

16 December 2022

Submission: Inquiry into Australia's tourism and international education sectors

We welcome the opportunity to make a submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade's Inquiry into Australia's tourism and international education sectors.

The Migrant Justice Institute uses strategic research, advocacy and legal action to achieve fair treatment and justice for migrant workers globally, and in Australia. Our research uncovers the reality of migrant worker exploitation and the operation of laws and systems in practice. We seek to drive systemic change by governments and business by charting evidence-based pathways to reform, grounded in migrants' experiences. We closely collaborate with migrant communities, civil society organisations and trade unions to amplify migrants' voices and support migrant worker empowerment.

The Migrant Justice Institute is led by law professors at UTS and UNSW. Incorporated in late 2021, it has grown out of a five-year collaboration between the two universities and retains close connections with both institutions.

Summary of Recommendations

Recommendation 1

Protections against visa cancellation for international students New legislative protections against visa cancellation for migrant workers who demonstrate they are taking steps to address a meritorious and non-trivial claim of exploitation.

Recommendation 2

A new Workplace Justice visa for international students and backpackers who are at the end of their stay A new Workplace Justice visa to enable a migrant worker to take steps to address a meritorious and non-trivial claim of exploitation.

Recommendation 3

Changes to the FW Act to improve information and transparency of work arrangements To ensure that workers are aware of their specific rights and entitlements and able to identify their employing entity if they wish to bring a claim, the FW Act should be amended to:

- require employers to provide each worker with a statement of specific working conditions (Award, wage rates, hours etc.) and employer contact details (including address for service) upon commencement
- to itemise deductions on payslips, and
- to provide workers with a right to unpaid superannuation as part of the NES.

Recommendation 4

More effective detection and compliance activities by the FWO To implement MWT Recs 9 and 10 the government should undertake a comprehensive review of the resources, purpose and effectiveness of the FWO. The review should look at improving systemic deterrence as well as individual outcomes for exploited migrant workers. Specific changes to FWO we propose to achieve this include:

- That the FWO establish a dedicated migrant worker support unit to develop and pursue claims in partnership with unions and community legal service providers, including a wage claim calculation service for vulnerable workers
- The FWO should be given stronger powers and resources to proactively prevent and redress systemic non-compliance, including strengthened administrative sanctions to maximise deterrent and remediation impact of individual claims, additional consequences for failure to attend ADR or comply with a FWO administrative notice, and an increased role in enforcement of unpaid judgments.
- Trial scheme of binding determinations for labour hire firms.

Recommendation 5

Fair, fast and effective resolution of worker wage claims MWT Rec 12 recommends that government consider how the FW Act small claims process can more effectively deliver wage recovery. In addition to this we recommend that a Taskforce be established to identify the best wage claim forum.

Recommendation 6

A safety net when businesses liquidate or disappear. The Fair Entitlements Guarantee should be extended to all workers in Australia regardless of immigration status and should be expanded to cover situations where a liquidator has not been appointed, but the company is insolvent or has been deregistered.

Recommendation 7

Legal responsibilities for individuals and entities with leverage to drive compliance in supply chains and other commercial arrangements. We recommend implementation of MWT Rec 11 which proposes that the government consider additional avenues to hold individuals and businesses to account for their involvement in breaches of workplace laws. This can be achieved by:

- strengthening existing accessorial liability and responsible franchisor provisions,
- extending the responsible franchisor provisions to apply more broadly to supply chain and subcontracting arrangements, and
- introducing a positive duty to provide and maintain a working environment that complies with the FW Act.

Introduction

International students and Working Holiday Makers (**backpackers**) together form the largest group of working temporary migrants in Australia.¹ International students and backpackers make very significant contributions to the Australian community, education sector and the Australian economy. For many, their ability to work while studying in Australia is a critical factor in their ability to meet their living and other expenses in order to study or travel here. Though it is not possible to know how many international students will work in Australia during their stay, our research from 2019 indicates this figure was around 65%.²

The workplace experiences of both sets of visa holders in Australia directly impact Australia's reputation as a world class destination for travel and education, in highly competitive global markets. Our submission focuses on exploitation and, in particular, wage theft experienced by these cohorts. This submission is based on findings from our research between 2016 and 2020, drawing on data from almost 10,000 visa holders.

