reply to the question of what happened when he injured himself at work.

Insurance and social security

A high percentage of the employees in the infrastructure projects are covered by collective agreements and hence by the collective insurance applicable in Sweden. It is only in the transport sector that the agreement coverage is low. Information from most Polish building workers shows

²⁶ Interview with Marek Leroch on 29 December 2009.

²⁷ Interview with Marek Leroch on 29 December 2009.

²⁸ Work environment statistics, Report 2009:1, Table 7.

that, despite having Swedish insurance, they do not use the Swedish social security and collective insurance system.

For example, a Polish worker had to have an operation on his knee while he was working in Sweden. For his period of sickness he applied to the Polish social insurance system despite having the right to sickness benefit in Sweden.²⁹ A tunnel worker employed by Rimec in Malmö broke his arm and had to pay the cost of treatment in Sweden himself. However, Rimec paid this cost later. The employee also received Polish sickness compensation despite the fact that according to their own information Rimec had paid tax and social insurance contributions in Ireland.³⁰

All in all the information for the infrastructure projects indicates that there is no social tourism; that is foreign workers coming to Sweden and exploiting the social insurance systems. It is more a matter of the opposite of social tourism; the employees are often entitled to social insurance in Sweden but nevertheless apply to their home country if the need arises. In some cases it is even incorrect to apply to the home country's sickness insurance system. This is because some work in Sweden but are posted from a country (a country where they pay taxes and contributions) other than their home country.

Accommodation

In major infrastructure projects there are both foreign and Swedish workers who are far from home. Many Swedish workers commute weekly from various parts of the country. The companies help to find accommodation and take some responsibility for living conditions, both for Swedish and foreign workers. Journeys home are often organised in minibuses.

The Swedish workers often live in caravans, by tradition and because of tax rules. Caravan sites are therefore set up in Stockholm and Malmö. The foreign workers in Malmö lived in larger facilities, in flats, cabins or caravans that the company rented for the construction period. In Stockholm housing containers are the most common accommodation for foreign workers. The housing sheds consist of single or twin bed rooms with a shower and kitchenette for eight to twelve inhabitants.³¹

²⁹ Interview with Marek Leroch on 29 December 2009.

³⁰ Interview with Stanislaw M. on 30 December 2009.

³¹ Compilation of own observations at several workplace visits and reports from trade union officials at the Building Workers' Union in Stockholm who participated in the "white days" that took place on 2 and 4 November and 14 December 2009.

***Checking social security system coverage for workers posted to Sweden.
Example from a report by the Swedish Social Insurance Agency and the Swedish Tax Agency***

The contractor Byggaren AB hired in Polish personnel to Sweden via an Irish staff agency. The Swedish Social Insurance Agency received E 101 certificates stating that the workers are not to belong to the Swedish social security system, but will continue to belong to the Irish social security system. Byggaren AB has previously hired personnel from a Polish staff agency and a check reveals that it is the same workers who are now being hired in via Ireland. For a person to be posted from Ireland and not Poland, that person must have been resident there for about 2 months before arriving in Sweden to work.

The E 101 certificates submitted also showed that 46 people were resident at the same address in Ireland. As the address was not for a block of flats the Swedish Social Insurance Agency decided

The E 101 certificates submitted also showed that 46 people were resident at the same address in Ireland. As the address was not for a block of flats the Swedish Social Insurance Agency decided that it was not probable that 46 people lived at the same address.

In view of the above, the Swedish Social Insurance Agency questioned the issue of the certificates. As the certificates were sent from Ireland, only the Irish authorities can revoke them. The Swedish Social Insurance Agency sent an enquiry to the authorities in Ireland.

According to the Swedish Social Insurance Agency's calculations the company would have paid about SEK 520 000 per month in Sweden if no E 101 certificates had been issued.

Source: Joint report by a working group in the Swedish Tax Agency, Tax office 1 Southern Region and the Swedish Social Insurance Agency, Projekt EU-kontroll, *Kontroll av socialförsäkringstillhörighet vid utsändning till Sverige*

Conclusions in summary

Our calculations show that about 45 per cent of the workforce is liable to tax and/or social security contributions in a country other than Sweden. A large proportion of the foreign workforce comes from foreign staff agencies that in some cases for reasons of cost choose to act as “normal” sub-contractors to the main contractor. In such situations the main contractor usually takes responsibility for health and safety work under the Work Environment Act. However, the main contractor takes no responsibility for employment and living conditions.

The majority of the foreign sub-contractors in the infrastructure projects are bound by Swedish collective agreements, either through membership of an employer organisation or through application agreements. The reason for this is probably that the collective agreement guarantees industrial peace. It is also in the interest of the main contractors that the sub-contractors have an interest in avoiding disputes. Membership of an employer organisation makes it possible to obtain advice and can also function as a bridge to the Swedish labour market.

Guest workers seem to feel to some extent that it is unclear what they can require of their employer. There is reason to take this information seriously. Some trade union self-examination may be necessary. In the Swedish Trade Union Confederation (LO) work is in progress to draw up guidelines for the preparation of posting (of workers) agreements. These posting agreements will probably contribute to clarifying which terms and conditions of pay and employment apply to guest workers. In addition, in a joint report LO and its affiliates set up goals and proposals for what the trade unions can do to assist guest workers with help and information (see fact box for a brief description of the proposals).

The labour suppliers sell labour by the hour, which means that they are sensitive to things that affect their own costs for labour. The companies act within the framework of the law and are constantly seeking to reduce the labour costs. This often means that they use foreign workers.

It is very difficult to find out the actual wages that apply to the foreign suppliers of labour. In general the foreign workers have a contract giving a gross wage of between SEK 100 – 150 per hour. Overtime compensation is seldom paid, despite the fact that overtime is common.

The pay differences between Swedish and foreign workers are in some cases great. There are data that show that the foreign workers in some cases only have 55 per cent of the gross pay an equivalent Swedish worker has. What makes the pay difference substantial is that the employer deducts for travel, housing and tax from both gross and net wages. These deductions mean that the workers find it difficult to know their actual wage. The company can squeeze its labour costs in this way. Making deductions from wages for housing and travel is, however, in contravention of Article 3 of the EU Posting of Workers Directive (96/71/EC). It happens that employers tell their employees that they must pay tax both in Sweden and in Poland. The pay difference we can calculate is that the foreign workers receive between 55 and 80 per cent of the rate per hour worked that a Swedish worker receives.

Companies whose workforce is liable to tax and/or social insurance contributions in countries other than Sweden can keep labour costs down in several ways. This gives those companies a competitive advantage over companies with a Swedish-registered workforce. Labour costs for foreign-registered companies are kept down by means of posting workers from countries with lower taxes and contributions; often Ireland or Poland. Workers come to Sweden from there and receive gross wages that in some cases are comparable with normal Swedish gross wages. Even if the gross wage is on a comparable level, the foreign-registered companies obtain a competitive advantage over Swedish-registered companies through lower taxes and contributions.

The suppliers of labour show further ingenuity when it comes to reducing labour costs. In some cases 6-month contracts are signed with the employees to avoid Swedish income tax. It has also been shown that some companies change name and corporate identity number once a year. The reason for this is that they want to avoid being regarded as having a fixed place of business in Sweden.

Internal measures proposed by the Swedish Trade Union Confederation (LO) and its affiliates to reduce the problems of exploitation and illegal employment in association with labour mobility

The most important task of the trade unions in relation to foreign workers is to spread information about trade union activities and the conditions that apply on the Swedish labour market. There are some migrating groups in Sweden that are extra vulnerable (for example the paperless and people exempted from work permit requirements during the period an asylum application is processed). These people can easily be exploited by irresponsible employers and for that reason a trade union objective is to seek contact with these groups before they are established in the labour market in order to be able to provide migrant labour with information and advice. One part of the work is to seek cooperation with the Swedish Migration Board and trade unions should try to be more “out in the field”.

