

Bo Rosschou

Chairman of the Painters Union in Copenhagen

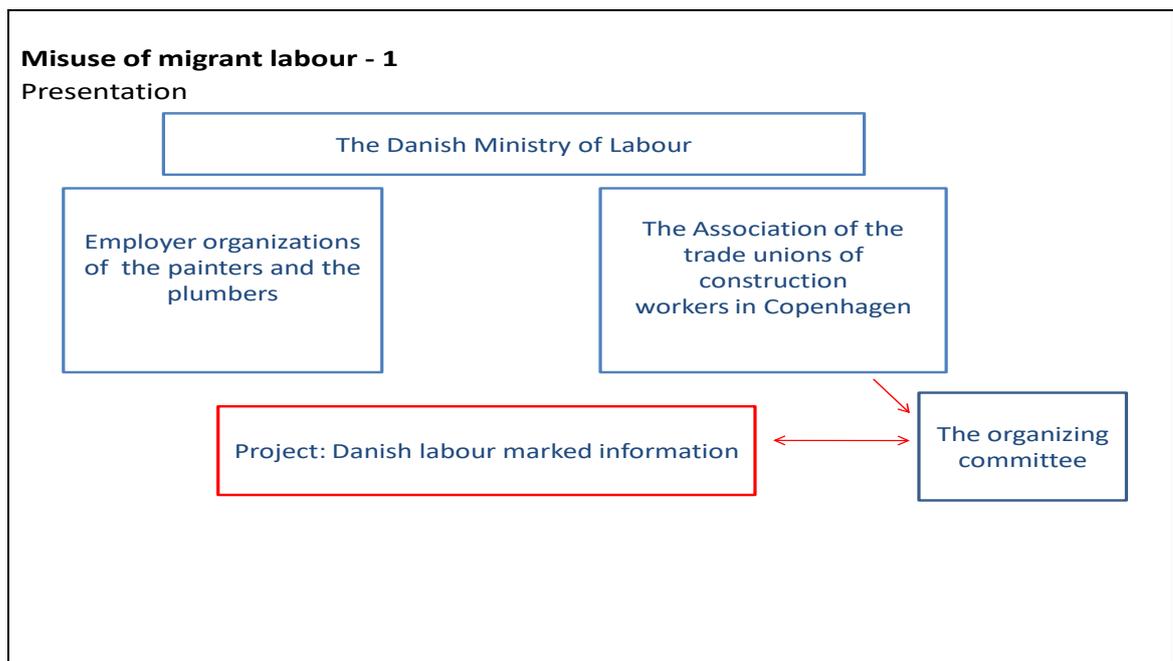
Ditte Jørgensen

Project manager

Introduction:

The two complimentary presentations take point of departure in the Danish context of misuse of migrant labour mainly in the construction industry. This includes the matrix between the misuse and trafficking of slave labour. Furthermore the significant role of the trade unions will be addressed both practically and politically. Subsequently the presentation will bring economic analyses into the discussion, depicting the cynical profits of the misuse of labour.

Presentation:



The project which I (Ditte Jørgensen) manage is mainly financed by the ministry of labour in Denmark in corporation with trade unions and employer organizations in the construction industry.

The project office is placed in the painters union in Copenhagen giving the benefit of a close and active work relation with the chairman of the painters union Bo Rosschou and the member organizations of the organizing committee of the Associations of the trade unions of construction workers in Copenhagen.

Presentation continued:

Misuse of migrant labour - 2
Presentation cont'd

The diagram consists of three elements arranged horizontally: a blue-bordered box on the left containing the text 'The organizing committee', a blue cross symbol in the center, and a red-bordered box on the right containing the text 'Project: Danish labour marked information'.

Method: Building site / workplace visits etc.

Purpose: Recruitment for information seminars

Aim: Awareness raising among non Danish workers and employers (EU) about the Danish Labour marked model
-integration vs. xenophobia and hostility between labour marked actors (workers, employers etc.)
-Fight against social dumping

The objective of the project is to make sure that migrant workers have the relevant knowledge on Danish labour marked issues. This contains both the democratic processes and the agreement system founding the Danish labour market. Furthermore contains information on worker rights as well as obligations and the very important issues on safety and occupational health.

Another very important objective of the project is the integration between Danish and non Danish workers and employers. This is both in order to empower migrant workers and their right to work under decent conditions as well as it is about the inclusion of non Danish workers and employers into the labour market and thus the frames of society. This is essential to evade the deepening of the gorge between parallel labour markets where misuse may occur undisturbed and xenophobia nourished.