Immigration settings contribute to exploitation of migrant workers, and the submission canvasses key areas for reform in relation to migration regulations.

Widespread underpayment of temporary migrants is also a symptom of broader weaknesses in labour law enforcement and remedial mechanisms in Australia. There are a range of reforms necessary to strengthen labour regulation and enforcement, including ensuring temporary migrants can effectively report non-compliance and obtain remedies. Many of these relate to recommendations made the Migrant Worker Taskforce (**MWT**) report in 2019.³ We welcome the government's commitment to introduce a package of reforms to address migration worker exploitation during 2023. This submission suggests areas to focus the implementation of these recommendations.

Impact of wage theft and breaches of workplace rights on international students and backpackers

In *Wage Theft in Australia: Findings of the National Temporary Migrant Work Survey* (2017), we present findings from the most comprehensive study to date into wage theft and working conditions among international students, backpackers and other temporary migrants in Australia – drawing on responses from 4,322 temporary migrants.⁴ Findings confirm that wage theft is endemic among international students, Working Holiday Makers and other temporary migrants in Australia. For a substantial number of temporary migrants, it is also severe:

¹ As of 31 December 2019, there were 490,543 international students (including students' dependents) and 119,817 Working Holiday Makers in Australia: Department of Home Affairs, *Student visa and Temporary Graduate visa program report* (Report, December 2019) 62; Department of Home Affairs, *Working Holiday Maker visa program report* (Report, December 2019) 9.

² Bassina Farbenblum and Laurie Berg, *International Students and Wage Theft in Australia* (Report, Migrant Justice Institute, 2020).

³ Migrant Workers Taskforce, *Final Report* (7 March 2019).

⁴ Laurie Berg and Bassina Farbenblum, *Wage Theft in Australia: Findings of the National Temporary Migrant Work Survey* (Report, Migrant Justice Institute, 2017) (*Wage Theft in Australia*).

- Almost a third (30%) of survey participants earned \$12/hour or less approximately half the minimum casual wage. This included 25% of international students and 32% of backpackers.⁵
- Almost half (46%) earned \$15/hour or less, including 43% of international students and 46% of backpackers.⁶

In *Wage Theft in Silence: Why Migrant Workers Do Not Recover Their Unpaid Wages in Australia* (2018),⁷ we present further findings of this survey, including confirmation that the overwhelming majority of underpaid migrant workers (91%) endured wage theft in silence. Only 3% of underpaid migrant workers sought assistance of the Fair Work Ombudsman (**FWO**), the national labour regulator. The report focuses on the question of why underpaid migrant workers do not try to recover the wages they are owed. We discuss some of the reasons below.

Our report, *International Students and Wage Theft in Australia* (2020), addresses wage theft among international students in Australia. The report presents findings from a 2019 survey of over 5,000 international students, focusing on the 2,472 respondents who were asked about their working conditions in Australia:

- Over three quarters were paid below the minimum hourly wage for a casual employee.
- The proportion of international students reporting egregious levels of wage theft (\$12 or less per hour) has remained the same since the 2016 survey.
- Underpayment appears to be structurally linked to workers being international students, and not to particular characteristics such as English language ability, level of education, or program of study.
- Other reported forms of wage theft included:
 - 9% of respondents had not been paid at all for a period.
 - 3% of respondents indicated that their employer required them to pay money back in cash after receiving their wages.

It is clear that widespread and severe wage theft is entrenched in industries in which international students and backpackers work. The future strength of the tourism and international education sectors relies on strong new policy interventions to reduce migrant worker exploitation in Australia, and to enable international students and backpackers to take action against exploitative employers.

