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# Black Money, Black Labor

## Collection of Brokerage Fees from Migrant Caregivers in Israel

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Written by: Idit Lebovitch and Zehavit Friedman

Edited by: Jacob Udell



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***"In my country, the Philippines, we pay a lot of money to the agency to come here and it costs \$5000 to \$6000... and we can't afford that so we need to take a loan from the bank or borrow from someone just to get that amount of money. And we pay back that amount after almost 2 years in service."***

- M, a Filipina caregiver -

From the moment Israel started bringing migrant workers into the country, the import of migrant workers was privatized and contracted by private manpower agencies. Migrant workers intent on arriving in Israel were forced to pay exorbitant brokerage fees, which peaked at \$31,000 in the agriculture and construction sectors. In the caregiving field, all migrant workers pay from \$5,000 to \$13,000 for a work visa. Collection of such high brokerage fees is always done illegally, but the law is not enforced and Israel has refrained from battling this unfair practice.

For years, Kav LaOved has been litigating the High Court of Justice (HCJ) on the issue of Israel's duty to ensure that future migrant workers do not pay exorbitant brokerage fees. Thanks to cooperation with the countries of origin and with the assistance of the International Labor Organization (ILO), a petition – HCJ 2405/06 Kav LaOved vs. the Foreign Ministry, was submitted in 2006. So far, the litigation has led to significant achievements, primarily a bilateral agreement with Thailand to bring migrant workers in the agricultural field under the supervision of ILO, as well as agreements in the construction field with Bulgaria and Romania. However, in the caregiving field, in which more than 60% of the legal migrant workers in Israel are employed and where there is no intention to gradually stop depending on migrant workers (as is the case for agriculture and construction) – nothing was done to reach a resolution in which migrant workers shall arrive without paying an exorbitant brokerage fee, nor is there a concrete timeline to deal with this issue.

Kav LaOved conducted a survey in March 2013, with data from 835 migrant workers who arrived in Israel with a work visa for the caregiving field, between 2007 and 2013. This survey indicates constantly increasing brokerage fees that caregivers are required to pay in order to arrive in Israel.

The essence of the problem was stated by Advocate Rebecca Makover, former manager of the Licensing Department at the Ministry of Industry, Trade and Labor (MOITAL), during a discussion at the Knesset's Foreign Workers Committee on December 28, 2009:

***"By and large, the key to bringing foreign workers is money. This means that every foreign worker arriving in Israel is charged, depending on the state of origin. It could be \$5,000 or \$7,000 in Europe, \$10,000 in the Philippines, a bit more in Thailand but, in general, these are the brokerage fees. Now, no foreign worker can arrive in Israel without paying these brokerage fees; it is even called judicial notice... There is no question that brokerage fees are collected from every foreign worker while still abroad. The proof is that every foreign worker pays a brokerage fee, no exception, otherwise he won't arrive in Israel."***<sup>1</sup>

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<sup>1</sup> Knesset website, <http://knesset.gov.il/protocols/data/rf/zarim/2009-12-28.rf>

## **BROKERAGE FEES IN THE CAREGIVING FIELD – The law and lack of enforcement**

Following a government resolution, a new employment method of migrant workers in the caregiving field came into force in late 2008, according to which every migrant worker and every employer in the caregiving field must be registered at a "private bureau" (a licensed manpower agency) and only those agencies are allowed to import caregivers into Israel.

By law, a manpower agency in the caregiving field may not charge the employer or the migrant worker any registration and/or brokerage fee. The office may charge up to 70 NIS per month from the employer for services it must provide, such as quarterly visits to the patient's home; assistance with problems concerning employment; assistance with arranging insurance and extending permits, visas, etc. The office is also allowed to charge the employer up to 2,000 NIS for placement of a migrant worker to work for him (but not for replacing a worker within a year of placing the first worker).

Paragraph 69C of the Employment Service Law states: "***A private bureau shall neither charge nor receive from prospective workers, directly or indirectly, in Israel or abroad, any brokerage fee, unless it is allowed.***"

Until 2010, regulation 3(A) of the Employment Service Regulations allowed, by a temporary order, charging workers arriving to Israel a brokerage fee equal to the average monthly wages of a migrant caregiver, amounting to about 3,400 NIS. The amount included the brokerage fee charged from the worker both in Israel and abroad.

Since 2010, the temporary order was not extended by the minister in charge; thus, no amount can be charged to or received from the worker for employment as a caregiver. The punishment for illegally charging a brokerage fee to migrant workers is six months in prison or a high fine. In practice, until 2010 workers were charged much higher brokerage fees than allowed by law, and brokerage fees kept rising annually ever since.

Brokerage fees are usually paid by the workers to manpower agencies in the country of origin. It is difficult to accurately track the distribution of the fees between agencies in the country of origin and in Israel, but estimates in public forums by various sources, including senior officials in MOITAL and in the police department, suggest that 60%-80% of the brokerage fee paid by the worker reaches Israeli licensed manpower agencies.

