

Practical experiences of the Construction Industries regarding Contractor's Obligations and Liability Act

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Confederation of Finnish Construction Industries RT (CFCI)

- Rakennusteollisuus RT (CFCI) represents construction companies in industrial policy, technical matters and labor market matters
- The RT federation consists of the main federation and six industries: Building Construction, Infra Contractors, Construction Product Industries, Building Services, HPAC Branch and Surface Branch
- RT is one of the largest member organizations of the Confederation of Finnish Industries (EK)
- All major associations of companies operating in the building, construction and specialty industries are members of RT
- RT has almost 3,000 member companies, which are employing around 60,000 people. The total turnover of the members is EUR 21 billion

Prejudices - the reality

- The opinion of the companies varied in advance
- Fear of more obligations and bureaucracy - transfer of the responsibility for monitoring compliance with laws and obligations to companies instead of the authorities
- Does it really help in combating the grey economy? On the other hand, securing fair competition
- Tax - or pension payment debt is not a sign of the grey economy - it is part of business that some companies have problems, especially in a recession
- In the construction industry, typically long contract chains - the risk of grey economy is significantly bigger
- Improving the equal status of companies in the contract chain
- How can the information required by the law be checked reliably and easily? - at the beginning manual data collection and check, falsified documents
- No centralized information access channel provided from the state → Vastuu Group-developped a private digital system

After few years - positive thoughts

- At the beginning, an "adjustment period" to the new obligations, instructions from the authorities on the application of the law
- We are satisfied that the law came into force, support for stricter policies in the construction industry also in connection with the changes in the law
- No benefit for companies that fail to pay taxes or fulfill their obligations - protection also at the individual level (accident insurance and occupational health care)
- In particular, SMEs and companies in the chain are satisfied
- A clear need for a digital system - close cooperation with the authorities
- Estonia is a pioneer in digitalization - we can learn from your way of doing things and building systems
- The reports show that the introduction of the Contractor's Obligations and Liability Act and other laws has resulted more revenue for the state

- Public procurement - the background factors of the lowest price
- It is not a cost issue problem, a natural part of managing contract chains
- Added value to the management of contract chains
- Helps the customer also assess financial risks before and during of the project
- Gives the opportunity to monitor and compare foreign companies as well
- The companies also require the reporting and maintenance of customer liability information during the contract
- Part of responsibility - sustainability reporting directive and corporate responsibility directive
- Does not eliminate the grey economy, but increases the difficulty of operating without the rules of the game



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