An important task in reaching out with information is for LO and its affiliates to keep their websites user-friendly for foreign workers. People have differing abilities to access information on the Internet, but it is nevertheless a source that can be utilised. It is also important to spread information via brochures. The brochures must be available in several languages. Many foreign workers are afraid of reprisals for talking to trade unions. To avoid them feeling monitored by their employer it is important for national unions to work at unconventional hours and in unconventional places.

For the migrating workers who contact Swedish embassies or consulates before their arrival in Sweden, material should be available in those places giving information on rights, trade union activities and how to make contact.

LO and its affiliates also aim to increase work on a system of early information on foreign contracts within the framework of multi-union cooperation so as to be able to act in time when there are ongoing or proposed contracts or other activities carried out by foreign companies in Sweden. It is important that the trade unions exchange information and experiences, above all at local level.

Source: Joint report from LO, *Fackliga verktyg för migranter (Trade union tools for migrants)*, 2008

A majority of the foreign companies studied in this report have Swedish collective agreements (often through membership of an employer organisation). This means that they, as mentioned before, in some cases apply terms and conditions of pay and employment that are comparable to Swedish terms and conditions. But by establishing themselves in countries with lower taxes and contributions they can nevertheless keep down the price of labour, giving them a great competitive advantage. As the Swedish Transport Administration, for example, states that price is an important competitive factor³² in public procurement, companies registered in Sweden are finding it increasingly difficult to access public investment in infrastructure.

According to the Swedish Work Environment Authority the accident rate is normally 11-18 accidents per 1000 employees and year. At the projects studied in this report it has been shown that at Norra Länken the accident rate is 17.9 per 1000 employees and year, at Citybanan 31.4 per 1000 employees and year and at Citytunneln 20.5 per 1000 employees and year. In other words, there is a somewhat higher accident rate at Citybanan and Citytunneln than is normal. We have not studied the reasons for this but the figures indicate that health and safety work is neglected. This then means that there may be deficiencies in such things as training on how to avoid accidents and shortcomings in safety procedures etc.

The trade union density rate among posted workers is low. However, the situation has improved. The Building Workers' Union has employed interpreters. The trade union density rate is growing. Information on terms of employment and working conditions in foreign languages is increasingly being made available. Transparency regarding terms and conditions of pay and employment will be improved when the national unions' posting agreements are available from the Swedish Work Environment Authority. There are also signs that trade union officials are increasingly assisting posted workers by means of unconventional working hours and meeting places.

³² Public procurement manager Lars Jacobsson at the Swedish Transport Administration (previously employed by the Swedish Road Administration) says that the cost of labour is a factor of competition among others and that downward pressure on prices is rewarded regardless of method. The interview took place on 12 May 2010.

5. LO's proposals

Integration between the EU Member States is important. The Swedish Trade Union Confederation and the European trade union movement have been positive to the creation of the internal market. Support for the internal market, however, has been conditional on a strong social dimension. The Swedish trade union movement is pro-free trade. Since the 1930s and 1940s the trade unions have actively contributed to structural transformation of the Swedish labour market. LO welcomed EU membership and was active in Sweden's being the only country that received the new Member States' workers entirely without transition rules.

International trade in goods and services can take place in various forms. Free movement of goods is essentially unproblematic for wage structures in the Swedish labour market since the work is then performed in another place and without direct impact on the Swedish wage structure. The same thing applies to international trade in services in which the supply of the service, that is the work that constitutes the service, takes place in another country. But when it comes to international trade in services in the Swedish labour market the situation is more problematic. Through the European Court of Justice judgments in the Laval, Rüffert and Luxembourg cases the possibilities of maintaining wage levels have considerably decreased.

The judgments in the Laval and Rüffert cases are based on the service supplier conducting temporary operations in another Member State and taking their lower wages to the country of work. In that way the foreign company can outcompete domestic companies that pay normal wages in the country of work. Before Laval and Rüffert there was relatively broad agreement that in these situations Community law rested on an equal treatment principle. The conditions in the host country were to apply as long as they did not entail a double burden for the companies. The Posting of Workers Directive regulated the minimum conditions that the host country was obliged to apply to posted workers. The Member States that wanted to apply better conditions - that is equal conditions - could do so.

LO considers that Community law should be based on a clear host country principle. When in Rome do as the Romans do. In addition a clear equal treatment policy should prevail. LO will take its responsibility to make the Swedish collective agreement model consistent with the new

reality that EU membership entails. But to make this possible the Swedish legislator must take a number of actions.

The Swedish labour market model rests on the self-regulation of the parties. With increased internationalisation and more foreign actors in Sweden a strengthening of the regulatory framework related to collective agreements is required. Changed conditions require new types of regulation aimed at creating good order in the labour market. Despite free movement of goods, services, capital and persons in the internal market the legislator can do much to maintain good order in the labour market. The Swedish legislator is not powerless, despite membership of the EU.

LO would therefore like to see a series of amendments to the law in the coming electoral period aimed at creating good order in the Swedish labour market.

- Amend Lex Laval. National freedom of action after judgments of the European Court of Justice must be fully utilised. The evidence rule must be removed and the narrow interpretation of the hard core of the Posting of Workers Directive must be changed.
- Introduce a law requiring registration of working and employment conditions. The terms and conditions that foreign companies say that they apply must be transparent. Reporting false information can be subject to liability for damages or criminal liability. There is an ongoing government inquiry that is to incorporate an EU Directive on sanctions against employers of third-country citizens residing illegally in the EU.³³
- Introduce a statutory requirement that foreign service companies must have a legal representative. There must always be an authorised representative with whom an application agreement can be entered into. Without an authorised representative there is no-one who can sign for the company. The Swedish Tax Agency is also interested in such rules, as well as actors who are to enter into agreement with such companies.
- Introduce a statutory requirement for the provision of certain types of document. Companies must be obliged to provide pay-rolls, working hours lists and other information of importance in

³³ Dir. 2009:49, Implementation of EC Directive on sanctions against employers.

assessing the working and employment conditions applied by the company. The employer's obligation must cover both union and non-union workers. The documents must be available to the trade unions.

- The Public Procurement Act must be clear that conditions equivalent to collective agreement conditions can be required in public procurement. Public funds must not be used in such a way as to contribute to wage dumping and dirty competition. In addition, Sweden must ratify ILO 94 on labour clauses in public contracts.
- Set up a new supervisory authority for public procurement. The Swedish Competition Authority is not the right agency for supervising public procurement.
- Introduce a rule on main contractor liability for working and employment conditions. Long chains of sub-contractors mean a deterioration in the terms and conditions actually applied. If the main contractor becomes responsible for all underlying contractors the chains will become shorter.
- Tax exemption for foreign agency workers must be removed. Today a foreign resident working for a foreign employer can work without paying tax in Sweden for up to 6 months under Swedish rules. There is no such tax exemption in other comparable countries. The tax exemption is not competitively neutral and contributes to lower labour costs for guest firms.
- Tighten up the criteria for F (business) tax. Many guest workers who are in Sweden today work as self-employed but are really to be regarded as employees. The criteria for F (business) tax must be designed to prevent the circumvention of labour law.
- In addition to these measures, there may be tax or criminal penalties that can prevent various types of bad practice. The overall purpose should be to prevent wage competition and social dumping, but good order in the labour market is also in the interest of society as a whole.

Consequently, LO also calls for amendments to Community law for the purpose of preventing wage competition and to safeguard fundamental trade union rights.

- Introduce a social protocol in the Treaty. At present trade union freedoms are subordinate to economic rights. This situation must be changed so that fundamental trade union rights come first.
- Revise the Posting of Workers Directive. The European Court of Justice has interpreted the Directive as a ceiling for employment and working conditions that can be demanded in the host country. The Directive must again become a minimum directive. The legal base must be widened and changed to protection for workers. The Directive must also take greater account of the EU Member States' different ways of organising labour market relations.

