

MITIGATING THE RISKS OF MODERN SLAVERY IN THE CONSTRUCTION INDUSTRY

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Slavery “... is an economic crime. People do not enslave people to be mean to them. They do it to make a profit.”¹

First definitions

Migrant workers – a person who migrates or has migrated from one country to another with a view to being employed other than on his own account.²

You can be a migrant worker in the sense of migrating within your own country – take for example China and India, where migrant workers from poor rural areas do not enjoy the same rights as local citizens even though the same nationality.

What is a “3D” job?

Various ways of answering that –

- a dirty, dangerous and demeaning job: or
- dirty, dangerous and demanding or
- dirty, dangerous and difficult.

There are many in the construction industry.

- Migrants are much more likely to end up on these jobs.
- Migrants often enter the construction industry

Forced and bonded labour

Bonded labour - where individuals are forced to work as security against a debt.³

Forced labour is work or service that people are forced to do, under threat or penalty.⁴

How big is the modern day problem?

Modern slavery is a hidden crime and data gathering is difficult - Interpol estimates that only 5 – 10 per cent of cases are reported.⁵

The International Labour Organisation’s Facts and Figures⁶

¹ https://www.ted.com/talks/kevin_bales_how_to_combat_modern_slavery/transcript?language=en

² ILO www.ilo.org/global/topics/forced-labour/lang-en/index.htm

³ End Slavery Now, 2016, Bonded Labour. www.endslaverynow.org

⁴ Anti-slavery 2016 Forced labour. www.antislavery.org

⁵ <https://www.ft.com/content/1c5a4e66-3617-11e5-b05b-b01debd57852> last accessed 5 June 2017

⁶ <http://www.ilo.org/global/topics/forced-labour/lang-en/index.htm> last accessed 4 June 2017

- Almost 21 million people are victims of forced labour
 - 11.4 million women and girls
 - 9.5 million men and boys.
- Almost 19 million victims are exploited by private individuals or enterprises and over 2 million by the state or rebel groups.
- Forced labour in the private economy generates US\$ 150 billion in illegal profits per year.
- Domestic work, agriculture, **construction**, manufacturing and entertainment are among the sectors most concerned.
- Migrant workers and indigenous people are particularly vulnerable to forced labour.

Other estimates - The 2016 Global Slavery Index by the Walk Free Foundation estimates there are a staggering 45.8 million people in modern slavery across the world.

Why the construction industry is vulnerable to modern slavery

The construction sector employs 7% of the global workforce.⁷

It is a cut throat market – competitive edge is everything and margin is king. The pressure to constantly undercut in price – to value engineer – can hit the worst paid, the most vulnerable

Two high risk areas, labour and procurement of building materials and products:

Labour is particularly high risk

- There is a high demand for low-skilled, manual, low-waged work.
- Its hard, and where workers have a choice – mainly in the more developed part of the world – many prefer not to work in this sector.
- Industry sector with Increased outsourcing,
- Growth of agency work and bogus self employment

As one commentator says – the public face of construction is all about creating inspirational buildings, pushing the boundaries of architecture and technology.⁸

The dark side – is the systematic exploitation of millions of vulnerable migrants.

So - migrants, forced and bonded labour and traffickers in the construction industry - how these definitions fit together

⁷ Building and Wood Workers International

⁸ Chris Blythe Chief Executive CIOB, Modern Slavery: The Dark Side of Construction, (2015)

It starts in the workers home country – licensed recruitment agencies in the big cities of Bangladesh, India, Nepal and the Phillipines, rely heavily on unregistered networks in rural towns and villages. At this level there is no paper trail.

The worker is misled as to the wages he will be paid.

He will be charged a “recruitment fee” – far higher than the actual costs, may be set at levels that are illegal in the home. (The Agents may also be charging the Employers or clients – double dipping)

Amnesty International research has found that in Nepal

- Migrant workers paid an average of US\$1,400 fees to recruitment agencies in advance of their departure
- The Gross National Income per capital for Nepal in 2010 was US\$490.

Workers borrow money to pay their traffickers for a promised job abroad. Not from a regulated bank – but from a loan shark.

Having paid the fee to the recruitment agency the worker is vulnerable – faced with losing more than 60% of his wages for the first two years to pay off their loan.

Once at their destination, and do not think this does not happen on UK construction sites.

- Passports are forfeited.
- Wages seem to be lower than promised –
- The contract terms may change – concept of bargaining power is not real – the workers cannot leave until they pay off the loan debts
- Creates the opportunity to make
 - workers work unreasonable hours,
 - accept unsanitary cramped and crowded accommodation
 - accept extra charges for food or accommodation – deducted through wages
 - threats if the worker wants to complain or leave

Long and complex supply chains mean that visibility over every transaction is impossible.

What can work in addressing those risks?

Legislation -pockets of legislation around the world

- California Transparency in Supply Chains Act 2010 – served as a model for the UK Modern Slavery Act 2015
- The European Non-Financial Reporting Directive - by the end of 2016 all EU Member States were required to transpose this into national law.
- The UK Modern Slavery Act 2015,

At the commercial level

Tackling the recruitment fees – the aim is to eradicate them from the supply chains within the next decade.

Employers that do not pay all recruitment fees and expenses or ensure their recruitment agents conduct business ethically and lawfully are complicit in exposing their workers to the risk of bonded labour⁹

Cutting out middle men and moving towards direct labour models

Closer vetting of agents

- Identify who is charging suspiciously low rates
- Chose a selection of agents in at risk areas
- Background checks
- Ask who is paying recruitment fees

Research, educate and communicate

- Map out supply chain
- Don't try and do everything at once
- Create a robust worker welfare policy
- Accountability internally
- Educate staff

Visit labourers in their place of work

- Use independent parties to interview labourers
- Interview off site, and different nationalities
- Staff from Tier 1 contractors and clients should regularly engage with workers to build trust
- Look and visit

Be mindful

- This is a hidden crime
- The migrant worker may well lie
- Issues are complex – simply terminating, pulling out causes problems
- Its not box ticking
- In order to address the problem it has to become a central part of the business

Some examples of the work being done in the construction sector

The International Labour Organization Special Action Programme to Combat Forced Labour strives to provide evidence-based policy advice, tools and services to enable governments, employers' and workers' organizations and other partners to take effective, coordinated and rights-based action to prevent and eradicate forced labour – long standing

In 2017

⁹ Declan Croucher Director of Advisory Services, Verite

- A best practice toolkit to help the construction industry tackle modern slavery in its global supply chains has been launched today by the Chartered Institute of Building (CIOB) and industry alliance Stronger Together.
- A coalition of leading construction sector institutions and associations has been formed to raise awareness and eradicate modern slavery in construction supply chains.
 - Building Research Establishment (BRE),
 - the British Standards Institution (BSI)
 - Supply Chain Services and Solutions and
 - Sustain Worldwide,
- Wide support from across the industry. Signatories commit to seek opportunities to uphold, preserve and promote the right of freedom in the UK's construction industry. The charter asks signatories to:
 - Act in accordance with the laws and regulations to which they are subject.
 - Develop tools, materials and training that support the development of best practice approaches to the issue of business and human rights.
 - Support best practice through partnerships and research.
 - Use their influence, and working with relevant authorities, to support the abolition of illegal and unethical practices whenever they are found.