The project is based on active outreaching work, which is why the point of departure is visits to construction sites around Copenhagen and the surrounding suburbs. These visits seek dialogue with non Danish workers and their employers as well as they encourage participation in the information seminars the project offers on abovementioned topics.

The seminar are completed with instructors from employer organisations, trade unions and the Danish working environment authorities and supports the necessity of an operational cooperation between actors of the labour marked and the authorities.

When in dialogue at the worksites, cases of very doubtful work constellations appear and give reasons to believe that a grey zone area between some kind of coercion and fraud is entered. Thus also giving reason to why aspects of trafficking and forced labour have been included in the project.

Bo Rosschou

Chairman of the Painters Union in Copenhagen

Ditte Jørgensen

Project manager

It has become evident through the approx. two year project period that issues related to trafficking or forced labour in our societies are not often included in the assessments of cases where labour market regulations are breached when in relation to migrant workers and therefore rarely considered in the search for sustainable solutions.

Scope of the Danish Context:

Misuse of migrant labour – 3
Scope of the Danish context:

44.000 eastern european workers in Denmark

Approx. **10 % covered by collective agreements**

39.600 outside the system
(Source: the Danish Employment Relations Research Centre)

Estimation:

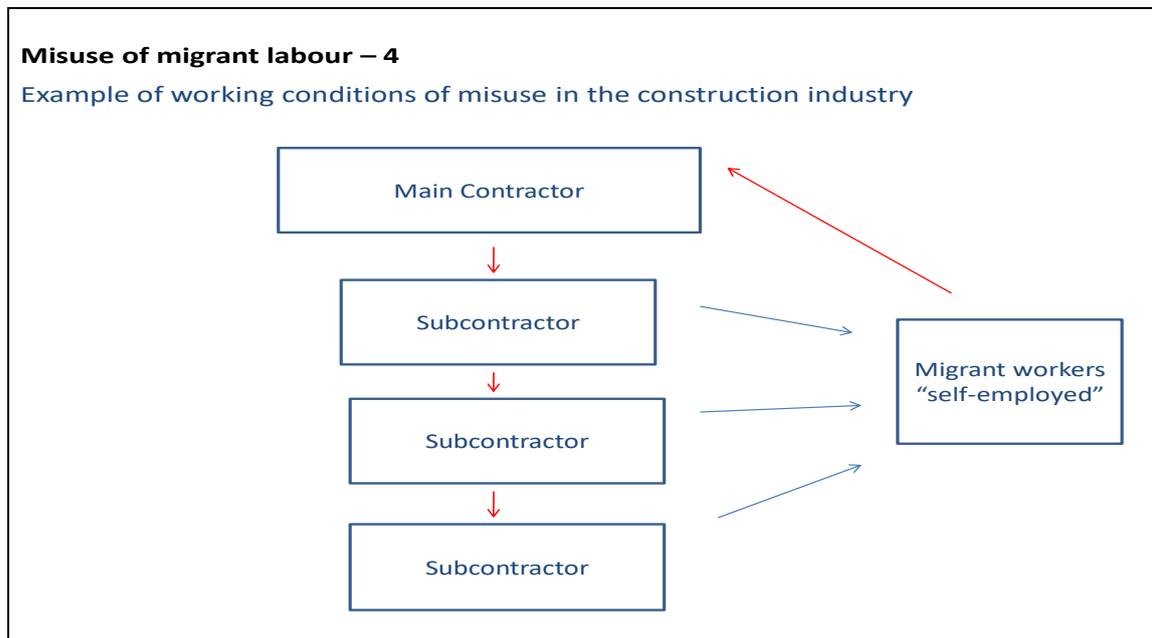
**39.600 persons with an hourly pay of 50 DKK(6,7 EUR)
working hours per week 58**

The Danish employment relations research centre FAOS recently estimated that 44.000 migrant workers originating in the new EU membership countries are working in Denmark. Out of the 44.000 only 10 % is estimated to work within or similar to collective agreements. This leaves 39.600 persons outside the regulated system.

As there are no legislative minimum wages in Denmark etc. the 39,600 are easily subjected to very poor working conditions by perpetrators misusing the (Wages and other work related conditions are regulated by the bargaining partners of the agreement system).

The most common scenario met on working places and building sites in this relation, are migrant workers working 58 hours per week with an hourly pay of 50 DKK equivalent to 6,5 EUR.