Proposal for Whistleblower Protections to Enable Migrant Workers to Address Exploitation

Immigration settings contribute to exploitation of international students and backpackers and restrict their ability to report labour non-compliance in their workplaces.

The reasons international students do not take action to address exploitation

⁵ Berg and Farbenblum, Wage Theft in Australia (n 4), 24-27

⁶ Ibid

⁷ Bassina Farbenblum and Laurie Berg, *Wage Theft in Silence: Why Migrant Workers Do Not Recover Their Unpaid Wages in Australia* (Report, Migrant Justice Institute, 2018).

It is widely accepted that many international students stay silent for fear that if they report exploitation they will put their visa and stay in Australia at risk or jeopardise a future visa. In *International Students and Wage Theft in Australia* (2020), 38% of students did not seek information or help for a problem at work because they did not want 'problems that might affect my visa'. Most exploited international students who have worked more than 40 hours a fortnight in breach of their visa (often to make ends meet on unlawfully low wages) are unwilling to bring a claim against their employer and recover the wages they are owed because fear that their visa will be cancelled.

In 2017, the Federal Government attempted to address this issue by implementing an Assurance Protocol. Under this scheme, the Department of Home Affairs (**DHA**) commits to generally not cancel a worker's visa for breach of work rights if the worker is assisting the FWO with its inquiries. The Protocol has not been effective, with only an average of 15 migrant workers using it each year.⁸ The ineffectiveness of the protocol is likely attributable to a number of shortcomings:

- It is not available for exploited workers in relation to whom the FWO is not making inquiries due to lack of agency resources or any other reason.
- The availability of the Protocol is not assured and there is evidence that the FWO has taken an inconsistent approach to determining international students' eligibility for the Assurance Protocol.
- No protection is available for a worker who wishes to take action in relation to a workplace contravention outside the FWO's jurisdiction, for example, for an international student who wishes to pursue a discrimination complaint in the Human Rights Commission, or a police complaint for sexual harassment.
- Nor is protection available to a worker who pursues a claim other than through a government enforcement agency, for instance through the courts or through a union.
- No protection is available for a worker whose employer reports their visa breach to DHA in retaliation against the worker's claim.

The reasons backpackers do not take action to address exploitation

Many backpackers endure exploitation in silence because they are too afraid or unable to take action against an exploitative employer during their stay in Australia. For instance, a Working Holiday Maker who experiences workplace exploitation while completing the work experience required for a second visa may become ineligible for the second visa as a result of the exploitation (they do not qualify for the second visa if, for instance, they are unable to produce a payslip for 88 days of relevant work). At the end of their stay, there is no visa that allows them to remain for a short period to pursue a labour claim and they are required to swiftly return home.

Research shows that it is almost impossible to pursue a workplace complaint once the worker leaves Australia, including because of the difficulties in providing sworn affidavits and instructions to Australian lawyers from abroad. As a result, all intelligence of workplace exploitation is lost where a temporary visa holder lacks the ability to stay to take action against their employer.

Because of this regulatory failure, employers know they will not be held to account and underpayment of international students and backpackers has become a widely successful business model.

⁸ Data released under FOI suggests that the 'assurance protocol' has been utilised only 76 times since it was introduced in 2017, despite the thousands of complaints received from migrant workers during the same period– see https://www.homeaffairs.gov.au/foi/files/2022/fa-211200662-document-released.PDF.

Proposed protections against visa cancellation and new 'Workplace Justice visa'

We propose two sets of 'whistleblower' reforms that will help to bring these workers out of the shadows and hold exploitative employers to account:

- 1. Protection from visa cancellation for exploited migrant workers who have breached their visa and take action against their employer; and
- 2. A short-term visa with work rights to pursue a claim before they leave Australia.