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Swedish Construction Federation, *AB-U 07 - General conditions of sub-contract*

Swedish Construction Federation, *ABT -U 07 - General conditions of sub-contract for turnkey-contracts*

Swedish Road Administration, 2010, *Vägprojekt Norra Länken*, <http://www.vv.se/vagarna/Vagprojekt/Stockholms-lan/Vag-E-20-Norra-lanken/Delprojekt>, 7 May 2010

Interviews

Amland, Amalnd, project manager/project leader, Bilfinger Berger. The interview took place at a workplace visit on 4 December 2009

Gimbe, Peter, Head of media relations at Skanska

Jacobsson, Lars, acting public procurement manager at the Swedish Transport Administration. The interview took place on 12 May 2010

Kazimimierz O, Polish guest worker. The interview took place on 30 December 2009

Leroch, Marek, Polish guest worker. The interview took place on 29 December 2009

Lindgren, Bengt- Olof, former chair of the Transport Workers' Union Branch 5 in Stockholm

Lundgren, Benny, trade union official, Transport Workers' Union Branch 5 in Stockholm

Malthe, Lars, functional manager at Citytunneln. The interview took place on 17 November 2009

Polniak, Adam, Polish guest worker. The interview took place on 29 December 2009

Stanislaw M, Polish guest worker. The interview took place on 30 December 2009

In addition to this there is a series of interviews with workers who wish to remain anonymous

Databases

The Building Workers' Union inspection and measurement statistics

The Swedish Tax Agency public database for tax accounts and withholding tax

Appendix 1. Planning overview for infrastructure projects

Citytunneln – Malmö

In 1991 the first agreement was made on a train service through Malmö connecting with the future Öresund Bridge. In 1995 Svedab AB (Svensk-Danska Broförbindelsen) was engaged to investigate the technology and costs of various alternatives^[1]. In 1998, when the Citytunneln consortium was set up, the design planning of what was called the tunnel solution was started. The construction work started in March 2005 and the new train service is expected to be ready for operation in December 2010. Citytunneln is expected to cost SEK 9.45 billion in 2001 monetary value, of which 1.09 is being paid by the City of Malmö, 0.86 by Region Skåne, 0.69 is funded by the EU, while the rest, 6.81 billion, is being paid by the National Rail Administration with a government subsidy^[3]. There will be new stations called Triangeln and Hyllievång. Malmö C is being extended, adding an underground station, and will be a station with through traffic, which increases the station capacity considerably.



Source: Map from <http://www.citytunneln.com/sv/2778/Kontaktpersoner/Kartor/>

Norra Länken – Stockholm

The estimated cost of the Norra Länken project is about SEK 11.2 billion at 2007 prices. The Government (Swedish Road Administration) is responsible for 75 per cent of the funding and the City of Stockholm for 25 per cent.

The Norra Länken bypass will run between Karlberg and Värtan and connect to Roslagsvägen at the University. The Norra Länken bypass will be about 5 km, of which the 1 km stretch between Karlberg and Norrtull has already been completed and opened to traffic. For the most part the Norra Länken bypass runs underground in tunnels. The longest road tunnel will be about 3 km.

All necessary decisions have been taken and local plans and production scheduling for the Norra Länken project are final and non-appealable. The construction start-up was in 2006 when preparatory work was started and the Norra Länken bypass is planned to open for traffic at the end of 2015.



Source: Map from <http://www.vv.se/vagarna/Vagprojekt/Stockholms-lan/Vag-E-20-Norra-lanken/Delprojekt/>

Citybanan – Stockholm

Commuter trains will have their own tracks in a six-kilometre tunnel under Stockholm – from Tomtebodavägen via Odenplan, T-centralen and on under Riddarholmen to Stockholms Södra. The new commuter train stations, Stockholm Odenplan and Stockholm City, will be built along these two tracks. A new railway bridge will be built between Årsta and Älvsjö stations and the tracks will be re-laid. The estimated cost of Citybanan is about SEK 16 billion.



Source: Map from <http://www.banverket.se/sv/Amnen/Aktuella-projekt/Projekt/1867/Citybanan-i-Stockholm/Informationsmaterial/Bildgalleri/Logotyp-och-kartor.aspx>

Appendix 2. Reference data

Citytunneln Malmö – Example of a basic fact sheet used as reference

E 101, Malmö C, underground station

Main contractor: NCC International AB, 556033-5100. Member of the Swedish Construction Federation.

Total contract value: SEK 1 200 million (2001 monetary value)

Construction period: Start of construction 11 November 2004, completion 12 December 2008

Composition of the workforce:

Number of employees: The highest figure was 400 (September to December 2007). About 200 on average during the construction period.

Own employees: About 60 white-collar workers, 15 employees under collective agreements, the Building Workers' Union in Malmö has no wage data.

Sub-contractors: About 25 white-collar workers, 300 workers under collective agreements, 200 of whom foreign.

+ Most of the construction work was carried out by corporate identity number 502064-9264 (marked as inactive by the Swedish Tax Agency on 17 April 2007), *Rimec Contracting Ltd*, an Irish-registered staff agency that was part of Almega according to the Swedish Building Workers' Union in Malmö. During one period in 2007 Rimec had over 200 workers on site.

Rimec's tax account has a final entry on 4 July 2007. The company has an FA tax card (registered for taxation as either an employee or a business) and has accumulated a debt of SEK 5077. The company is not registered for VAT. In the years 2006 to 2009 the company has declared 0 employer's contributions and 0 deducted tax.

According to the Building Workers' Union the wages should be SEK 140 per hour. This was also what the employees were promised when they signed on. Rimec reported SEK 146.50 per hour according to review data, September 2007.

In actual fact the employees (see interviews with Adam Polniak and Kazimierz Ochwat) received wages of between EUR 9 and 12 per hour. The contracts were as a rule for six months.

Many of the Rimec employees were registered in Ireland and had Irish E101 forms. The social insurance office performed a check of over 100

posting certificates (E101). These posting certificates came from both Rimec employees and employees of the company CRZ (E 201 - Malmö)

+ 502063-1841, *NCC Polska Spolka z o o, member of the Swedish Construction Federation*. From August 2007 to May 2008 had 40 or so skilled workers on site. Piece work rate in January 2008, SEK 146.00 per hour. Time rate in May 2008, SEK 149.20 per hour according to review statistics.

Registered for VAT and as an employer, has reported and paid employer's contributions and tax deducted, with a tax account in balance up to 2008. Then nothing.

Other sub-contractors:

+556370-6695, (*CeDe Group AB*) *Cederholms Verkstads AB*, welding work. No agreement with the Building Workers' Union.

+556037-1782, *Honeywell/556576-6036, ABS Pumpex*, ground water management. No agreement with the Building Workers' Union.

+556506-7591, *Pema Arbetskraft AB*, staff agency that carries out welding work. Member of Swedish Construction Federation. Staffing agreement with the Commercial Employees' Union.

+556406-0308, *F-V Svets*, welding, district heating. No agreement with the Building Workers' Union.

+502061-7626, *Brückner Grundbau*, foundation work. Application agreement. Piece rate agreement with the Building Workers' Union in Malmö SEK 148.75 per hour in 2005. Time rate in 2006 SEK 147.58 per hour.

Only registered for VAT in Sweden.

+556071-4791, *Balfour Beatty Rail Sweden AB (has taken over Carillion which was UE on site)*, track work, laying rails. Member of Swedish Construction Federation.

+556640-4835, *Dykeriteknik J. Lassen*, divers. No agreement with the Building Workers' Union.

+556379-1259, *Puls*, sludge removal. No agreement with the Building Workers' Union.

+556613-5827, *Ralling AB*, mobile cranes. Member of ME to 2008. Review data 30 Sept 2006 SEK 136.22 per hour.

+556472-0414, *Styrud TGB AB*, well drilling. Application agreement with the Building Workers' Union Gothenburg. Review data December 2007, SEK 121.79 per hour.

+No identified corporate identity number, *WSP*, noise and vibration measurement.

+556532-6922, *Duty Security*, security guards. Agreement area not inves-

tigated.

+No identified corporate identity number, ETG, measurement of air pollution.

+No identified corporate identity number, ISS, cleaning of post office building.

+556559-4610, Ramirent, site hut rental. Member of Swedish Construction Federation.

+556261-7109, Sodexo Clean AB, cleaning of site huts. Application agreement deregistered on 10 December 2007. No reported wage.