When the brokerage fee is paid in the country of origin, the money is transferred to Israeli manpower agencies in various ways. The most common method is a agent of the agency who visits the country of origin every few months to receive the fees collected from workers.

Advocate Rebecca Makover stated during a Foreign Workers Committee meeting on May 10th, 2010:

*"I want to discuss what I saw and experienced at 200 private bureaus. This is not new. How much money is charged from a migrant worker for the right to arrive in Israel? Between \$8,000 and \$10,000. There is evidence that the migrant worker pays very large amounts of money for the right to arrive in Israel. This is a fact which no one disputes. **At least half the amount is divided between the agency abroad and the agency in Israel. I am referring to agencies that underwent administrative inquiries. It is confirmed.**"<sup>12</sup>*

The courts rarely deal with crimes concerning collection of brokerage fees from migrant workers in Israel. For many years, it was commonly assumed that migrant workers pay the full brokerage fee in the country of origin. However, according to the data collected in the survey that will be described further on, caregivers frequently pay a significant portion of the brokerage fee – even all of it – in Israel. Also, it was assumed that the money trail paid abroad could not be traced. In our survey, we found that in some cases, the workers (or their families abroad) have receipts or bank transfer documents, including the amount paid and the organization to which the money was transferred.

There are various methods of payment in Israel, but most of them have a common denominator. The money is delivered to the manpower agency through a third person, a sub-agent (frequently a caregiver, employed or previously employed, from the same country of origin as the worker paying the brokerage fees).

Israeli manpower agencies that do not want to be directly connected to collecting brokerage fees from new workers arriving in Israel employ sub-agents who speak the same language as the new workers and are considered more reliable. The sub-agents work for a tiny brokerage fee, a promise of a "good" job or visa arrangements.

In other cases, the sub-agent already works in Israel, or is a relative or friend of the worker and deals with all the "arrangements" required to bring him to Israel, including the payment of a brokerage fee to the Israeli agency. In the course of our work, Kav LaOved has witnessed the caregiver's employer or members of his

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<sup>2</sup> Knesset website <http://www.knesset.gov.il/protocols/data/rtf/zarim/2010-05-10.rtf>

family serving as sub-agents: The employer pays the manpower agency the full brokerage fee and charges the amount to the caregiver during his employment. Another method is a monthly brokerage fee paid by the employer to the agency while deducting the amount from the worker's salary.

Obviously, the brokerage fee paid by the caregivers is not reported to the tax authorities and no income tax is paid. As such, brokerage fees collected by the recruitment agencies, which total hundreds of millions of NIS per year, are "**black money.**"

It seems that manpower agencies in Israel and the countries of origin operate a powerful, influential lobby, which prevents both from establishing an alternative arrangement for bringing migrant workers and the enforcement of the law that forbids collecting brokerage fees.

One respondent to our survey, a caregiver from Moldova, related that additional caregivers from Moldova are employed in the neighborhood where she works. They have yet to complete paying their brokerage fees. Once a month, a sub-agent from Moldova collects the monthly debts.

## BROKERAGE FEES AND THE "REVOLVING DOOR"

Exorbitant brokerage fees have transformed the workers themselves into commodities with "price tags". As long as replacing previous migrant workers with new ones is legal and continues to be profitable for the manpower agencies, one cannot expect the agencies to change their practice of pressuring the Israeli government to continue and bring new workers to Israel.

Agents of manpower agencies set up positions in hospitals across the country to influence patients released from the Hospital to apply for permits to employ a migrant worker, that will allow these agencies to bring new workers in Israel. Employers say that manpower agencies promise permit-holders a discount or even a waiver of placement fee payment, if they approve bringing a migrant worker from abroad, and choose not to seek to employ a worker who already resides in Israel.

An example of the "revolving door" model can be found in a report by the Knesset's Research and Information Center concerning "Migrant Workers and Victims of Human Trafficking," from October 20, 2009, edited by Dr. Gilad Natan:

*"Obvious economic interests are involved in the process of bringing and employing a foreign worker in Israel. Foreign workers pay a very high brokerage fee for the option of working in Israel. These brokerage fees, collected from the workers illegally, are estimated at hundreds of millions of shekels per year. This causes pressure to replace old workers with new ones, preserve and even enhance rations and bring foreign workers needlessly. This is especially characteristic of the caregiving field, which places no limit on the number of foreign workers allowed to work in Israel."<sup>3</sup>*

The economic interest in bringing as many migrant workers as possible might flood the market with workers and has indeed led to many cases of "flying visas," during which many workers paid the brokerage fee and arrived in Israel, only to find his visa revoked upon arrival, for various reasons (even at the airport). Such a worker might find himself without a legal job, with no choice but to find an illegal job. In extreme cases, these workers are apprehended by the immigration authorities and deported to their countries of origin without being able to pay back the loans taken for brokerage fees they paid.

