



POLICY BRIEF - January 2022

Who is protecting the rights of Palestinian workers in Israel? Gaps in the enforcement of Palestinian workers' labor rights.

Palestinian workers in Israel

About 125,000 Palestinian workers from the Occupied Palestinian Territories (OPT) are registered to work in Israel. Two thirds of them, 80,000 workers, are employed in the construction sector, the rest in other sectors including agriculture, manufacturing, healthcare and hospitality. Additionally, more than 31,000 Palestinian workers are employed in settlements and an estimated 18,000 work in Israel without a permit. In the summer of 2021 the Israeli Government approved a significant quota increase of 25,000 Palestinians who can be employed in Israel, 14,700 in the construction sector alone.

Widespread labor rights' violations

Although legislation mandates that Palestinian workers participating in the Israeli labor market have the same labor protections as Israeli workers, in practice this is not the case. Most Palestinian workers in Israel suffer from a myriad of labor rights infringements affecting their pension, sick leave, holidays and other social rights. About one third of the workers have a different employer than the one written on their pay slips. Their mandatory pay slips are fictitious and rarely handed out.

Safety regulations in dangerous jobs, in which Palestinians mostly work, are rarely respected. The Israeli construction sector has a fatality rate double that of OECD countries, and Palestinian and migrant workers are disproportionately represented among fatalities and injuries. Palestinians account for 40% to 50% of all workplace accidents deaths in Israel, yet they represent only 5% of all the workers receiving work injury benefits, despite having the same rights as any other worker in Israel.

A reform in the employment model of Palestinian workers entered into force in December 2020 following Kav LaOved's petition to the High Court of Justice. The reform was meant to put an end to a system whereby Palestinians' work permits are tied to an individual employer. This system generated a trade in unused permits, illegally sold by employers. Permits were then sold by middlemen on the black market to Palestinian workers for about a third of their expected salary (between ILS 2,000 and 3,000). An indebted worker (permits are paid in advance) is not free to refuse unsafe work conditions or complain in any way.

A Bank of Israel report published in 2019 estimated that about 30% of Palestinians working with a permit in Israel paid illegal brokerage fees. More recent research estimates that in the first half of 2021, 50% of Palestinians working in the construction industry, and just below 30% in other sectors, bought their permit.¹ Estimated revenues from the illegal sale of permits stand at more than 1 billion ILS annually.

The December 2020 reform introduced a new "sector-wide permit," only for the construction and industry sector initially. It also promised mechanisms to facilitate the job search process for Palestinians seeking to work in Israel, such as hosting job fairs or publishing a website in Arabic advertising open positions, as well as training mechanisms. None of this has materialized. An app was created, but it only allows employers to locate workers, not vice versa, once again leaving workers dependent on the power of employers or recruiters. Palestinians who resign or are fired still cannot re-enter Israel to search for work, as they need new permits for that.

Workers are not even informed about these changes in policy. Many workers we meet at checkpoints are still not aware that the work permit linked to an individual employer is not necessary anymore. More worryingly, more than a year into the implementation of the reform, the trade in permits continues undisturbed. Workers keep paying illegal brokerage fees, whose price has meanwhile gone up, and continue to suffer from widespread rights' violations. A parallel black market has also been created: workers can now buy higher positions in the waiting list for the new "sector wide work permit"!

Under-enforcement

Despite this dismal situation, enforcement of the rights of the circa 125,000 Palestinian workers in Israel is very poor. Labor rights enforcement in Israel is generally poor, also for Israeli workers. The governmental units responsible for labor enforcement are all understaffed and underfunded. However, the situation is particularly extreme in the case of migrant workers (especially in light of the scope of violations), and even more extreme in the case of Palestinian workers.

The main responsibility for Palestinians workers' labor rights lies with the Ministry of Interior and more particularly with the Payment Unit or, in its new name, the *Unit for Employers' Services*, within the Population and Immigration Authority (PIBA). The Unit is entrusted with supervision and protection of Palestinian workers' rights and in this capacity issues Palestinian workers' pay slips.