No identified corporate identity number, Hisab, various welding work.

+556544-9450, Tricko, track work. Member of the Association of Swedish Earth Moving Contractors, ME. Reports wages to SEKO (Union for Service and Communication Employees).

+556572-8978, JFC Håltagning Syd AB, hole punching. Member of Swedish Construction Federation. Review 2007 SEK 139.72 per hour.

+556719-8394, Bröderna Romner AB, wheel loading. No agreement with the Building Workers' Union.

+No identified corporate identity number, AB Caramba, pipe system work.

+No identified corporate identity number, Noxtech AB.

+556772-2953, Rörläggaren AB, plumbing work. Member of Swedish Association of Plumbing and HVAC Contractors. Review data 2007, SEK 152.68 per hour time rate.

+670211-1912, JS Svets & Smide, welding work. No agreement with the Building Workers' Union.

556378-5269, Byggs Sprutbetong AB, sprayed concrete. Member of Swedish Construction Federation. Review data May-July 2007, SEK 150.00 per hour.

+916547-2862, Handelsbolaget Kvist & Lindén, skilled workers. Application agreement with the Building Workers' Union. Review data to 2008, SEK 140.00 per hour.

Reported and paid employer's contributions and deducted tax in 2008 so that the tax account was in balance.

+No identified corporate identity number, Mjälby (possibly Mjällby), washing or recesses.

+No identified corporate identity number, Phil Coating, concrete repairs

+556302-3307, NCC Roads, sealing. Member of Swedish Construction Federation. Review data autumn 2007, SEK 151.50 per hour.

+556624-4439, Torups Kran AB, internal transportation. Had an application agreement until February 2010. Spring 2007 SEK 141.70 per hour.

+556462-8641, Lambertsson Syd AB, cranes and crane dismantling.

Member of Swedish Construction Federation.

+556277-3878, HEAB Byggställningar AB. Member of Swedish Con-

struction Federation. Review 2007 SEK 139.94 per hour.
 +600503-5594, *Bal & Bobcat*, mini excavators. Member of the Association of Swedish Earth Moving Contractors, ME. Review 2007, SEK 135.67 per hour.
 +556735-0862, *Solut Rent i Malmö AB* (Fribrocks Service i Skåne AB), cleaning of site huts. No agreement with the Building Workers' Union. Reports tax, employer's contributions, deducted income tax and VAT from 2007 to 2010. Tax account in balance.
 +937600-0064, *HP Brunnsboringar AB*, energy wells. No agreement with the Building Workers' Union.
 +556256-8138, *Svensk Bevakningstjänst*, security guard services. No agreement with the Building Workers' Union.
 +No identified corporate identity number, *Martin Städ*, cleaning of site huts and camp
 +No identified corporate identity number, *JB Anläggning HB*, hiring of staff
 +No identified corporate identity number, *Farmartjänst*, hiring of staff
 +760614-0775, *RK-Svetsmontage*, welding. No agreement with the Building Workers' Union.
 +*Kjell Hansson*, paver. (possibly sole proprietorship 600616-3551, Kjell Hanssons stensätter, now deregistered)
 +No identified corporate identity number, *Lasse Svenssons Stensättn* Subcontractor for special excavating method for retaining walls, Per Aarsleff (according to the Building Workers' Union in Malmö)

Transportation and excavation:

+556114-1739, *Malmö LBC*, Transportation. No agreement with the Building Workers' Union.
 +556704-3814, *MJ Eriksson*, excavation. No agreement with the Building Workers' Union.
 +556671-1809, *Staffanstorps Gräv*, excavation. Member of ME to insolvent liquidation in 2006. Review data SEK 137.94 spring 2006.
 +969698-9673, *Alloman Företagstjänst HB*, machinery company that did pipe system work. Member of the Association of Swedish Earth Moving Contractors, ME.
 +556682-7589, *Structa AB*, excavators. Member of the Association of Swedish Earth Moving Contractors, ME. Review data 2007, SEK 149.96 per hour.
 +556346-5706, *GDL Transport AB*. Member of the Association of Swedish Earth Moving Contractors, ME.
 +No identified corporate identity number, *KGM*, loaders

The list shows, unless otherwise stated, the sub-contractors who were at the workplace from January 2006 to completion of the contract. Monthly reports earlier than January 2006 were not supplied.

Wages summary: Skilled workers construction SEK 90 (three quarters) to SEK 150 per hour.

Sub-contractors: SEK 120 to 155 per hour. Normal wages SEK 140 per hour.

Percentage sub-contractors of total value of contract: not possible to calculate.

Percentage sub-contractors of workforce: 75 per cent (calculated from data from monthly reports)

Percentage labour cost of the total value of contract: not possible to calculate.

Occupational accidents monthly report: 12. Sick leave mentioned in the reports due to accidents totalled 5 weeks. Stanislaw falling accident from ladder, with a resulting broken arm, was reported but the four months sick leave was not reported in the monthly reports.

Near-accidents according to monthly report: 72. Anything from sprained toe to cranes falling over and crashing.

Citybanan Stockholm - Example of a basic fact sheet used as reference

Söderström tunnel, tunnel under water and rock tunnel

Main contractor: 969729-1996, JV Söderströmstunneln HB, konsortium Züblin and E Pihl o sön AS, members of the Swedish Construction Federation, BI.

Total contract value: SEK 1 300 million

Construction period: Contract 24 January 2008, completion 1 January 2013

Composition of the workforce:

Number of employees: About 150 altogether plus 15 consultants in Germany and 20 men who built the barges in Tallin.

Own employees: 25 men in the consortium, 20 hired from members of the consortium. Employees under collective agreement: 10.

Sub-contractors:

(according to the list of sub-contractors at the beginning of November 2009)

+556057-4880, *WSP Sweden AB, consulting company*. Agreement status not established.

+556122-6282, *ATA Bygg- och markprodukter*. Member of the Swedish Construction Federation, BI.

+556428-5822, *Järfälla VA- & Byggentreprenad*. Application agreement with the Building Workers' Union, average wage according to review data week 44, 2009 SEK 195 per hour.

+556190-1637, *Lambertsson Sweden AB, electrical work*. Member of Swedish Construction Federation.

+556635-5961, *Formbetong i Katrineholm AB*, carries out concrete work in the sunk tunnels, partly on site but also at two interim stations on the route from Estonia to Söderström. Member of the Swedish Construction Federation, average piece work rate SEK 190 per hour according to Branch 1 of the Building Workers' Union.

+556438-3460, *A. Rapps Dyktjänst AB*. Member of Swedish Construction Federation.

+556753-1438, *Dimax Service AB*, office cleaning. Agreement status not established, no agreement with the Building Workers' Union.

+556702-5597, *Fartygsservice Mälarvarvet*. Agreement status not established.

+556253-5467, *Stockholms Vattenentreprenader AB*. Member of the Swedish Construction Federation, average earnings per hour about SEK 200 according to Branch 1 of the Building Workers' Union.

+556620-7519, *Viacon AB*, supplier of construction products. Agreement status not established.

+556036-9133, *Stockholms Hamnentreprenad*. Owned by Peab, unclear agreement status, Branch 1 of the Building Workers' Union is uncertain where the company belongs.

+556104-3539, *Cramo Sweden AB*. Member of Swedish Construction Federation.

+556758-9279, *Sjötransport Syd AB*. Agreement status not established.

+556634-4353, *Sydtrade AB*, supplies trucks. Agreement status not established.

+791107-3539, *Persson, Christian Johan Gustav*, sole proprietorship Simrishamns sjötjänst

+620317-3510, *Lundgren, Christer*, sole trader, associated with the company above.

+870408-3511, *Leonardsson Tim*, sole trader, associated with the company above.

+556512-3261, *Projektkontoret på Lidingö AB*, design planning. Agreement status not established.

+556640-2151, *Steelcraft AB*. Member of the Swedish Construction Federation, average earnings 2007 (NB old data!), SEK 175 per hour.

+556588-1843, *Lodab Demolering AB*. Member of the Swedish Construction Federation, average earnings 2009 SEK 179.45 per hour.