To be eligible for either protection, a migrant worker must:

- 1. Take action to address a non-trivial breach of their employment rights. This could include a claim through a government agency, union action against an employer, or a private legal action against the employer in a court or tribunal.
- 2. Demonstrate a meritorious claim either by:
 - Certification from a federal or state government regulator that it is inquiring into the allegation (for violations including wage theft, sexual harassment, workplace health and safety breach etc.); or
 - Certification of the claim by an accredited specialist employment lawyer or an employment lawyer in a community legal centre, union or pro bono practice. This protects against false or unmeritorious claims because there is no financial incentive to bring such a claim and these lawyers are experts who are subject to professional disciplinary oversight.
- 3. Report the case to the FWO or other government authority.

For the short-term Workplace Justice visa:

- DHA will have discretion to issue the visa for several months or up to one year, depending on strength of evidence and progress of claim. The migrant worker could apply for a further short-term visa if necessary to pursue the claim.
- The visa will become invalid if the visa-holder abandons the claim (however they are permitted to genuinely settle the claim).

These reforms will begin to break the entrenched cycle of exploitation. They will expand government's enforcement of labour law by increasing the likelihood that exploitation will come to light and employers will be held to account. These reforms also substantially expand enforcement beyond the limited capacity of government agencies by enabling more employment lawyers and unions to pursue claims on behalf of migrant workers who would not otherwise come forward. They also create new incentives for migrant workers to report forms of exploitation not currently covered by the Assurance Protocol, including workplace health and safety, sexual harassment and discrimination.

Migrant Justice Institute and Human Rights Law Centre have led a national coalition setting out these proposals, with further detail on the structure, duration and eligibility requirements for these protections, including a number of safeguards to support the integrity of these reforms. Our detailed proposal is endorsed by over 40 organisations including legal centres, ethnic community state and national peak bodies, unions, churches, and national service providers such as the Salvation Army, AMES and the Settlement Council of Australia. We attach this Research and Policy brief to this submission, and ask that it be kept confidential until it is publicly released in the new year.

Recommendation 1

New legislative protections against visa cancellation for migrant workers who demonstrate they are taking steps to address a meritorious and non-trivial claim of exploitation.

Recommendation 2

A new Workplace Justice visa to enable a migrant worker to take steps to address a meritorious and non-trivial claim of exploitation.

Greater information and transparency can assist international students and backpackers to pursue underpayments

Many international students and backpackers (and other vulnerable employees) are impeded from pursuing underpayment claims against an employer because they cannot identify the applicable Award or enterprise agreement, or their minimum rate of pay, or whether any wage deductions were lawful. If they overcome these obstacles, many cannot identify the legal identity of their employing entity, or how to serve court documents on them, especially when employers engage vulnerable workers through complex commercial arrangements and trusts. There are straightforward amendments that could be included in this Bill to address these barriers to migrant workers enforcing their rights.

The Migrant Worker Taskforce Recommendations 2 and 15-18 recommend improved workplace education and information for international students.⁹ For a start, the *Fair Work Act 2009* (Cth) (**FW Act**) should be amended to require employers to provide each worker with a tailored statement of working conditions upon commencement of employment. As suggested by Charlesworth and Campbell,¹⁰ this 'Statement of Terms and Working Conditions' should include 'job title (and classification), wage rates, working-time conditions including applicable premia for overtime and unsocial hours of work, type of employment and the name of the relevant regulatory instrument (e.g., award, enterprise agreement)'. It should also include the name, ABN and address for service of the employing entity. Campbell and Charlesworth recommend that template documents be introduced to reduce the regulatory burden imposed by a compulsory statement.¹¹ These could be prepared and maintained by the FWO. Similar obligations exist already in New Zealand, the UK and EU countries.¹²

The FW Act should also be amended to require employers to itemise deductions on each payslip. This is particularly important for backpackers whose accommodation expenses may be deducted from their pay. Currently, under reg 3.46(2) of the *Fair Work Regulations 2009* (Cth) (**FW Regulations**), if 'an amount is deducted from the gross amount of the payment, the pay slip must also include the name, or the name and number, of the fund or account into which the deduction was paid'. However, for many workers, more than one deduction is made, but one total amount is listed and it is unclear what the various deductions are made for, or how much each deduction is. If employers were required to itemize deductions,

⁹ Migrant Workers Taskforce, *Final Report* (7 March 2019) Recommendations 2, 15-18.