In the "Private Bureaus Regulation", the Ministry of Interior placed limits on the number of migrant workers agencies may bring, dependant on the number of migrant workers brought to Israel and are not employed and the number of workers registered with the office altogether. The Ministry has applied these

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<sup>3</sup> Knesset website, <http://www.knesset.gov.il/mmm/data/pdf/m02294.pdf>

limitations ever since the regulation was published. Thus, the "flying visa" phenomenon has been reduced and the flooding of redundant migrant workers limited. No wonder then, considering the severe blow to profits earned from brokerage fees, that the manpower agencies submitted a number of petitions to the High Court of Justice against these limits, without disclosing the motive for submitting them.

Eradicating the phenomena of illegal brokerage fees could lead to an immediate decrease in the demand for migrant workers. As long as workers arriving in this country pay a brokerage fee to work in Israel, one cannot determine the real needs of the Israeli labor market.

The Israeli authorities are aware of both the exorbitant brokerage fees and the cruel ramifications of these fees on migrants arriving to work in Israel. During a meeting of the Knesset Committee on Foreign Workers from December 12, 2009, Commander Dorit Ben Meir, commander of the Sa'ar unit in the Israeli Police unit, stated:

*"...the agencies charge between \$5,000 and \$10,000 and even more. We handled numerous investigations concerning 'obtaining by fraud' in aggravated circumstances, when the victims, I am talking specifically about caregivers, said they paid \$8,000, \$12,000. They became sort of slaves..."<sup>4</sup>*

Even the State Comptroller, in report 53B from 2003, dealt with the brokerage fee issue:

*"The foreign worker pays between \$3,000 and \$10,000 to work in Israel. This brokerage fee is divided between the manpower agency in the country of origin and manpower agents in Israel. The brokerage fee required by Israeli manpower agents, which ranges between \$1,300 and \$3,000 per worker, is illegal according to the Employment Service Law from 1959. The possibility of collecting brokerage fees from foreign workers abroad for work visas, creates the temptation to submit more requests for employment permits than needed, and trade in these permits illegally contrary to the permit's conditions. The country and its citizens lose from the condition of the foreign workers, since beyond the expenses for operating the mechanism for issuing permits and supervising foreign workers, the economy undertakes 'external expenses' rather than the bodies that gain from employing foreign workers."<sup>5</sup>*

The comptroller added:

*"The economic gains from bringing foreign workers from abroad created competition between manpower agents, leading to offering cash payments and benefits to permit holders, so the latter would use those permits through the agents."*

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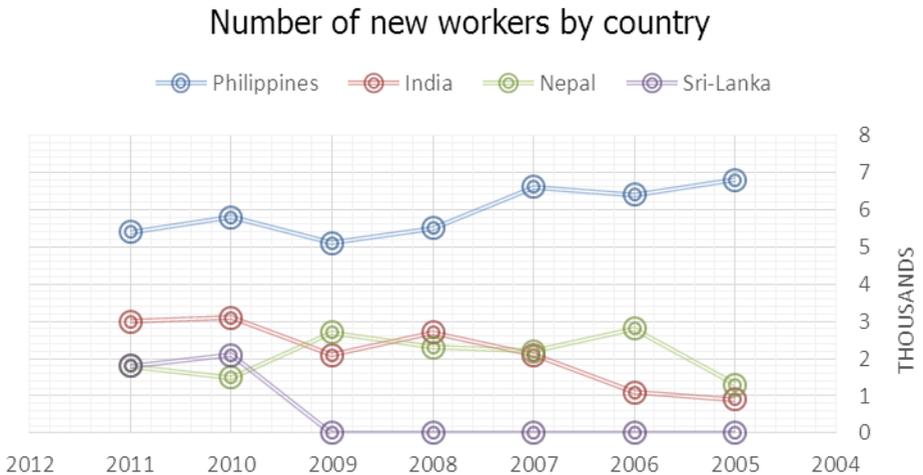
<sup>4</sup> Ibid

<sup>5</sup> State Comptroller report 53B, page 649

## WHICH COUNTRIES OF ORIGIN? Depends On the Caregiver's Price Tag

During the 1990s and early 2000s, most of the migrant workers in the caregiving field came from the Philippines and Eastern Europe, with a few dozen more from other Asian countries. Since the mid-2000s, there has been a decrease from the Philippines and an increase from South Asia: Nepal, India and Sri Lanka.

The changes in the number of new workers from each country can be seen in the following graph:<sup>6</sup>



The graph indicates a significant decrease of workers from Nepal in 2010. This occurred because the Israeli government issues a "closed sky" policy on Nepalese workers at the end of 2009, following serious offenses concerning brokerage fees and "flying visas" to Nepalese workers. The decline forced manpower agencies to turn to new countries, where they could charge high brokerage fees, similar to those previously charged in Nepal. They began bringing workers from Sri Lanka, more than 2,000 workers per year since 2010.