The Unit does not check, not even in a small sample, whether the information provided by employers is correct. Mostly it is not. Usually employers report less hours at higher hourly rates, to avoid paying part of the worker's social rights. In KLO surveys, most workers reported not receiving their pay slips regularly or at all. Almost all the workers who receive pay slips added that the information reported did not match their pay. Yet the Unit does not check what employers report.

Furthermore, State Comptroller reports from 2015 and from 2020 have found serious deficiencies in all issues under the Unit's responsibility, including holiday pay, notice of seniority (the basis on which various benefits are calculated), reimbursement of travel expenses, convalescence pay, severance compensation, leave pay, and overtime pay. The report has also identified administrative flaws in the conduct of the Unit, including action without authority, lack of transparency and lack of good faith.

It is worth noting that there is no inspection body that currently considers itself responsible for identifying, investigating or instituting sanctions in connection with the trade in permits—neither PIBA's Foreign Workers' Administration nor its Unit for Employers' Services. The Tax Authority at the Ministry of Finance has expressed a general interest in the phenomenon, but so far has not conducted any investigations that we are aware of, despite significant evidence. Other state officials have also refused to take responsibility in this matter. Not a single enforcement action has been taken - ever - regarding the illegal trade in Palestinian workers' permits

The Population and Immigration Authority within the Ministry of Interior is also the body issuing approximately 125,000 permits to Palestinian workers. Until 2018, PIBA did not document - and apparently never carried out - any enforcement activities against Palestinian workers' employers. Enforcement activities only started to be documented in 2018. In the years 2018-2019, 27 and 28 enforcement and investigation activities, respectively, were carried out in the construction sector (employing more than 60,000 workers); 7 and 5 enforcement actions were implemented in the agriculture sector (employing more than 10,000 workers); and 3 and 8 enforcement activities were noted in the manufacturing sector (employing about 10,000 workers).

The body responsible for enforcing safety at work regulations, for all Israeli workers, is the *Occupational Health and Safety Administration* within the Ministry of Economy. The Administration employs 80-100 inspectors responsible for 4 million workers in Israel. According to OECD criteria, this number should be 180 for developing country standards or 340 for developed country standards. Investigations into cases of injuries and fatalities are rarely opened and administrative sanctions of employers are hardly ever used. Criminal enforcement against safety offences is almost nonexistent.

At the end of 2018, in light of the unbearable and often lethal number of work accidents, Israel Police with the Ministry of Homeland Security and the Ministry of Labor and Welfare set up a division for the investigation of work accidents in the construction sector named "*Peles*" ("workers without risk"). Over a period of three years this unit has investigated only a minute number of work accidents: 4% of all accidents in the construction sector or 11% if counting only accidents resulting in serious injury or fatality.

The Ministry of Finance and the Ministry of Housing also have tools at their disposal for the enforcement of safety regulations, but they do not utilize them. The Contractor's Registrar has relinquished its authority to lead the way in removing problematic contractors with poor safety records from the list of eligible bidders for government contracts. They are relying on the Safety Administration to pass them information on contractors with poor safety records, although the Registrar has the statutory authority to lead this effort. They also rarely act on the information they get from the Safety Administration, including in serious cases of companies with more than 10 safety violations in the last 24 months.

Freedom of information data we received from four different authorities again shows confusion regarding who is responsible for enforcement, in this case of a recent regulation pertaining to health insurance for Palestinian workers. The Ministry of Construction and Housing says that according to the Population and Immigration Authority, enforcement of employers' obligation to purchase health insurance for workers rests with the Authority. The Authority however claims that the responsibility stands with other bodies and not with it.