+556547-9630, *Expandera Mera AB*, staffing. Member of Swedish Construction Federation. Tried to obtain information on function.

+556637-0341, *Uniflex Sweden AB*, staffing. Member of Almega. Tried to obtain information on function.

+502066-4982, *ICDS Constructors (Ireland) Ltd*, staffing. Member of Swedish Construction Federation. Tried to obtain information on function.

FA tax card (registered for taxation as either an employee or a business). Registered for VAT and as employer. Reported and paid about SEK 140 000 in employer's contributions and SEK 180 000 in tax deducted in March 2009. Surplus in tax account.

+502067-0450, *GS Ingenieurvermessung GmbH*, engineering consultants. Agreement status not established.

+516405-0568, *S-Bau SK s.r.o. Slovakia branch*, carries out rock work at *Söder Mälarstrand*. Member of Swedish Construction Federation. Registered for VAT and as employer. Reports deducted tax, most recently SEK 270 000 in February 2010 and on average SEK 275 000 per month in 2009. Zero in employer's contributions. Pays SEK 17 000 per month in withholding tax. Surplus in tax account.

Wages according to SEKO (Union for Service and Communication Employees) SEK 150 per hour. (See NL 35.)

+556221-4253, *Sofia Mobilkrantar AB*. Member of the Association of Swedish Earth Moving Contractors, ME.

+556020-3217, *Celsa Steel Service AB*. Agreement status not established.

+556381-0158, *Clinton Mätkonsult AB*. Agreement status not established.

+556278-2036, *Geometrik I Stockholm AB*. Agreement status not established.

+556326-2418, *Golder Associates AB*, foundation design. Agreement status not established.

+556221-3875, *Moderna Filmer i Stockholm AB*. Agreement status not established.

+556235-5585, *Prestructur AB*, sole proprietorship in business development.

+591123-8235, *Renman, Per*, consultant.

+502048-9836, *Per Aarsleff AS*. Deregistered agreement with the Building Workers' Union.

+Foreign Corporate identity number, *Marketex BLRT Grupp*

+Foreign corporate identity number, Duik Combinatie Nederland B.V.
DCN
+Foreign corporate identity number, Geodat GmbH
+Foreign corporate identity number, Stemat Marine Services
+Foreign corporate identity number, Ernst Meyer Bauunternehmung GmbH
(written by hand on the list)
+556367-4604, Bergander Tainio Rör AB, staffing. 7 employees, SEK 173
per hour according to Branch 1 of the Building Workers' Union, applica-
tion agreement with the Building Workers' Union.
FA tax card (registered for taxation as either an employee or a business).
Registered for VAT and as employer. Reports and pays employer's con-
tributions and deducted tax of just over SEK 80 000 per month each.
Surplus in tax account.
(Company on site at visit on 4 December 2009)
+ABAB Ställningar. Not investigated.
+Dendiving. Not investigated.

Transportation and excavation:

+556073-3742, Wiklunds Åkeri AB. Member of the Association of Swed-
ish Earth Moving Contractors, ME.
+556279-9287, Roger Billefält Transport AB. Member of the Association
of Swedish Earth Moving Contractors, ME.
+556069-1684, Foria AB. Member of the Association of Swedish Earth
Moving Contractors, ME.

The list shows the sub-contractors who are operating at the workplace on
the date when the list was compiled.

Percentage sub-contractors of total value of contract: 26 per cent

Percentage labour cost of the total value of contract: 23 per cent

Norra Länken Stockholm – Example of a basic fact sheet used as refer-
ence

NL 11, Rock and concrete tunnels, Karolinska

Main contractor: Skanska Sverige

Total contract value: SEK 412 million (2007 monetary value)

Construction period:

Composition of the workforce:

Number of employees: 70-80

Skanska's own employees: 17 workers under collective agreements (autumn 2009) carried out exploratory work in the tunnel, laid off from February 2010.

Type of wages: Piece work rate, earnings according to reconciliation on 7 December 2009, SEK 193.54 per hour.

Own white-collar workers 16.5.

+Construction work in other respects was carried out by 516404-3167, *Skanska BS a/s Slovakia Filial*.

Registered for VAT and as employer. Reported about SEK 250 000 per month in deducted tax in 2009, 0 in employer's contributions. Pays preliminary corporate tax. Surplus in tax account.

30 employees, from February 2009 to summer 2010, was in charge of tunnel driving. Piece work negotiations broke down at which time Skanska Slovakia (in accordance with the contract rules) set the wages at EUR 15 per hour (about SEK 165).

The foreman, Roger Ljung, spoke to the Slovakian workers. The information he was given was that the wages are EUR 2000 per month (about EUR 11.50 per hour for normal working hours). They work in twelve-hour shifts; 0630 to 1730 and work for six weeks and are then home for four weeks, which gives average working hours per month of about 160 hours and wages of EUR 12.5 per hour. According to information to RL they earn three times more than at home.

According to second-hand information (a Skanska employee on site who spoke to the Slovaks and recounted to Skanska's trade union representative Bengt Ekström) they receive SEK 22 000 per month after tax with the increments that are payable.

The difference between the information-givers' figures and those of Branch 1 of the Building Workers' Union may be because the employees are not regarded as skilled workers and that they therefore receive 0.88 times EUR 15.

The Slovakian tunnel workers live close to the workplace in a building that is to be demolished. According to Branch 1 of the Building Workers' Union the living conditions are relatively bad.

Other sub-contractors

(according to list of sub-contractors dated 2 November 2009)

+556406-8954, *Tuvan Stängsel AB*, supply and erection of fencing. Application agreement with the Building Workers' Union in Malmö, wage according to review data week 40, 2009 SEK 165 per hour.

+556026-2981, *Hallbyggarna Jonsered*s, assembly of hall. Agreement status not established.

+556538-3576, *Huddinge Relämontage AB*, electrician+electrician on call. Agreement status not established.

+556106-0822, *Rivners AB*, demolition of concrete retaining wall. Member of the Swedish Construction Federation, BI. Fixed wage, does not report review data.

+556757-2069, *Contub AB*, manufacture of piping parts. HVP agreement. Does not report review data.

+56428-9063, *Norrbottnens Bergteknik*, wire sawing rock and concrete. Member of the Swedish Construction Federation, BI.

+556472-0414, *TGB Borrteknik*, wire-sawn holes. Application agreement with the Building Workers' Union. Wages SEK 150-177 per hour according to review data week 31, 2009.

+556732-2119, *Sjöbergs Ställningar AB*, supply and erection of scaffolding. Member of Swedish Construction Federation.

+56625-0642, *ORAB i Stockholm AB*, stainless welding. Member of Swedish Association of Plumbing and HVAC Contractors. Wages SEK 176.70 per hour according to review data week 40, 2009.

+556485-2159, *DAB*, sealing. Member of Swedish Construction Federation. Wages SEK 165.22 per hour according to review data.

+360118-5717, *RCN Consulting*, Ragnar Carlson, blasting consultant. Agreement area not established.

+SVEAB, (possibly butt welding). Corporate identity number and agreement status not established.

+556400-8364, *Nordbro i Stockholm AB*, supply and erection of bridge. Agreement status not established.

+555670-4698, *FMK Trafikprodukter*, bridge railing. Agreement status not established.

+556537-6059, *Vägbelysning i Sweden AB*, surface road lighting and signage. Agreement status not established.

+556339-4666, *Årsta Berg & Bygg AB*. Application agreement with the Building Workers' Union, SEK 140-170 per hour according to review data week 39, 2009.

Transportation and excavation:

+556069-1684, *Såab AB*, loading and transportation of tunnel rock. Through the agency of Foria AB, member of the Association of Swedish Earth Moving Contractors, ME.

+556598-9083, *Wärmdö Schaktmaskiner AB*. Member of the Association of Swedish Earth Moving Contractors, ME.

+556279-9287, *Roger Billefält Transport AB*, earth excavation. Member of the Association of Swedish Earth Moving Contractors, ME.

+556402-9006, *Bellmans Åkeri & Entreprenad AB*, loading and transportation above ground. Member of the Association of Swedish Earth Moving Contractors, ME.