Example of working conditions of misuse in the construction industry:



The companies in the construction industry most often set themselves up in creative and favourable ways when misusing migrant labour. We often see a construction chain of several subcontractors.

The real life example depicted in the slide, show a main contractor with no employees. Instead the assignment was sold off to the subcontractors.

In this case migrant workers were initially hired by the first and the second subcontractor but when the trade union came into the picture enforcing the collective agreement, a third subcontractor was added to the constellation.

To avoid the responsibilities aligned to hiring employees, the assignment was subcontracted to the migrant workers themselves while at the same time they were set up as self-employed single man businesses. However, the main contractor was still in charge of the planning and managing of the work. Furthermore the main contractor provided materials and tools. The third subcontractor administrated the establishment of the single man businesses as well as administrating the accounts and tax payments of them while the first subcontractor ensured that the daily work, planned by the main contractor was done.

The migrant workers were contracted by all three subcontractors, signing contracts in Danish which they were unable to understand.

The criteria of being self-employed are, according to Danish customs and tax authorities, that a self-employed both plans, manages and supervises the work him or herself. Work in at least two contracts at a time. Have earnings from more than one client. Provide own materials and possess the equipment and tools that are needed to accomplish the contract.

So the example shows that the migrant workers were actually working as employees for the main contractor but registered under the Danish Central Business register as self-employed single man business. – The profit made by the main contractor on this constellation in 2009 was approx. 8.000.000 DKK = **1. 100.000 EUR**

Common ILO human trafficking/ labour exploitation indicators:

Misuse of migrant labour – 5
Common ILO Human Trafficking /Labour Exploitation indicators

- Not be dressed adequately for the work they do e.g. lack of protective equipment
- Have no labour contract
- Work excessively long hours
- Depend on their employer for a number of services, including work, transportation and accommodation
- be subjected to insults, abuse, threats or violence
- Lack basic training and professional licenses
- There are no health and safety notices
- There is evidence that labour laws are being breached
- There is evidence that workers must pay for tools, food or accommodation or that those costs are being deducted from their salary

This slide lists some of the most common indicators we meet in relation to migrant workers.

Seen in relation to the prior example, the migrant workers also were provided with accommodation by the main contractor, living at times up to eight people in a 75 m² apartment and paying 400 EUR a month per person – providing the main contractor an additional monthly profit of 2800 EUR.

The Skisma:

Misuse of migrant labour – 6

The Skisma

Misuse - search for a better life

structural Problem?

The misuse of migrant labour is obviously taking place – But most of the eastern European migrant workers may undermine or maybe even ignore the misuse in favour of the possibility for a better

life for themselves and their families at home. They do not necessarily perceive themselves as victims of misuse as they to some extent engaged in the doubtful work relations that they are subjected to.

However it still leaves the question of how to approach the problem when the incitements of misuse are somewhat inherent in the structures of the European Community and its economic model of growth relying i.e. on cheap labour.

Trade Unions and the misuse of migrant labour:

Misuse of migrant labour – 7

Trade unions and the misuse of migrant labour

- 1) Awareness raising and advocacy:
internally and externally
Political pressure and demands

- 2) inter operational cooperation:
Actors on the labour marked nationally and internationally
Authorities: TAX, Police, occupational health institution
NGO's
INGO's
Intergovernmental institutions
Supranational institutions (EU, UN)

Global effort to prevent and abolish misuse and trafficking

The trade unions play a very significant role in preventing the misuse of migrant labour. First of all they have access to the migrant workers and are specialized within the field they organize –They recognize irregularities very fast and still (at least in DK) have legal tools to bloc a workplace if labour laws or collective agreements are breached. However that does not necessarily stop the problems of misuse as a perpetrating company may set itself up under a different name and continue the business of misuse. The migrant workers being misused may also continue to work under doubtful and arbitrary conditions and will not have been lifted out of the misuse situation and into a decent work. This is why Trade unions must act from a victim centred response to the problem making those affected feel confident that if they come forward to the authorities they will be properly assisted.

The trade unions with their expert knowledge however are crucial to public awareness raising and advocacy of migrant workers rights to create the necessary political pressure and demands ensuring that national legislation fully comply with the standards of the ILO ratifications prohibiting forced labour and trafficking.

Actors of the labour marked must take on the assignment to prevent misuse and trafficking and encourage the cooperation with the relevant authorities and institutions both nationally and internationally. Furthermore the expertise of NGO's and INGO's must be insured to be

Bo Rosschou

Chairman of the Painters Union in Copenhagen

Ditte Jørgensen

Project manager

implemented in the victim based approach in the efforts to abolish the misuse and trafficking of migrant workers.

