

November 1, 2018

Update Ahead of the Hearing on November 5, 2018 in the Knesset Interior Committee
on the Enforcement of the Deposit Law

In May 2017, the Deposit Law came into effect. Under this law, employees are obligated to deduct 20% of the salaries of employees who are asylum seekers, place them in a deposit fund where the sum will remain until the workers depart Israel. Based on data presented by the State to the Supreme Court as part of the legal proceedings in an appeal against the Deposit Law, following the implementation of the law, **half of asylum seekers in Israel earn less than minimum wage**. The implementation of the Deposit Law for over a year significantly harmed asylum seekers' ability to live a dignified life, reducing their meagre earnings even further and serves as fertile ground for fraud and theft of their salaries.

The implementation of the law cannot be described as anything but malicious and negligent, allowing for state-sponsored theft of asylum seekers' salaries.

After over a year since the implementation of the law, it has become apparent, based on hundreds of appeals to the Deposit Department at the Population and Immigration Authority, that **not a single shekel was placed in the deposit funds of about a quarter of the workers from whose salaries the deposit has been deducted**. In addition, for a significant share of employees, only part of the funds was deposited. Data concerning appeals by asylum seekers to the NGO Kav LaOved, regarding the deposit law, show that **for over half of the asylum seekers from whose salaries the entire deposit was deducted (20 percent), only some of the funds or none at all were deposited in the account**. As of October 10, 2018, of a total 367 cases handled by Kav LaOved on this manner, **295 cases are still pending for workers whose employers deducted the deposit from their salaries, but did not deposit the entire sum in their deposit funds**.

Workers who reached out to Kav LaOved during the months when the policy of deportations to Rwanda and Uganda was in place, had to leave Israel without receiving the funds deducted from their salaries, **since these funds were never deposited**. 87 asylum seekers who left or are about to leave Israel in the coming weeks found out that the deductions were not at all, or not fully, deposited in their accounts – and announced they

will consider delaying their departure until they receive the funds in full. **The declared purpose of the law – to compel the departure of asylum seekers from Israel – is not being achieved, since the funds are not deposited by the employers, delaying departures.**

In effect, the deposit law enriches criminal employers and will likely force the State to cover debts totalling in millions of shekels: some employers deduct the 20% levy from the salaries of asylum seekers, but do not transfer the funds to the deposit, instead pocketing the cash, every month. Every month, Kav LaOved discovers dozens of cases in which employers deduct the deposit from their workers' salaries, but do not transfer it to the deposit fund at all, or only transfer some of the funds, despite the authorities' obligation to enforce the law. **It is incomprehensible that employers will exploit the Deposit Law to steal 20% of the salaries of asylum seekers and the State will stand idly by and do nothing.** It is the responsibility of the State to implement the law passed by the Knesset, and not turn it into a mechanism for illicit enrichment at the expense of workers. On all complaints filed by Kav LaOved to the various authorities, including the enforcement units in the Ministry of Labour, Welfare and Social Services, as well at the Enforcement Unit of the Immigration Authority, no update has been received on enforcement actions against employers to pocketed their workers' deposit deductions.

Companies that go bankrupt and leave hundreds of workers without their deposits – and the debt will be paid, in effect, by Israeli tax-payers: In cases of bankruptcy of manpower agencies that employ hundreds of asylum seekers, as in the case of the “Zroa HaZahav” company, the workers are left without the funds deducted from their salaries, and without an employer from whom they can demand the funds – **and the body that will be responsible for giving the funds back to the workers is Israeli National Social Security, financed by Israeli tax-payers.** Authorities have created the conditions exposing asylum seekers and Israeli taxpayers to the danger of theft. The State must create a mechanism that allows comparing the sums deducted from workers' salaries to the funds actually placed in the deposit, to prevent the recurrence of such cases. **The deposit law undermines its own purpose: funds that are not deposited encourage asylum seekers to remain in Israel until they can receive them in full, in addition to fostering the illicit enrichment of**

employers subsidized by the most marginalized workers in Israel and Israeli taxpayers.

The State owes funds that it over-charged from asylum seekers. Thus far, the State has not acted to return these funds. In the previous position paper and during the previous hearing on the matter, it was reported that employers in the cleaning sector deducted over 20% of workers' salaries, due to an incorrect interpretation of the Ministry of Interior concerning the deduction rates in this sector. Although the Immigration Authority recognizes that it made a mistake in the guidance it issued to employers in the cleaning sector (in our assessment, about half of asylum seekers work in this sector), thus far, the State has not found a way to refund the over-charged funds and it has not given clear instructions to employers concerning future deposits. The head of the Directorate on Services to Employers and Workers in the Immigration Authority directs inquiries to the head of the Enforcement Unit at the Ministry of Labour and Welfare, and no solution is in sight. **In other words, the State is capable when it comes to deducting the funds, but when it is required to refund them, the Immigration Authority denies its responsibility for the over-charging, and workers are left without the money they deserve according to the law. The Immigration Authority gave the instruction to over-charge, and now it must find a way to return the funds without casting blame and assigning the accountability over this matter to other bodies.**

After over 18 months since the implementation of the law, dozens of millions of shekels were taken from workers. A large share of those funds was not deposited on their behalf. It is clear that the Deposit Law is not only immoral, but it also fails to fulfil the purpose its authors had in mind.