

Collection of job-broker's fees from Filipino migrant caregivers in Israel

Executive summary

Kav LaOved conducted a survey regarding payment of brokerage fees by Filipino workers caregivers in Israel. The survey was conducted in cooperation with the CMA (Center for Migrant Advocacy), a Philippine NGO, and included 100 migrant workers who answered questionnaires at Kav LaOved offices.

The findings show that:

- All workers were required to pay broker's fees, which are collected against both Israel and Philippine law.
- The average broker's fee is \$4,256.
- Most of the money is collected in Israel.
- Workers must work an average of 7.5 months to cover their loan (not including interest).
- Two thirds of loans are at a rate of over 5% per month. One third of loans is at a rate of over 10% per month.
- Almost 2/3 of workers were defrauded concerning their work terms.
- The average monthly salary is \$585, which is considerably less than the legal minimum wage. There is no correlation between duration of work and salary.

1. Brokerage Fees

The illegal collection of brokerage fees is prevalent among Israeli job brokers who recruit migrant workers. Soliciting these fees is against the Israeli Employment Bureau Law (1959) stating that “a private bureau cannot demand or collect or receive any payment, directly or indirectly, in Israel or abroad, from a person seeking work, or from a party acting on their behalf, in Israel or abroad as an employment broker”¹. According to embassy officials, Philippines law allows the collection of up to about \$1,000 from workers (of which half goes to the job broker and half to the state agencies in charge of overseas workers). **The survey shows that, in average, each worker paid \$4,256 for coming to work in Israel.**

Israeli enforcement agencies state that the majority of money is collected from the workers in their country of origin, and therefore cannot be monitored, as the Israeli law cannot be enforced overseas. These arguments are presented frequently in government committees discussing fees paid by migrant workers: “it is futile to try and trace the money. Any amendment to the laws will fail, as the money is not collected in Israel, and as much as we investigate we will not be able to achieve any results” (D. Peretz, Immigration Authority office, Knesset Committee for Migrant Workers June 1, 2003).

The survey shows the opposite. Only 28% of the surveyed workers paid the broker's fees in the Philippines. Most migrant workers (72%) paid some of these fees in Israel. The average sum paid directly in Israel (\$2357) is higher than that paid in the Philippines (\$1928)².

¹ An amendment to the law introduced on July 1, 2006 allows the collection of fees not exceeding 3,050 Shekels. All participants surveyed paid their fees before this amendment came into force.

² Workers surveyed were brought to Israel by 45 different employment agencies.

The workers surveyed stated that payments in Israel are made either by a friend or relative who is already in Israel, or in the airport, upon the worker's arrival. The payment is made in cash with no receipt.

Table 1 – Payment of broker fees

	Total paid	Total paid in Israel - \$	Total paid in Philippines - \$
average	4,258	2,357	1,928
median	4,500	3,100	1,200
Std. deviation	810	1,696	1,752

2. Loans

The collection of high broker fees from migrant workers in Israel forces them to agree to near-slavery employment terms. If they refuse, they may lose their legal status, be deported, and end up unable to pay off the loans they had taken.

The survey shows that the vast majority of workers (90.5% or 76 of the workers who answered this question) had to take loans to pay the broker's fees.

Table 2 - Loans

Loan	% of sample	Number
No	8.3%	7
Yes	90.5%	76
Unspecified	1.2%	1
Total	100%	84

Table 3 – Source of Loan

Loan source	% of sample	Number
Family	29.8%	25
Friends	20.2%	17
Loan broker	36.9%	31
unspecified	13.1%	11
total	100%	84

20% of the loans were at 5%-10% interest. **About a third of the sampled workers committed to loans with interest higher than 10%** No interest loans (27.4%) were given by family or friends.

Table 4 - Distribution by monthly rate of interest

Monthly interest	% of survey	Number
0%	27.4%	23
3%	2.4%	2
4%	1.2%	1
5%	11.9%	10
6%	4.8%	4
7%	6.0%	5
10%	34.5%	29
20%	1.2%	1
unspecified	10.7%	9
Total	100%	84

Crosschecking the data (monthly salary vs. fees paid) shows that migrant workers are “mortgaged” to long term employment in order to pay off their loans. An average of 7.5 monthly salaries is committed in advance to pay off the loans (the range is between 4.5 to 16 months)

Table 5 – Ratio of broker's fees to monthly salary

	Number of monthly salaries required to cover broker's fees
Average	7.54
Median	7.60
Standard deviation	1.53
Minimum	4.58
Maximum	15.94

3. Employment contract and monthly pay

One of the most outrageous findings of the survey relates to deceitful enlisting workers. Most workers surveyed (87.8%) received a contract in the Philippines detailing their employment terms in Israel, but 65.4% did not receive the promised terms upon arrival in Israel. The workers reported that they signed a contract promising them a salary of 700\$-750\$ per month plus expenses, but once in Israel this salary dropped by about 200\$.

Table 6 – Distribution by work contract

Received work contract	% of sample	Number
No	11.9%	10
Yes	85.7%	72
Unspecified	2.4%	2
Total	100%	84

Table 7 – Distribution by work conditions

Current work conditions are less than contract	% of sample	Number
No	32.1%	27
Yes	60.7%	51
unspecified	7.1%	6
Total	100%	84

The average monthly salary of a Philippine worker in nursing is 584\$ (plus bi-weekly pocket money of 70-100 Shekels). **These wages are lower than the minimum wage for a standard full time job (set at around \$830), and much lower than minimum wage for “round the clock” employment (a 30% addition to standard full time minimum wage³).**

Table 8 – Monthly salary

	Monthly Pay \$
Average	585
Median	550
Standard deviation	75

One more fact which arises from the survey is that the wages paid to migrant caregivers remained low throughout their employment in Israel. There is no correlation between the number of past employers and the wages. In other words, even when changing employers, wages did not improve. In addition, there is no correlation between wages and duration of employment, meaning that seniority does not translate into increase in wages.

³ According to current National Labor Court ruling.

Table 9 – Correlation between number of past / duration of employment and salary⁴

	Monthly wages in \$	
Number of employers	-0.130	R
	0.325	P
Duration of employment (months)	0.161	R
	0.160	P

⁴ Correlation calculated by Pearson test.