The "price tag" on the worker is determined by the country of origin. Generally, there are many advantages to Philippine caregivers, which is why The Philippines has become an attractive origin to import workers to nursing and care jobs

<sup>6</sup> According to the Central Bureau of Statistics, in a press release from July 30, 2012:  
[http://www.cbs.gov.il/reader/newhodaot/hodaa\\_template.html?hodaa=201220194](http://www.cbs.gov.il/reader/newhodaot/hodaa_template.html?hodaa=201220194)

worldwide. The workers speak high-level English and have enough technological know-how to use the internet and reach other sources of information. Their education, on average, is high and many of them are familiar with the caregiving field. Despite these advantages, Israeli Manpower agencies have recently preferred to import more and more workers from Nepal (until 2010), India and Sri Lanka.

Thus, patients, their families and even manpower agents can barely communicate with the workers brought to Israel. In our survey we examined, among other things, the reasons for termination of employment by the first employer in Israel. We found that in many cases, the workers were fired because the patient or the family members could not communicate with the worker. Additionally, a significant percentage of caregivers arriving in Israel from South Asia lack any education or even basic knowledge concerning Western medicine and nursing care, so they are unable to provide adequate care to their patients. For example, workers from remote villages in Sri Lanka had never seen a wheelchair before arriving in Israel. Still, the financial interest of collecting as high a brokerage fee as possible by the manpower agencies seems to be more important than the best interest of the patients.

Another aspect of bringing uneducated workers who do not speak English is their inability to read and comprehend the contract they receive (in English) and to compare it with the false promises they frequently hear from the recruiting agents who work for the manpower agencies. The latter guarantee a salary many times higher than the actual one, as well as an easier work environment than they will actually face. Additionally, these workers, unaware of their rights, are prone to abuse and even enslavement and have little access to the internet or to human rights organizations.

Shalom Ben Moshe, former Manager of the Foreign Workers Unit at MOITAL, stated the following during a meeting of the Foreign Workers Committee:

*"As for the employers, this collection method encourages bringing in caregivers for profit, without scrutiny for compatibility – we can say that in caregiving there are numerous incidents... where a foreign worker is sent without prior scrutiny for compatibility. The worker arrives, to a place she does not understand. After a while, she realizes this is serious punishment. She leaves. If they find another place for her – fine. If not, she becomes illegal and we are required to bring, and allow, another caregiver for the same patient. Then a new worker arrives and so on and so forth."*

## **BROKERAGE FEES – Fertile Ground for Abuse and Human Trafficking**

The high brokerage fees foreign workers pay to "purchase" their work visa is massive relative to the currencies of their countries of origin and their salaries there. To reach such sums, they require high-interest loans; to return them, they need a continuous job of one-to-two years, during which they mail their monthly salaries to their families back home. Most of the monies sent are used to cover the loan; the rest is used for the daily expenses of family members abroad.

As long as caregivers must pay-back the loan, many will do everything they can to keep their workplace, sometimes while suffering from constant abuse and even sexual and/or physical violence. Many caregivers who contact Kav LaOved with serious complaints about horrendous working conditions during their first year are reluctant to leave their employers due to threats of being deported, by both employers and manpower agencies. In addition, their family abroad asks them not to risk their income that would guarantee paying back the debt. The workers, terrified of being forced to leave Israel before paying off the debt, "prefer" to continue working despite difficult, abusive and even violent conditions.

The State of Israel enacts laws and regulations that may lead caregivers during the first two years of their work here to arrest and deportation. **As long as Israel allows brokerage fees at such exorbitant amounts, it must cease deporting caregivers before they have been employed the minimum time necessary for them to pay back their debt.**

The brokerage fee itself does not constitute a human trafficking violation, but it is a conspicuous indication of such a transgression. This has not gone unnoticed by the U.S. State Department, which, in its annual human trafficking report in 2006, explicitly mentioned a grave increase in work-related human-trafficking violations in Israel. Among others, the report noted that *"The government should also more vigorously enforce existing bans against charging recruitment fees and withholding passports, factors that contribute to the trafficking of workers"*<sup>7</sup>

In 2008, the Coordination of the Struggle Against Human Trafficking Unit at the Ministry of Justice publicized "a national plan for battling slavery and human trafficking for the purpose of slavery or forced labor," according to which the meaning of human trafficking for employment purposes is employing people as