+702002-9885, *Bergsprängningscentralen*, rock excavation above ground. Agreement status not established.

The list shows the sub-contractors who are operating at the workplace on the date when the list was compiled.

Percentage sub-contractors of total value of contract: 22 per cent (Skanska Slovakia not included).

Percentage labour cost of the total value of contract: 21 per cent (skilled workers 11 per cent + white collar workers 10 per cent).

Appendix 3. Summary of composition of the workforce

	Contractor	No of employees	Of whom white collar	Under collective agreements	Foreign workers	
					experts	workers
Citytunneln						
E101	NCC	400	85	315	10	230
E201	MCG	435	125	310	120	225
E400	NCC	240	95	145	20	
E308	Banverket Produktion	121	26	95	25	
		1196	331	865	175	455
Norra Länken						
NL 11	Skanska	83,5	26,5	57		30
NL 12	Bilfinger Berger/Peab	204	38	166	50	130
NL 21 and 22	Bilfinger-Berger	65	25	40	25	25
NL 31	NL 31 HB	43	13	30	10	
NL 33 and 34	Veidekke	190	50	140	10	
NL 35	JV Hochtief-Oden	95	35	60	5	25
NL 41	Peab	70	15	55		
NL 51	JV Hochtief-Oden	80	30	50	10	20
NL 52	Skanska	250	120	130		100
		1080,5	352,5	728	110	330
Citybanan						

Tomtebodan	Peab	46	13	33		
OdenplanVasatunneln	Bilfinger-Berger	130	40	90	40	60
Norrmalm	Oden	60	15	45		
Centralen Norrström	NCC	200	80	120	10	
	JV Söderströmstunneln					
Söderström	HB	185	75	110	50	50
Södermalm	Not appointed					
Anslutning Södra Station	Bilfinger-Berger	no data				
Årstabron	Not appointed					
		621	223	398	100	110
Total workplaces investigated		2 897,5	906,5	1991	385	895

Appendix 4. Interviews on site in Poland

Interview 29 December 2009 with Adam Polniak, aged 38, living in Odrowaz, ul Wiejska 10/2, 47-316 Gorazdze, near A4, about ten kilometres outside Krapkowice.

Adam is married to Ivona who is a supervisor in a shop near the shoe factory in Krapkowice (Poland's shoe town). They have a son, Grzegorz, aged 14, and a daughter, Victoria, aged 9.

When did you work in Malmö?

I arrived in January 2007, but didn't stay long. The problems started already after a few months.

Where did you work in Malmö?

At the station.

Who was your employer?

It was a company called Atlanco, an Irish company with an office in Dublin and representatives in Krakow who employed me. Atlanco then changed its name to Rimec.

How did you get the job?

A man called Adrian phoned and asked if I wanted to go to Malmö. A lot of people know me in this area and know what I can do. Adrian asked if I wanted to supervise a team of workers in Malmö. I said that I could meet and talk to him.

He said there was a lot of money to be made in Sweden.

I was naive, I thought it was true. He said that I would get EUR 13 per hour plus some remuneration for two or three weeks to start with before they got to know what I could do and how I work. Then I would get the same as the Irish workers, at least EUR 18 per hour plus free housing and free travel to and from work.

Who was your boss?

The highest boss in the company is called James Brown (Adam laughs and comments that JB didn't have the same soul as his legendary namesake).

Did you sign a contract?

Yes, I signed a contract in Krakow. A woman explained that it was a probationary contract that would be amended in Malmö.

What was the difference if you compare the contract with what you had been promised?

Mainly the pay. The contract stated SEK 140 per hour to be paid on the 10th of every month. Tax was deducted by Rimec and paid in Ireland. The contract also states that the working hours were 40 hours per week with possible overtime, but nothing about overtime payment. The contract period was for six months.

Is that a normal contract period?

Yes, it's customary.

Do you know why the contract period is just six months?

No, but it's customary.

Do you think it is anything to do with the tax rules?

I don't know, but it was them who got their contract extended, I think. But we agree to all such conditions without checking because we need the work.

What was your net pay?

SEK 120 per hour. Tax was deducted in Ireland. I was registered in Ireland since I didn't want the money sent to Poland. That was on my own initiative, it was not something the company suggested.

I had been in Ireland for six years already and wanted to retain all my rights in Ireland. The tax is low there; the first three or four months you pay a lot, 40 to 45 per cent in tax, then it falls to less than ten per cent.

Did you save any of the pay slips from Rimec?

No, we were not given any papers. When we didn't get any pay slip we went to the trade union. Some got to see their pay slips, but if they didn't destroy them immediately (Adam shows how they were supposed to tear up the pay slip) they got a phone call from Poland.

But how did you know what you had earned and if you received the right pay?

Each month a man came and showed us what we had earned. And the tax reporting was taken care of by the authorities, you just need to check to see it's right. And we got help from the Building Workers' Union lawyers (Adam shows a representative's power of attorney he gave to Sven Erfors) to check that they had paid the right tax.

OK, back to how you got to Malmö?

I flew to Ireland and then from Cork to Copenhagen, the ticket was paid for by Rimec. At Kastrup I was met by a Pole. Two or three who had come directly from Poland also joined us and we travelled by car to Malmö. On the way to where we were to live we went past the workplace. Then I got a shock - the living quarters!

I had said clearly that I wanted good living quarters, no hut with bunk beds for me. They had agreed to that. Now it turned out that we were to live three to a room in a flat in a high-rise block. There was old, worn furniture, an old television, no kitchen equipment.

Where in Malmö was it?

By a Lidl shop, you went on bus number 8, near the road to Trelleborg. I can't remember the name of the area or the address.

I said immediately that I wouldn't live there! I gave them a week to organise better living quarters where I would at least have a room of my own.

After less than a week they found a house in a small village between Trelleborg and Malmö. There was a kitchen, living room, bedroom and bathroom. We decided that I would have the bedroom and the other two would sleep in the living room. Rimec paid for the housing.

I know that some had problems with the remuneration for travelling to and from work. They had deducted the travel from their wages. We had access to a hire car that Rimec paid for. I had no problems. They didn't deduct from my wages but that was probably because I had experience that meant I got things that others didn't.

What is your occupation?

I am a steel fixer and carpenter.

What was it like when you got to work?

On the first day there was 5-6 hours of training about the job. After the training course I met NCC's site manager and James Brown. They interrogated me in English about my experience and language skills.

Then I went to the work team I was to supervise, it consisted of 17 people. I asked what they thought about the job. No-one was satisfied, but no-one dared to say anything directly then. I asked them what they were afraid of, if they thought I was a spy sent by Rimec or NCC. Gradually they started to open up. They said that they were paid SEK 90 gross, about SEK 70 net.

I was alarmed! That can't be right; they should at least make more money than in Poland. They were skilled workers, even though some had problems with the language and some with reading drawings.

We decided in the team that we would have a partnership. If they worked well I would try to increase their wages. After a week I went to Rolf, the NCC boss. He said that he couldn't help us to increase the wages but he also said he had noticed that when my team was working the pace was faster. We built a platform in a much shorter time than other teams.

Then, after some months, the first problem arose. It was a Friday, we were to erect a twelve-metre prefab unit. It was the wrong size, so we worked for four hours without a break to get it to fit. Then we happily went off to lunch - it was one o'clock.

Then an NCC boss arrived together with engineer Pawel Rys, he was also employed by NCC. They started yelling about us taking a break.

I asked why they were making a fuss and started to explain why we were taking a break. But they just yelled.

I got nervous and thought that I'd go to the trade union. I knew that Cesary worked at the trade union in Malmö and phoned him. Four of us travelled to the Branch where we met Cesary and Roland, the head of the Branch. First we had dinner. Then we talked. We wanted to know if we were right and if we could protest.

Then we were told the terms and conditions that should really apply to us. My hourly wage should be the same as the Swedes' wages, instead of the minimum contractual wage, which we were getting. We should be earning between SEK 130 and 160 per hour, according to the trade union.

