

Israel Collected \$100m From Palestinians. Now It Wants to Use the Money to Upgrade Roadblocks

The Finance Ministry and the Population and Immigration Authority have accumulated millions of shekels in sick leave compensations belonging to Palestinian workers.



Palestinian workers at a construction site near Ma'aleh Adumim, last year\
Credit: Gil Cohen-Magen

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The Finance Ministry and the Population and Immigration Authority are exploring a variety of ways to use an accumulated 380 million shekels (\$105 million) in sick leave compensation sitting in accounts of Palestinian laborers with Israeli work permits. An option being considered is to put the money toward upgrading border crossings between the West Bank and Israel.

The funds were paid by the Palestinians' Israeli employers after deducting the sums from the workers' wages. Little of the money has reached the workers themselves and the High Court of Justice will hold an initial hearing next week on a petition filed about two years ago about the disposition of the funds.

The issues is over the fact that Israeli employers have automatically deducted 2.5% Palestinian laborers' salaries for a sick leave fund managed by the Population Authority. Any unused funds are transferred to the Finance Ministry.

The procedure that Palestinians must follow to obtain any of their money is much

more complicated than what is required of Israelis. They may withdraw funds only in the event of illness or debilitating injury that prevents them from working, and the application process requires a number of administrative and medical approvals.

A government plan developed by a team representing the finance, justice and labor ministries, Immigration Authority and the Coordinator of Government Activities in the Territories suggests four possible options for the accumulated funds: Upgrading West Bank checkpoints, providing professional training for the workers, modernizing the work permit system, or improving pension benefits.

About two years ago, the Kav LaOved Worker's Hotline organization and the Association for Civil Rights in Israel filed high court petitions against the Population Authority and the Finance Ministry on how the funds gleaned from Palestinian wages are used. Official data shows that a small number of Palestinians have received any money from these funds. Between 2014 and 2017, only 1 to 1.5 percent of 50,000 to 70,000 laborers qualified for sick leave compensation. The state said two weeks ago that not a single worker had received any compensation, citing "difficulties" in processing medical documents.

Representing Kav LaOved attorney Michal Tajer said the fund obscures eligibility information makes it difficult for those who are eligible to receive any money. As a result, she said, large amounts of money have accumulated over the years in the fund, for which the Finance Ministry is responsible.

Tajer said that at the beginning of the year the state had informed her that 380 million shekels had accumulated in the fund. Based on the prior pace of deposits, it can be assumed that the fund has grown to some 400 million shekels by now.

Kav LaOved said the situation amounted to withholding of wages from one of the country's most vulnerable workforce groups.

The State Comptroller's Office has also accused the Population Authority of "failing in its role of protecting the rights of Palestinian workers."



Palestinian workers at Tarqumiya crossing on their way to Israel, 2013.
Credit: Emil Salman

As a result, the authority has decided to stop collecting funds from employers and require employers to pay benefits directly to their Palestinian workers. The state recently informed the court that at least some of these will take effect in 2019. But it is still undecided what to do about the already accumulated funds.

One source said that regulations may have to be amended in order to change how the funds are handled.

“This involves millions of shekels that were collected for a specific purpose and all of a sudden they are being devoted to a new purpose,” the source said. “Such a step requires legal backing to the last detail.”

At the end of 2016, the Finance Ministry told Haaretz that the funds have been deposited at the Bank of Israel and were not included in the state budget.

Tajer described plans to redirect the funds to improve crossings as cynical and unethical. “For the past several years, the government has been seeking to impose the costs entailed in renovating the crossing points on the workers themselves,” she wrote.

“The use of sick leave funds remaining with the government due to its own failure is an evasion of responsibility on Israel’s part for these crossing points along with a shifting of the cost to the workers, who suffer in any event from their poor infrastructure,” Tajer wrote.

As for redirecting the funds to pension payments, Tajer said that the government had not managed for 40 years to provide a system to provide masses of workers with pension payments, despite the deductions for that purpose.

“Now it is seeking to correct one failure in using funds that it received through another failure,” she said.

Officials at the Finance Ministry and the Population Authority declined to comment.



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