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<sup>7</sup> From the U.S. State Department Human Trafficking Report, 2006. For the full report: <http://www.state.gov/j/tip/rls/tiprpt/2006/65989.htm>

working tools only, controlling their lives and limiting their freedoms. According to this plan, this is most likely to occur among migrant workers, because of the inequality inherent in this sector. Migrant workers arrive to a countries different in language and culture, with no knowledge whatsoever of its society, legal system and law enforcement agencies. The plan further emphasized that migrant workers must pay high amounts back home, for the right to arrive in Israel. The debt they incur means their first goal is to pay back the money owed. In such a climate, they tend to accept adverse conditions just to continue working.<sup>8</sup>

In its report from 2010, the U.S. State Department ranked Israel in Tier 2 and explicitly stated once again that Israel is not seriously combating human trafficking within its borders. The State Department reemphasized the brokerage fee charged by manpower agencies in Israel that range between \$1,000 and \$21,000 and noted that the brokerage fee enslaves migrant workers, forces them into large debts and becomes fertile ground for trafficking-related abuse.<sup>9</sup>

More from Shalom Ben Moshe, Manager of the Foreign Workers Unit in MOITAL at a meeting of the Foreign Workers Committee from July 31, 2007:

*"For the foreign worker, primarily in the agricultural and caregiving sectors, the interest is in maximizing profits... the foreign worker has no alternative. He has to repay the money, including a monthly interest. There is pressure, threatening his family abroad. This reality, of which there is no alternative, leads to exploitation, subjugation and sexual abuse."*

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<sup>8</sup> National plan for battling slavery and human trafficking for the purpose of slavery or forced labor, May 7, 2008  
<http://www.justice.gov.il/MOJHeb/Sahar/Tofaa/Tochniot/>

<sup>9</sup> From the U.S. State Department Human Trafficking Report, 2010. For the full report:  
<http://www.state.gov/j/tip/rls/tiprpt/2010/142760.htm>

## BROKERAGE FEES SURVEY - 2013

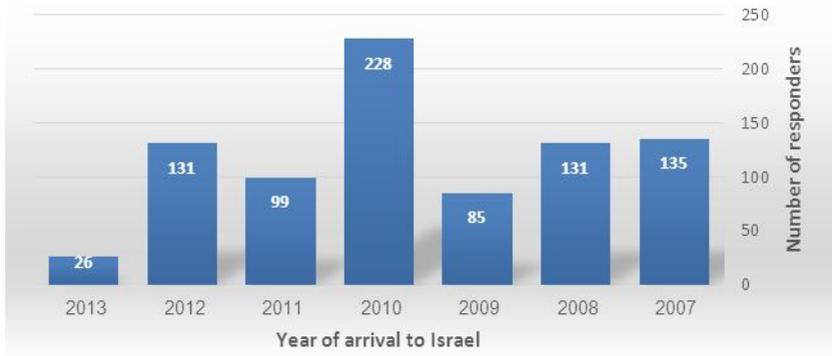
Survey participants included 835 migrant caregivers who arrived in Israel with a caregiving work visa between 2007 and 2013. Of those, 22% were men and 78% were women.

The survey was conducted in English. Most workers responded independently and anonymously. More than 100 workers who do not speak English were surveyed in their native languages by Kav LaOved volunteers, accompanied by translators.

73% of the respondents arrived in Israel from the Philippines, 15% from India, 5% from Nepal and 4% from Sri Lanka. An additional 3% came from Eastern Europe (Romania, Moldova and Ukraine).

48% of the respondents were married, 23% have a child in the country of origin, 19% have two children, 11% have three or more children. 47% of the respondent have no children and arrived in Israel to support their parents and siblings in the country of origin.

### Distribution of respondents by year arriving in Israel:



### Methods of raising funds for fees payment:

Only 6% of the respondents answered that they did not loan money and paid the brokerage fee from their or their family's savings.

94% of the workers stated that they raised money in at least one of the following methods:

- Worker's family members took loans or mortgaged their property and land.
- Worker loaned money from agencies/private lenders, usually from the "grey market."

- Worker loaned money from a known bank in the country of origin.
- Worker and/or family members sold their gold jewelry to add to the required sum.
- The worker took loans from friends in the country of origin and/or in Israel.
- The worker mortgaged his house.

The average interest workers and/or family members were required to pay for the loans was 8%. One Filipino worker said she was required to pay 30% interest on a \$5,000 loan. An Indian worker answered that he paid 24% interest on a \$10,000 loan, while another Indian worker noted a 25% interest on a \$9,000 loan.

A Filipina caregiver, who came to Israel on early 2010, responded that she paid \$8,000 for a work visa to Israel. Her family members took over the loans for the brokerage fee and were required to pay 10% interest to the loaning bodies. She said that the loan was paid in full only after 36 months of employment in Israel.

### Waiting Period for the Visa:

From the moment workers raise the required amount and hand the brokerage fee to the manpower agencies, they must wait until the visa is stamped in their passport, enabling them to arrive in Israel and start working and earning. Between payment and receiving the visa, workers are required to pay the monthly loans and interest without having any source of income.