They asked if we wanted to join the union and three of us did. I was a member of the Irish trade union so I paid dues there, but the other two had to pay in Sweden.

What happened then?

Now my problems started. The firm criticised my knowledge and my work. They alleged that I couldn't manage what I should. I of course asked how it was possible that I had been good for a few months and then suddenly become so bad when half the station was completed.

Then James Brown came and started to threaten me. This isn't Ireland, it's Sweden, he said. You can be fired.

I was upset and spoke loudly, I felt I was being bullied. A colleague who heard me asked why I was shouting.

I translated for him what James Brown had said and then he I told the boss that I would not give in, I am aware of my rights and I have the trade union behind me.

He laughed and left. That was a Saturday, we were working overtime.

About one o'clock James Brown came back and said that I had been moved to a job in Dublin. He had already booked the ticket to Dublin, the next day.

I replied that I had a contract in Malmö and if was going anywhere it was to Poland.

James Brown said, in English, that I was fired since I had joined the trade union. Some NCC bosses heard that but since then have consistently stated that they did not hear him say it. And it all started with a faulty prefab unit.

We were all shocked by it. We were a good team, friends who worked well together. No-one believed that it was possible for something like this to happen. I contacted Cesary and he said that I should take a ticket to Poland. That is what happened. I got a ticket from Copenhagen to Krakow via London. Then I was home for three weeks, over Easter, before I booked a ticket to Ireland and started working there again at a company called MCR Building Services that hires out labour. I worked for a company called SISK Contractors. (Adam shows pay slips from MCR that vary between EUR 15.72 per hour and EUR 16.85 per hour.)

Did you feel tricked into taking the job in Sweden?

Tak (yes). I thought that it was closer to home. A trip from Copenhagen to Wroclaw costs EUR 60, I knew that. And it was an important argument for taking the job, but I was tricked, definitely.

Have you had any problems in Ireland because you are a trade union member?

No, it is compulsory there. Companies that have employees who are not trade union members are not awarded big infrastructure jobs.

What are you doing now?

Now I am working in a private company with a friend and doing small jobs for acquaintances. I will start my own company when I have finished the house (Adam indicates his house, built in the 1880s, which he is renovating).

You can earn a third of the Irish wage doing building jobs in Poland. Now I've been home since December 2008. Jobs started to be scarce in Ireland then, while there were jobs here, so it was possible to earn a bit more. But now times are bad again in Poland. I have had several offers of jobs in large companies, but I want to be with my family now. It was mainly my longing to be with them that made me finish working in Ireland, since they didn't want to move there; my wife's mother is quite ill, so I decided to do this.

(Adam describes growing up in a small village on the Czech border and how difficult he thought it was to move to Krapkowice, where the Ger-

man influence is great, for example in the language, when his parents got jobs at the cement factory nearby. His wife's parents also come from the area bordering on the Czech Republic. The families lived in the same high-rise block when Adam and Ivona grew up so they have known each other a long time but only became a couple after Adam served with a UN force in Serbia in 1992-1994.

Have you received the money you were entitled to after the job in Sweden?

I was paid for three months and didn't put up a fight about the rest of the contract period. It's in the past now and I'm glad I finished the contract with Rimec. If anyone asks me about Rimec or working in Sweden I say "check the contract carefully and join the union immediately".

Why are Polish building workers reluctant to join the trade union in Sweden do you think?

They get too little information. They don't know that there are people who speak Polish in the trade union.

In Ireland the trade union comes to the workplace and the employer is happy with that. But in Sweden the trade union doesn't come out since they are afraid of hurting the workers they contact.

I know from experience that it is extremely important to be a trade union member but Poles have bad experience of trade unions. Polish trade unions are very weak compared with Swedish ones.

Before I travelled to Sweden I contacted the embassy and asked about Swedish trade unions. But there are not many who do that. Instead they encounter Poles in Sweden who are often engaged by the companies to give false information.

In Ireland, in the local paper in Cork, there are 2 to 3 pages in Polish with information about the working conditions that are to apply. There is nothing like that in Sweden.

How does the working environment in Sweden compare with Ireland?

In Sweden it was because of me that my workmates were given information they could understand. Signs and information were in English and Swedish. All there was in Polish was that you must use a helmet.

What were your working hours in Malmö?

We worked from 06.00 to 15.00 or 16.00. There was quite a bit of overtime for which we were paid the same hourly rate as ordinary working hours.

Kazimierz O (57) interview on 30 December 2009 (he wants us to write about him as Kazimierz O.)

When were you in Malmö working on Citytunneln?

I started in July 2007 and worked for 16 months. I worked as a carpenter.

What part of the tunnel project were you working on?

It was the central station.

Which company employed you?

I was employed by RIMEC CONTRACTING

Did you have a contract?

Yes, I signed it in Kraków. It was a six-month contract. The gross wage was to be EUR 9.5 per hour. I got to know about the work in Sweden and the firm that was recruiting people from my brother-in-law, who was working in Sweden. After six months they extended the contract for the next six months, and then another six.

What was the living accommodation?

First I lived in a flat in Malmö – together with four men. Then we moved to Trelleborg, where we lived in a house, eight people altogether. Everyone had their own room; we had two kitchens and two bathrooms. I think the living conditions were quite OK. I did not pay for the accommodation. Rimec hired a car for us, and paid for it. That was how we travelled from the house to work.

Did you receive any other remuneration?

The whole time in Sweden I earned EUR 9.5 per hour and EUR 11 for overtime. That wasn't much, and was partly why I left Sweden. I received no other remuneration.

Where did you pay tax?

The first six months the tax went to Ireland, and then I paid in Sweden. I know that those are the rules in Sweden. But the pay slips always came late, I couldn't check it so carefully.

What do you think of the Malmö job compared with other work abroad? I've worked in several countries, including Libya, Germany, the Soviet Union and Hungary. In Malmö everything was very well organised by NCC at the workplace. I was very satisfied with all machinery, work clothing, all social conditions. The greatest problem was the money; I earned too little. In the end I found out from Adam (Polniak), that there are better offers in Ireland and I went there.

Interview on 29 December 2009 with Marek Leroch, aged 42, living in an area with flats, beautifully situated on a small lake a kilometre or so from central Brzeg, Kochanowskiego 4.

Marek is married to Anna who is a supervisor at Autoliv in Brzeg. They have a daughter, Leticia, aged 5. Marek also has a grown-up son from a previous marriage.

When did you work in Malmö?

I was employed from May 2005 to December 2006. But I was sick listed from May 2006.

Who was your employer?

Reinhold&Mahla Industries, a company from Krapkowice.

Where did you work?

At the elements factory in Hyllie. The owner of the factory was MCG.

Did you have a contract?

Yes, with Reinhold&Mahla. But it wasn't just one contract, there were several that were constantly being changed. Altogether there were five or six different contracts.

How did you get the job?

Through an acquaintance who was employed there. I got their address and went there to meet them. It was six months before I signed the contract. I had almost forgotten them when they phoned and said they were looking for steel fixers for Malmö.

The one in Krapkowice didn't know much about the job. But I signed a contract there that was for a probationary period of three months and paying SEK 112 per hour and taxed in Poland.

You said that the contracts were changed, please explain!

In November it turned out that we should pay tax in Sweden. This meant that 32 per cent would be deducted instead of 19 per cent, which is the Polish tax rate. That is one example.

How much were you paid net?

To start with it was SEK 85 per hour (tax and social security contributions, about 30 per cent). Then almost all my November wages went to pay the Swedish tax. There was about 1000 zloty (about SEK 2 400) in my pay packet.

Who was your boss in Malmö?

The most important boss was from Switzerland. I don't know which firm he was employed by. The quality of information was always bad, I don't know how the firm functioned really. Now, in the jobs in England I know the details of wages, taxes and all deductions but in Sweden we never got to know anything.

Then the contract was changed again. The wages were raised to SEK 118 per hour. Then it turned out we should have an allowance for unsocial hours. Then we got SEK 49 more per hour. And then the contracts were changed again so that we had SEK 112 per hour plus 49.

What were the working hours specified in the contracts?