Economics and profits of misuse:

Misuse of migrant labour – 8	
Economics and profits of misuse	
Annual loss of income taxes:	1.990.533.600 DKK = 267.203.651 EUR
Annual loss of VAT:	5.971.680.000 DKK = 801.621.585 EUR
Annual profits	11.943.360.000 DKK = 1.603.243.170 EUR

The Danish Employment Relations Research Centre FAOS estimates that 44.000 migrant workers originating in the new EU membership countries are working in Denmark. Out of the 44.000 only 10 % is estimated to work within or similar to collective agreement. This leaves 39.600 persons outside the regulated system.

The following calculates the consequences in relations to income taxes, VATs and profits.

Loss of income taxes in Denmark:

Prerequisites: migrant workers wages are typically between 40 – 60DKK per hour. Work hours are typically 10 hours Monday through Friday and 8 hours on Saturdays. All detected cases so far have involved a Danish perpetrator, which is why all allegations of the migrant workers being posted as under EU directives – Paying taxes in the country of origin e.g. in Poland – are considered false. Thus the payroll taxes should be deducted in Denmark.

The payroll taxes are set to net 33.3%.

Working hours per week are set at 58 hrs.

Wages per hour is set to 50 DKK.

Calculation: 50 DKK /hour X 58 hours / week X 52 weeks = 150,800 DKK.

33.3 % tax of 150,800 = DKK 50,266 DKK

Annual loss income taxes (50,266DKK times 39,600 persons): **1.990.533.600 DKK / 267.203.651 EUR**

Bo Rosschou

Chairman of the Painters Union in Copenhagen

Ditte Jørgensen

Project manager

Loss of VAT in Denmark:

Prerequisites: In addition to the above-mentioned prerequisites a "mestertimeløn" in cases where undeclared migrant workers perform the job is typically between 150 – 250 DKK paid by the assignor (the client) to the Danish perpetrator (contractor). Thus the turnover factor is set at 200 DKK per hour.

Calculation: 200 DKK/hr. X 58 hrs/week X 52 weeks = 603.200 DKK

25 % VAT of 603.200 DKK = 150.800 DKK

Annual loss of VAT (150.800 DKK X 39.600 persons): **5.971.680.000 DKK / 801.621.585 EUR**

Profits made by perpetrators:

Prerequisites: in addition to previously mentioned key numbers the administrative turnover is set at 50 DKK per work hour: company (contractor) price 200 DKK/hr. subtracted wage /hr (50 DKK) and administrative costs / hr. (50 DKK.) = 100 DKK / hr. profit in favour of perpetrators.

Calculation: 100 DKK/hr. X 58 hrs/week X 52 weeks = 301.600 DKK

Annual profits (301.600 DKK X 39.600 persons): **11.943.360.000 DKK / 1.603.243.170 EUR**

Consequences of misuse:

Misuse of migrant labour – 9
Consequences of misuse

Low risk
High Profit

Sanctions against misuse ?	None!
Accountability ?	No one!

Methods of the trade unions in the construction industry in Denmark:
National level: Focus on and public exposure of the actors perpetrating misuse
International level: Supremacy of social rights – a social protocol (EU)

Example of public exposure of an actor perpetrating misuse:

Misuse of migrant labour – 10

Fitness World bruger illegal arbejdskraft



Henrik Rossing, hovedaktionær i Fitness World A/S er ligeglad.

Fitness World A/S bruger illegale underbetalte polske bygningsarbejdere. Det sker i forbindelse med, at fitness kæden søger en kraftig ekspansion på det danske marked.

I Vejby, Værløse og Ringsted er der således bygget i gang, hvor Fitness World A/S etablerer nye fitness centre. Det sker ved brug af illegal og underbetalt polsk arbejdskraft.

En illegal og underbetalt polsk arbejder får tyviske 40 kr. i løn og arbejder 58 timer om ugen.

Fagforeningen ønsker en aftale med Fitness World A/S, der sikrer lige vilkår = dansk overenskomst. Ulige vilkår er ikke fair for polske arbejdere og danske arbejdere og det er også unfair overfor det danske samfund.

Både direktør og hovedaktionær i Fitness World A/S afviser at indgå i dialog med Malernes fagforening om en normalisering af arbejdsforholdene.

Støt vores danske model!
NEJ til unfair vilkår i Fitness World!
Støt vores aktion for lige vilkår!

Malernes fagforening 40425196