In our survey, we found that respondents waited an average of three-and-a-half months between payment and receiving a visa. A small number of workers per year, all Filipino, said they submitted the brokerage fee only upon receiving the visa.

**Average waiting period for a visa  
(in months)**



A Filipino worker took a loan from a private agency in the Philippines at a 10% interest rate, paying a \$7,000 brokerage fee to a representative of an Israeli manpower agency on early 2010. She waited **two whole years** in the Philippines from payment until receiving the visa and began working in Israel at the beginning of 2012. Upon arrival, she found out that her intended employer died just before her arrival. Therefore, she waited two more months, in Israel, until finding a new employer. For two years and two months her family members had to pay the interest on her loan. When she started working in Israel, she was required to pay not only the original loan, but also the monies her family paid during the waiting period.

### **Brokerage fee payment by Year of arrival:**

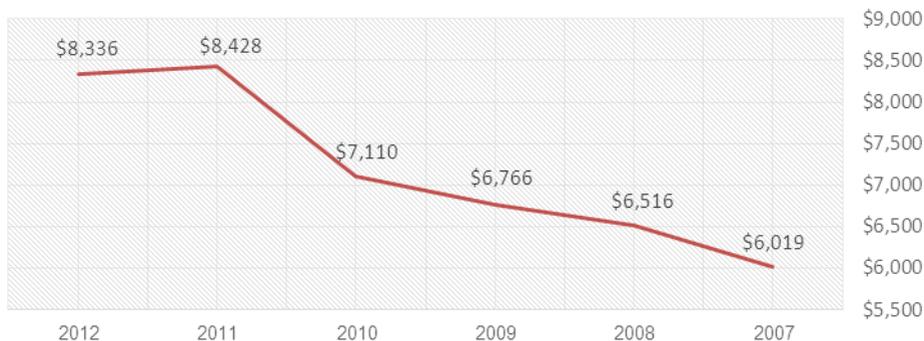
More than 70% of the caregivers responding to the survey came to Israel from the Philippines, a country of origin where the brokerage fee is relatively lower than other Asian countries. This percentage is significantly higher than the actual percentage of Filipino workers among migrant caregivers in Israel, due to the accessibility of Filipino workers to Kav LaOved's offices and online. To prevent deviation of results based on the high percentage of Filipino respondents, the brokerage fee was calculated using a weighted average based on countries of origin, according to the relative size of each group within all foreign caregivers in Israel during that year, derived from data from the Central Bureau of Statistics.

In the survey, caregivers were divided into three main ethnic groups; each group includes workers who paid a similar amount as brokerage fees – The Philippines, South Asia (India, Sri Lanka and Nepal) and Eastern Europe (Romania, Moldova and Ukraine).

## Trends in Brokerage fee Payments

Over the years, there was a clear and consistent increase in brokerage fees, up to \$8,400, as shown in the graph below:

**Average amount for brokerage fees  
(by year)**



### **Brokerage fees by Gender:**

Consistently, male caregivers pay higher brokerage fees. This trend was examined separately and confirmed for all countries of origin.

Interestingly, between 2009 and 2010, the average amount paid by male caregivers decreased. This might be since most of the male caregivers who entered Israel prior to 2010 arrived from Nepal, and paid huge sums as brokerage fees for "flying visas." This trend was halted by the "closed sky" policy of the Israeli government on Nepali workers, and the revocation or suspension of licenses of manpower agencies that issued such visas.

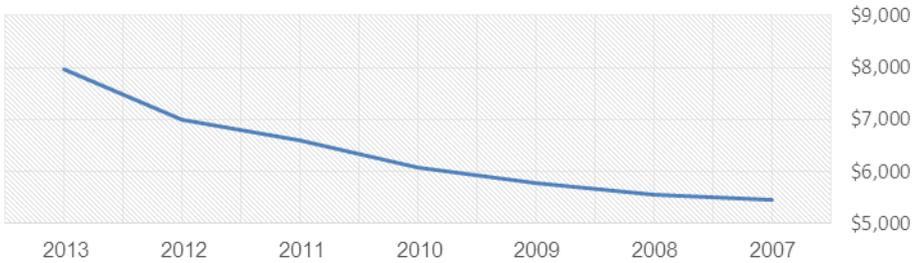
**Average amount for brokerage fees  
(by gender and year)**



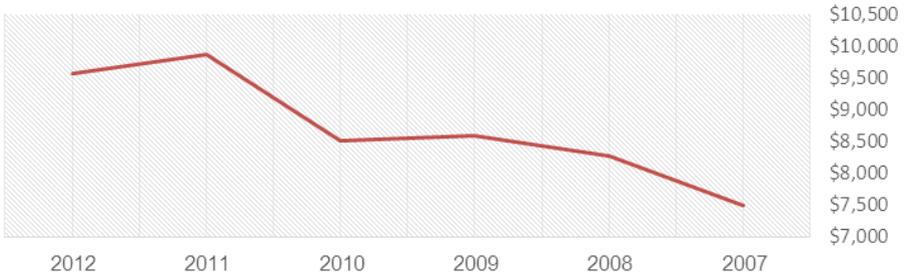
## Brokerage fee by Countries of Origin:

Over the years there is an increase in the average amount of brokerage fees among all three groups. This trend is especially prominent among Filipinos workers. One must note the sharp increase in brokerage fee for Filipino caregivers arriving in 2013, **who paid an average of \$7,961.**

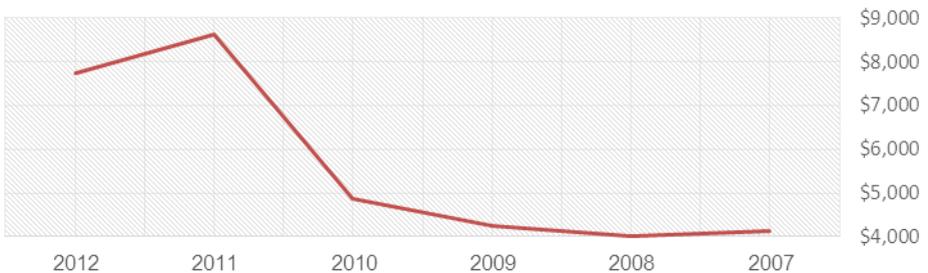
### Philippines



### South Asia (India, Sri-Lanka, Nepal)



### Eastern Europe (Ukrain, Moldova, Romania)



A worker arriving in Israel from India in 2010 said she paid just \$1,000 for her work visa. When asked again how come she paid such a small amount, she said that she actually paid \$7,000 more, but only because the manpower agency told her she "failed" her first job interview, and must pay for a second interview.

### **Time Required for Paying Back the Loan:**

According to the survey, caregivers who arrived in Israel in **2007** needed an average of 22 months of work to return the loan. In **2008**, they needed 20 months on average and in **2009**, 18 months.

5% of the respondents who arrived in Israel in **2010** noted they had yet to repay the loan in full. Of those who did complete paying, the average returning period was 18 months.

23% of workers who arrived in **2011**, noted they are still paying their debt.

Of those workers who arrived in **2012**, 59% are still paying. 30% of the workers who arrived in Israel in 2012 noted on April 2013 that they had just completed paying the debt or will do so in the upcoming months, and it took them about a year to complete payment.

### **Brokerage fee Payments in Israel:**

While conducting the survey, we tried to clarify whether brokerage fee payments take place exclusively in the countries of origin. We were surprised to realize that in many cases, payment is made in Israel and the money reaches the Israeli manpower agencies, which arrange the visas for the workers, directly. Most of the workers who paid in Israel, paid an additional amount in the country of origin but the main portion, on average 3.5 times as much as they paid back home, was paid in Israel.

28.5% of the survey respondents who arrived in Israel between **2007** and **2010** said they paid a portion of the brokerage fee in Israel. That number climbed to 40% between **2011 and 2012** and to 46% in **2013**. A few workers each year noted they paid the full sum in Israel.

An Indian worker who arrived in Israel on early 2013, mentioned that he paid a \$12,000 brokerage fee, **in Israel**, to an Indian sub-agent who works as a caregiver, and forwarded the amount to the manpower agency that arranged his visa.

Some 10% of the respondents for each year said they were required to pay the manpower agency or the employer in Israel an additional sum, ranging from \$50 to \$2,000 for services they defined as "visa arrangements" or "handling fee".

## **Receipts for Payments:**

13.5% of those surveyed noted that they received some kind of a receipt in their country, or possess a bank record of the money transfer, although in many cases the receipts cover only a part of the full amount paid.

8% of the respondents said they received some kind of a receipt from the manpower agency in Israel, among them workers who paid the full amount in their countries of origin.

In most cases, the amount on the receipt is the sum permitted according to the Israeli Employment Service regulations, which is usually about 10% of the actual sum paid.

## SUMMARY AND CONCLUSIONS

The state comptroller report concerning brokerage fees collected from migrant workers was published over nine years ago; the first government decision to bring migrant workers to Israel through the International Labor Organization, or other arrangement, passed seven years ago.

The first bilateral agreements between Israel and Migrant workers' countries of origin were signed on late 2012, yet applied only the workers in the construction and agriculture fields. This is despite the fact that caregiving is the largest field in which male and female migrant workers are employed in Israel and the number of legal workers is at least twice that of those employed in agriculture.

