

Promoting an alternative allocation model of employment permits for Palestinian construction workers

At its meeting on March 8th 2016, the government decided (decision #1236) to "strengthen economic cooperation through the employment of Palestinian workers in Israel." The state approved the decision to increase the quota of Palestinian construction workers permitted to work in Israel, and to examine the possibility of changing the method of employing Palestinian workers in Israel.

To this end, the government ordered the establishment of an inter-ministerial team "to improve existing regulations and to change the allocation of worker permits for the purpose of regulating the employment policies of Palestinian workers." It will be headed by the Director of Budgets at the Ministry of Finance, with the participation of the Chairman of the Housing Cabinet and the Directors General of the Ministry of Construction and Housing, the Ministry of Economy and Industry, the Ministry of Defense, the Ministry of Public Security, the Ministry of Justice, the Population Administration and a representative of the Bank of Israel.

Kav LaOved welcomed the government's decision in a [Position Paper](#) describing the failures of the currently used employment system and suggested that decision #1236 was an opportunity to promote various aspects of workers' employment, in order to ensure they have decent and safe working conditions.

With the establishment of the inter-ministerial committee and a call for the public to provide the committee with opinions related to allocations of Palestinian workers in the construction industry, we sought to bring our position to the committee. Hana Zohar who wrote the Position Paper was invited to a discussion which took place on Sunday, May 15 2016, at the Van Leer Institute in Jerusalem.

Our alternative allocation model of employment permits for Palestinian workers in the construction sector sparked interest and many questions were posed to Hana Zohar, especially about how to implement our proposed method. Following the discussion, we formulated our proposal in more detail with particular reference to the question of actual application.

קו לעובד הגנה על זכויות עובדים

תל אביב נחלת בנימין 75, ת.ד. 2319 תל-אביב יפו 61022 **טל:** 03-6883766 **פקס:** 03-6883537
חיפה הרצל 18, חדר 224, חיפה 33121 **טל:** 04-8643350 **פקס:** 04-8644238
נצרת מרכז הבשורה - איזור המעיין, ת.ד. 2694, נצרת 16126 **טל:** 04-6082228 **פקס:** 153-4-6082228

אתר: www.kavlaoved.org.il | דוא"ל: email@kavlaoved.org.il

The currently used allocation system compared to the suggested allocation system:

In the current system, the government allocates quotas for employment permits for Palestinian workers to each employment sector. Employers submit requests to the Payments Office of the Population and Immigration Authority to allocate a certain number of workers to them. Construction contractors' quotas are determined according to the volume of their construction projects. After determining the number of permits, the contractor submits an application for employing the specific workers the contractor wishes to employ, including their personal information. The Payments Office sends a list of these workers to the Civil Administration which issues each Palestinian worker a magnetic card allowing them to enter Israel. The card is issued after security and criminal checks of the employee, and based on existing criteria for age and marital status.

The working permits which are given to workers specify the contractor and the employment sector and workers are only allowed to work with the contractor specified in their permit. However, on many occasions, contractors wish to keep their allocation of workers even after a construction project has been completed. One method of achieving this is to sell the permits to other contractors for a fee. That fee ends up being paid either by the workers themselves or by brokers who work with contractors. This has created a black market in work permits. In practice, many workers pay a monthly fee of 1500-2500 shekels (400-650 USD) for a permit and work as independent contractors at various sites. This is a fairly widespread phenomenon. The bottom line is that after paying these fees, the worker is left with a meager income which increases the worker's motivation to work as an independent contractor, enabling them to earn more money.

The existing allocation method encourages corruption. Indeed, several such cases were reported and resulted in indictments and convictions. Even the state comptroller's 2014 report on "the employment of Palestinian workers in the construction sector in Israel" severely criticized the Payment Office for failures in the allocation of permits.

Kav LaOved's suggestion seeks to obviate the allocation of permits to individual contractors. Instead, while maintaining the quota for the entire construction sector, each officially registered contractor would be able to

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employ Palestinian workers who possess working permits to work in construction. In our view, this method would work better than the existing method in preventing legal violations and failures of conduct.

Ways of implementing our proposal:

Employees who wish to work in construction and who carry a magnetic card issued by the Civil Administration, will receive a working permit without an assignment to a particular employer. We suggest that other centers such as the employment centers in the Occupied Territories will be allowed to issue working permits. While the present method has already resulted in significant failures, the ability of getting working permits from additional sources, as we propose, may make it harder for illegal collection of 'fees' and may reduce , if not actually eliminate corruption.

- How will employees and contractors find each other?

Contractors will be able to publish their names on the Internet, or send their information to employment centers in the Occupied Territories. In addition, job fairs may get organized, and use the current policy of giving the workers a temporary authorization to seek an employer.

- How will the supervision be conducted?

Supervision of workers begins with preliminary tests prior to approval of the permit, and continues at border crossings where employees get registered each morning, when they leave for work. In order to prevent possible moves of workers to employers who are not registered or to another sector, we would like to borrow from experience accumulated in other countries: In England, for example, when a migrant worker switches employers, the worker must appear with the new employer at the local police station in order to pass inspection and registration.

Another method, although a bit more involved, is that contractors who employ Palestinian workers be required to report their employment to one of the following offices: the Ministry of Economy, the Contractors Registrar at the Ministry of Construction or the Interior Ministry's Population Administration.

The Civil Administration will be responsible for cross-referencing the information.

- Wages, pensions and “Foreign Worker Tax”

Workers' wages shall be determined according to the law and to collective agreements as is customary with Israeli workers. Palestinian workers will be permitted to choose the pension fund or health insurance based on their preferences.

Payments imposed on the employer and transferred to the National Insurance Institute will be identical to those paid by Israeli employers and employees. The National Insurance Institute will forward the “Foreign Worker Tax”. Employees will continue to receive the same social rights that they currently receive.

The employers must transfer the workers' salaries, in full, to their bank accounts, and hand them pay slips and time cards. Strict enforcement on payment of wages and on recording of working hours will help to monitor and enforce the law.

Notes on an alternative suggestion made for employment through manpower corporations

The high cost of housing in Israel is the result of a variety of additional costs added to construction costs. Using manpower agencies will further increase the cost of labor and will reduce wages. It will, in fact, encourage workers to find additional jobs in order to supplement their income. We can learn much from the model of employing migrant workers; the hourly cost per worker has significantly increased since manpower agencies have entered the scene. A large number of migrant workers have repeatedly complained to Kav LaOved of false reports on pay slips, of automatic offset of one month's pay after the worker switched employers (even if the worker only worked for a short time), and of non-payment for overtime work.

In conclusion: the proposed allocation of permits will improve employment, both for workers and for contractors, and will reduce the cumbersome bureaucratic procedures which are both oppressive and which contribute to the escalation costs.

Written by :

Hana Zohar, Kav LaOved founder
Hedva Isachar, Kav LaOved's Palestinian Workers department

Translated by: Avi Vardi and Mel Katz (Volunteers at Kav LaOved Worker's Hotline)

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