The body responsible for enforcement of labor laws in Israel, for all workers, including Palestinians, is *the Regulation and Enforcement Administration* - formerly within the Ministry of Labor and now under the Ministry of Economy. About half of its supervisory and enforcement positions with regard to violations of workers' rights for all workers in the country, including Israelis, have been left unfilled. The Labor Enforcement Unit operates without an orderly work plan and without clear objectives or strategic planning. According to the 2015 State Comptroller's report, the enforcement administration has little information regarding violations facing low-wage workers, which leads to insufficient enforcement efforts. Since the start of the Covid19 pandemic early in 2020, the Enforcement Administration's budget has been reduced by about half, new investigation cases have decreased by 55% and sanctions imposed on workers' rights violators have gone down by 38% compared to the previous year.

Also within the Ministry of Economy - since the recent move from the Ministry of Labor and Welfare - is *the Commissioner for Foreign Workers' Labor Rights*, presented by the State as the contact address for about 250,000 non-Israeli workers, mostly migrant workers and Palestinians. The Commissioner's Office has been allocated only two positions for attorneys and two student positions and has no means to implement its mandate.

The binding of workers to employers, widespread exploitative labor practices and the fact that Palestinians are not allowed moving freely within Israel, sets up high risk conditions for labor trafficking as well. *The National Anti-Trafficking Coordinator* at the Ministry of Justice, however, consists of a part-time coordinator and two assistants and also has no means to implement its mandate.

Who profits?

The lack of enforcement of Palestinian workers' rights must be understood within the political context of the Israeli-Palestinian conflict, especially the interplay between Israel's national security and economic interests, which have shaped the employment of Palestinians in Israel since this process began in the early 1970's.

A key element in the employment of Palestinians in Israel has been a long-term process of de-humanizing Palestinian workers, turning them into "disposable workers." The endless availability of "disposable workers" whose rights can be violated without any sanction is an economic incentive to continue and deepen the occupation. It is encouraged by a State which does not feel obligated to apply any deterrent against the current state of affairs.

Palestinians provide Israel's economy with an endless source of cheap labor, particularly in the construction sector. What makes Palestinian labor cheap however, are the social rights thefts and the costs-reducing violations of mandatory safety measures which are deliberately and systematically practiced by employers with impunity.

Also highly profitable for many is the illegal work permit market which is conducted in broad daylight, with stalls selling permits on the side of checkpoints and advertisements on social media clearly indicating prices and contact details of the seller.

Economic exploitation sustains the occupation but is also sustained by the occupation. The employment of a large number of Palestinians in Israel is in Israel's national interest. The salaries of Palestinians working in Israel account for 40% of the Palestinian economy's income, and play a major role in averting escalation of tensions between Israel and the

Palestinian territories, whose per capita GDP is less than a tenth of that of Israel. At the same time, the massive employment of Palestinians in Israel deepens the Palestinian economy's dependence on Israel. The use of a work permit for each worker is an additional mechanism of individual control as workers cannot freely circulate, neither physically or professionally.

This formula has been in place since Palestinians workers started working in Israel in the early 1970's. The reform adopted in 2020 – albeit only following Kav LaOved's petition to the High Court of Justice - offered new hope that things had finally started to change, and Palestinian workers would be able to gradually start enjoying all the rights afforded them by Israeli labor law. The failure of the reform to materialize on the ground over the last year has dashed these hopes.

Kav LaOved will continue monitoring the situation, sharing findings and pressuring authorities to engage in labor rights enforcement in line with international standards.

ⁱ Wifag Adnan and Haggay Etkes, [The Reform of the Permit-Regime for Palestinian Workers in Israel: A preliminary evaluation](#), November 2021.

For a more detailed description of labor rights issues facing Palestinian workers, see the report "[Situation Report: Developments and Reform in the Employment Conditions of Palestinians in Israel](#)", released in 2021, as well as the previous report "[The Occupation of Labor: Employment of Palestinian Workers in Israel](#)", released in 2018.