



European Platform Undeclared Work

Platform Seminar: “Tools and Approaches to Tackle Undeclared Work in the Road Transport Sector”

1 June 2018, Brussels, Belgium

The Platform seminar *Tools and Approaches to Tackle Undeclared Work in the Road Transport Sector* provided participants with an opportunity to present, exchange and discuss road haulage-related initiatives, challenges and good practices. Participants reflected on different national and multi-lateral efforts to monitor and tackle undeclared work in road haulage more effectively. Discussions centred on challenges for inspectorates to control compliance in a highly regulated and complex sector, and for social partners to safeguard fair competition and working conditions in road haulage against the backdrop of high cost pressures, driver shortages, and complex regulations.

Key findings:

- **Undeclared work in road haulage** follows patterns which are typical in other sectors, often involving subcontracting chains and bogus firms. In cross-border road haulage, undeclared work arises for example when drivers are not declared as posted workers or when they are falsely registered in one country while performing services abroad. In domestic road haulage, undeclared work often takes on the form of bogus self-employment, wholly or partially undeclared work by the self-employed, unregistered employment and under-declared employment. All these infringements entail consequences for tax and social security evasion and labour law violations.
- Road haulage is a **highly regulated sector**. Sector-specific regulations exist at European level which include, among others: driving and rest time; access to the European road haulage market; and the establishment of transport companies. At national level, sector-specific regulations such as those targeting company formation or employers' liability impact the tackling of undeclared work in road haulage.
- **Key challenges** to detect forms of undeclared work arise from ineffective implementation of European regulation at national level; regional disparities in commitment; insufficient numbers of inspectors; complicated inter-institutional and cross-border cooperation of competent authorities; a lack of education and training within and among authorities; and inefficient use of digital control devices and data sharing, in a sector with highly mobile and dispersed workers.
- **Policy approaches** focus on the improvement of **direct controls** that seek to alter the costs of undeclared work and/or benefits of operating on a declared basis. Examples of inter-institutional cooperation of competent authorities (namely labour inspectorates, road inspectors, tax authorities and police) were presented by labour inspectorates from Italy, France, Sweden, Greece and Poland, and touched on topics such as data sharing and training. In Finland, authorities strategically focus on road haulage for monitoring compliance with regulations to do with employers' liability. Austria has implemented anti-fraud laws to fight bogus companies. In addition, Euro Contrôle Route provides a cross-border framework for joint inspections and training of road inspectors and sectoral social partners.
- **Indirect policy approaches** launched by social partners and labour inspectorates, seek to encourage voluntary compliance by using awareness campaigns and addressing the structural conditions that cause undeclared work. One campaign, initiated by the

Norwegian labour inspectorate, emphasises the locally-applicable driving rules and rest times as well as minimum wages. Another, a joint campaign of the UK tax authority and the employers' association, supports self-employed people and limited companies to correctly define their employment status and related obligations and rights. Other countries, such as Belgium and Portugal, promoted cooperation between labour inspection bodies and social partners to improve prevention through raising awareness, and influencing policy makers.

- **The role of social partners**, as in other sectors, is crucial in raising awareness, and in supporting drivers' claims. An example of this engagement was an initiative started by Romania, Latvia and Estonia's unions, with the help of the European Transport Workers Federation, to inform drivers on their rights and entitlements and to support them when claiming wages and rights in a cross-national setting.

Key outcomes and recommendations:

- Although road haulage is a highly regulated sector, **enforcement of legislation is cumbersome and insufficient**, and provides conditions which allow undeclared work to emerge. This is due to the complexity of business models, its cross-national dimension, and the scattered landscape of competent inspection authorities.
- Despite the vast array of regulation and legislation which is applicable to the road haulage sector, **there is less in the way of clearly sector-specific approaches and methods to address undeclared work in the sector**. This may be as a consequence of the nature of undeclared work being similar to that in other sectors. However, the question remains as to whether the sector may benefit from sector specific approaches (such as those presented by the social partners) – if so, more investment into these methods at the national level should be encouraged and reinforced.
- At the same time, the strong international dimension of road haulage requires an intense **cross-border cooperation** of inspectorates and social partners. Enhanced cooperation, including efficient data-sharing via existing tools such as the Internal Market Information System (IMI), is necessary to verify the employment and social security status of workers on international journeys, to impose and collect penalties, and to support workers in claiming entitlements and wages in a cross-border setting.
- At national level, **inter-institutional cooperation is useful** in a sector where inspection competences are dispersed among authorities. Examples of effective cooperation between social partners and national authorities may be transferrable to other national contexts.
- So far, policy measures largely focus on deterrence and detection approaches. To improve outcomes, an **enhanced focus should be put on prevention and incentives** measures.
- To deploy inspectorates' resources more efficiently, a strategic approach to target deterrence measures, such as the use of **risk assessment systems** which complement controls or inspections on the road, should be introduced.
- Additional **training and education of inspectors** on both deterrence and preventative approaches is needed, and should include opportunities for exchanges and among different countries and authorities.
- Finally, the full potential of **digitalised resources should be exploited**. For instance, effective use of the digital tachograph or the European Register for Road Undertakings could lead to more effective and efficient controls.

Further information: A Learning Resource Paper from the seminar, which discusses these issues in greater detail, will become available July 2018.