There was no mention of working hours. On site it turned out that we were to work 168 hours per month. But in reality we worked more and were not paid for it. The extra hours were put into an hours bank to be used for travel home in connection with holidays and leave. We worked two weeks in Sweden and were home for one week. That was what the

hours were meant to be used for, but I don't know how they calculated it.

In actual fact we worked 200 to 210 hours on average per month. And if we asked questions we were enemies of the firm.

Then we had to sign a paper saying that 420 zloty (about SEK1 050) would be deducted for travel between Krapkowice and Malmö.

How did you travel?

We travelled in a minibus for eight people. Via Trelleborg and Sassnitz. We left Krapkowice at about four and were in Malmö the next morning. Then we started work at two on that day. In the first week we worked from two to midnight. The second week from five in the morning to half past two in the afternoon. On Saturday of the second week we travelled home.

Where did you stay?

We stayed in rooms for two to four people in a building that had been a mental hospital and refugee reception centre before. The rooms had IKEA furniture, nice but a bit inadequate for big people like us. It wasn't really bad, but there were too few bathrooms, only two for 20 people. It was a bit like an American military camp.

Were you given food?

No, we brought food with us from Poland. Half the bus was full of food when we travelled to Malmö.

Do you know if you had the social insurance (posting) certificate E101 with you?

No, I didn't see anything like that. Now I know that you have to have one with you but we were not told that then.

What are you doing now?

I left a job at Newport in England on 15 November. So now I'm not working at all. In England I was employed first by a Polish and then a Slovakian company. The money came from Cyprus.

How were you paid in Sweden?

In zloty to a Polish account. That was agreed right from the start.

What do you think of the job in Sweden?

It was a workplace for 24 people but there were only 19 working there. And in May 2006 they decided to reduce the workforce to 18. I was at home in Poland when that was announced and I was called to the office in Krapkowice. They suggested I changed to a job in Norway since I had a heavy vehicle licence. I was to stay in Poland for two to three weeks, then travel to Norway.

After a week it turned out that I was needed in Malmö for another one or two weeks. I asked if it would be one or two. Two, they replied.

So I travelled back and worked as usual for a week. Then I was put on checking elements and there I met another guy who was also going to Norway.

On Saturday at half past two I was called to the office and informed that I was fired. If I didn't sign immediately I would not receive my money for the last two weeks.

I went to the highest boss and got a certificate that I had worked for the last two weeks, nor did I sign the paper. Later it turned out that this was not necessary; according to Polish rules verbal notification from the boss is sufficient when you are fired.

I went home and since I had had problems with one of my knees for a while I went to the doctor. He sick listed me for a month, from Sunday. On Monday I went to the office in Krapkowice to find out what applied in my case.

Gorania (manager) said, "Yes, we decided to give you the sack. You are not efficient. There were a lot of angry words exchanged and I was given the explanation that if I had to do something that takes twelve minutes I did it in three minutes and then smoked and drank coffee for nine minutes, according to the boss. He thought I should help my workmates instead.

They did not want to discuss more, nor did they accept the sick note. According to Polish law the firm pays sickness compensation but they did not accept my doctor's certificate.

I went there again the next day and they said then that there was an error in my contract, there was nothing written about the period of notice, they had only noticed it just then. So then they accepted the sick note.

After that I had an operation on my knee and was paid sickness compensation for a few months, until the end of the contract.

Sometime during this period I was in Stockholm and the Building Workers' Union magazine ran a feature. The company was very angry about that.

Apart from your conflict with the firm, what did you think of the job?

The working conditions were okay. But the organisation was no good. The management did not know how we should work. The wages were changed several times.

Did you get in touch with the trade union?

No, but the trade union was interested in us. It was mainly the firm that spoke to the trade union and they agreed without talking to us. There were problems with the tax. Repayment of too much tax that we had paid.

They told us that we should send any papers we may receive from the Swedish Tax Agency to the firm.

I submitted tax returns in Sweden for 2005 and 2006. We got the form late, only had a week to complete it. We got an extension to one month. I sent in the form directly to the Swedish Tax Agency. Then a man came who wanted us to fill in a new form which the firm was to submit. But I didn't do that.

I got some money back from Sweden both in 2005 and 2006.

And from Poland I got a refund of 1800 zloty. But the firm regarded this money as a wage supplement so they deducted Swedish tax on the whole amount.

Did you receive sickness compensation for your knee injury from Poland or from Sweden?

From Poland, I don't know if that was right. I had been working in Sweden for one year at that time.

Were there any more difficulties?

Every month 420 zloty was to be deducted from the wages for travel. Then it turned out that that was wrong, they were not allowed to do that. OK, they said, then you will get a wage supplement that we will withhold for the travel.

Then 8000 zloty was deducted from each and every one of us when the contract expired.

And then there was a conflict about the travel route. It was eleven kilometres between the living quarters and the workplace and the firm paid

the travel costs. They then kicked up a fuss about us taking the wrong route so that it was more than the distance allowed for tax deductions, or it may have been the other way round.

According to the trade union you received damages after the job was completed. What did you receive?

I received 1400 zloty without any information about what it was. And from what I have heard everyone got the same amount; there were 58 people from R&M.

General impression?

They were aware and knowledgeable about the work but not about Swedish rules.

Have you worked abroad before?

I was in Germany for ten years, undeclared work. Now I hope that I have the best foreign jobs ahead of me. I'm going to Singapore with another guy to supervise Filipino building workers on a tunnel construction project there. Alpine Bau holds the contract but I am employed by a Cypriot firm called Gudex Ltd.

We will be paid EUR 8000 per month and the contract is for seven to ten years.

How do you feel about leaving Anna and Leticia at home for so long?

The first trip home is after six months. That's a long time but the firm prefers it if the family comes too. So we'll see.

Stanisław M (aged 48) - interview on 30 December 2009. (He wants us to refer to him as Stanisław M.)

When were you in Malmö working on Citytunneln?

It was between February 2007 and August 2008.

What part of the tunnel project were you working on?

It was the tunnel, I was in one of the first work teams.

Which company employed you?

I was employed by RIMEC CONTRACTING.

Did you have a contract?

Yes, I signed it in Kraków. It was a six-month contract. The gross wage was to be EUR 11 per hour. I found the advertisement in a newspaper in Poland.

What was the living accommodation?

I lived together with some workmates in Helviken outside Malmö. We lived in a small house. Everyone had their own room; we shared a kitchen and bathroom. The firm hired a car for us, we had to either pay for the accommodation or for transport.

Did you receive any other remuneration?

We were entitled to 200 hours overtime over six months. We earned EUR 13 per hour for those hours.

Where did you pay tax?

The contract did not mention tax, I really don't know what happened to the money that was to go to tax or how much it was.

Injured at work – what happened?

I worked high up and climbed up a ladder. The ladder was not stable and I fell down and broke my arm. An ambulance came quite quickly and drove me to hospital. They discovered there that the injury was very serious; my arm was broken in two places. My operation took five hours. I then stayed for two more days at the hospital before I flew home. The accident took place on 2 April 2007.

How long were you unable to work because of the injury?

I was sick listed until 2 August 2007.

What did you do during that time?

I was at home in Poland. After two weeks I flew back to Sweden to the hospital, where they checked on how the arm was healing. I was given a new plaster cast and then travelled home again. After two months I started physiotherapy and in August I was back at work.

What compensation did you receive?

I received 1 600 zloty per month from Rimec for the whole period I was off sick. They paid for travel and for the hospital. The bill from the hospital came to my address, Rimec then took it and they paid for the hospital and the operation. I did not receive damages, nor did I dare apply for damages. Only now, when I no longer work for Rimec, have I found an English firm that deals with cases like mine. And they have my power of attorney to claim compensation for damages.

What do you think of the job in Malmö?

Now I work in Ireland with people from Denmark and Scotland. I must say that we have much clearer terms and conditions, above all as regards the way they pay us for what we do, taxes and money in general. I also think that I am held in better regard as a worker.



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Aron Wordu, 42 years, IF Metall,
concrete mixer driver, Lujabetong

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