On the other hand, migrant workers in the caregiving field continue to be recruited for work in Israel in the same reckless manner as two decades ago. Workers continue to pay exorbitant brokerage fees, mortgage their property and go deep into debt. Collecting brokerage fees is still one the most profitable industries for manpower agencies and labor contractors in the Israeli economy. The recruitment process for working in Israel was and continues to be corrupt. Kav LaOved – which comes into contact with thousands of migrant workers per year in the course of its work – has not yet met one migrant caregiver who has arrived in Israel without paying an exorbitant brokerage fee.

Not only has this phenomenon not been eradicated or even reduced, but the brokerage fee workers are required to pay for arriving in Israel has increased annually. In a survey conducted by Kav LaOved in 2006 among 100 Filipino migrant workers, we found that a Filipino worker pays an average brokerage fee of \$4,257. In 2008, a similar survey showed that brokerage fee in this field increased by \$1,300 on average, reaching \$5,544. **In our current survey, dated March 2013, we found that the average brokerage fee Filipino workers have paid this year came to \$7,961** – a \$2,400 increase from 2008, which brings to a gradual increase of up to 40% in just five years.

All evidence of a clear preference for bringing migrant workers from countries where workers pay the highest amount of brokerage fees, also indicate a failure of the current method of bringing migrant workers to Israel. Survey results indicate that **between 2011 and 2012 workers from Southern Asia paid an average brokerage fee of \$9,500, about \$3,000 higher then Filipino workers arriving in Israel on the same time period**; accordingly, the percentage of caregivers from Southern Asia risen. We believe that brokerage fees charged from workers before they receive a visa must be considered a factor when determining the countries

from which foreign workers are brought to Israel. Until the offensive practice of collecting brokerage fees from workers is eliminated, Israel should favor countries where brokerage fees are relatively low.

In the past, there was no doubt that the Israeli authorities in charge of prevention of collection of brokerage fees, faced considerable obstacles as the fees were paid in countries of origin, and were transferred in various ways to the Israeli manpower agencies. In addition, investigations of such cases were carried internationally and depended in cooperation with law enforcement agencies overseas. Under these circumstances, it was difficult to prosecute Israeli manpower agents for collecting brokerage fees abroad.

However, according to the data we collected in the survey as described above, some 40% of migrant caregivers who entered Israel during 2012-2013 paid some or all of the amount in Israel, to Israeli manpower agencies, through local agents. Furthermore, dozens of workers possess receipts or bank transfer notes as proof of payment.

This indicates the necessity of a planned, ongoing criminal investigation of Israeli manpower agencies that collect and receive brokerage fees, in cash, in Israel, in addition to cooperation between states to create a transparent and supervised recruitment mechanism. In any event, criminal enforcement, although not to be taken lightly, is not enough to eradicate this phenomenon, nor is it an alternative to international cooperation between Israel and the countries of origin of caregiving migrant workers.

Without minimizing the importance and necessity of criminal enforcement, we believe the key to solving this problem extends further, as criminal enforcement, by nature, is responsive and not preventative.

In particular, we cannot accept a reality where the state avoids signing bilateral agreements with countries of origin for the largest sector in which female and male migrant workers are employed in Israel, especially as we face the third decade of a large influx of migrant workers to Israel.

***"This will be of great help and relief to everyone who is planning to work in Israel. We suffered a lot because of the unjustifiable amount of brokerage fees that is being asked by some other recruitment agencies both in the Philippines and here in Israel."***

- G., a Filipino worker

**Kav LaOved** (Worker's Hotline) is an independent non-profit, non-governmental organization committed to the defense of workers' rights and the enforcement of Israeli labor law designed to protect every worker in Israel, irrespective of nationality, religion, gender, and legal status.

## Modes of Action

**Individual assistance** to workers via public reception hours, the telephone hotline, the website and social media, field visits and more

**Legal and procedural support** by advising and representing workers

**Public advocacy** through development of position papers, attendance in parliamentary committees, ongoing dialogue with various government ministries, and principled petitions to Israeli labor courts

**Cooperative partnership** with state authorities, monitoring current policies, encouraging effective enforcement over employers, and supervising the granting of employment licenses and work permits

**Education and community outreach** by raising awareness of worker's rights to individual workers and society at large through workshops, lectures, research, reports and media

**Partnerships** with a wide range of Israeli and international organizations, unions, and institutions

✓ 17 לעובד  
Worker's Hotline  
✓ عنوان العامل

[www.kavlaoved.org.il/en](http://www.kavlaoved.org.il/en)



Friends of Kav LaOved –  
Worker's Hotline

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		Telephone	Fax
<b>Tel Aviv</b>	75 Nahalat Binyamin, Floor 4	+972-(0)3-688-3766	+972-(0)3-688-3537
<b>Haifa</b>	18 Herzl, Floor 2, Room 224	+972-(0)4-864-3350	+972-(0)4-864-4238
<b>Nazareth</b>	Mercaz HaBsorah	+972-(0)4-608-2228	+972-153-4-6082228
E-mail	email@kavlaoved.org.il		