¹⁰ Iain Campbell and Sara Charlesworth, *The National Employment Standards: An Assessment* (2020) 33 AJLL 36.

¹¹ Ibid, 51.

¹² Ibid.

misunderstandings could be more easily resolved and unlawful deductions could be more easily identified. We propose an amendment to subsection 2 which states

If an amount is deducted from the gross amount of the payment, the payslip must also include the name, or the name and number, of the fund or account into which the deduction was paid<u>, a</u> <u>description of what the deduction was made for, and if deductions are made for more than one</u> <u>reason, an itemised list of each deduction and the amount deducted for each item.</u>

Recommendation 3

Changes to the FW Act to improve information and transparency of work arrangements To ensure that workers are aware of their specific rights and entitlements and able to identify their employing entity if they wish to bring a claim, the FW Act should be amended to:

- require employers to provide each worker with a statement of specific working conditions (Award, wage rates, hours etc.) and employer contact details (including address for service) upon commencement
- to itemise deductions on payslips, and
- to provide workers with a right to unpaid superannuation as part of the NES.

Effective enforcement of labour laws

To encourage international students and backpackers to seek assistance in relation to workplace exploitation, it is critical that the national labour regulator be trusted by these vulnerable workers, and routinely deliver outcomes to them. The existing of an accessible and effective labour regulator is critical to the international reputation of Australia as a destination in which young people from abroad work, alongside their study and travel.

Our research shows that the FWO is largely inaccessible and ineffective for these workers. As noted above, in our survey of over 4000 temporary visa holders, only 3% of underpaid temporary visa holders contacted the FWO for assistance. Among those who contacted the FWO, the majority recovered none of their unpaid wages. International students and backpackers rarely contact mainstream agencies for help as a result of visa fears, low rights awareness, language and literacy barriers, and cultural and practical barriers. When they do, they are often turned away or directed to 'self help' materials that are not appropriate for vulnerable workers including migrants. The FWO is not well-placed to provide targeted assistance to migrant workers or to adequately deal with individual claims (especially small claims).

In recognition of this, the MWT recommended that 'the Government consider whether the FWO requires further resourcing, tools and powers to undertake its functions under the FW Act, with specific reference to whether vulnerable workers could be encouraged to approach the FWO more than at present for assistance'.¹³

¹³ Migrant Workers Taskforce, *Final Report* (7 March 2019) Recommendation 10.

In implementing this recommendation, the Government should conduct a comprehensive review of the FWO's resources, purpose and effectiveness with a particular focus on vulnerable workers. This should include consideration of various measures to improve the effectiveness of the FWO's detection and compliance activities in relation to migrant workers, including the establishment of a dedicated migrant worker support unit including a wage calculation service to assist vulnerable workers to recover unpaid wages; strengthened administrative sanctions; and consideration of a trial scheme whereby FWO can make binding determinations (for instance on labour hire firms based on their licensing conditions within a new federal labour hire licensing scheme, which would greatly improve the enforcement of labour rights for backpackers).

Recommendation 4

More effective detection and compliance activities by the FWO To implement MWT Recs 9 and 10 the government should undertake a comprehensive review of the resources, purpose and effectiveness of the FWO. The review should look at improving systemic deterrence as well as individual outcomes for exploited migrant workers. Specific changes to FWO we propose to achieve this include:

- That the FWO establish a dedicated migrant worker support unit to develop and pursue claims in partnership with unions and community legal service providers, including a wage claim calculation service for vulnerable workers
- The FWO should be given stronger powers and resources to proactively prevent and redress systemic non-compliance, including strengthened administrative sanctions to maximise deterrent and remediation impact of individual claims, additional consequences for failure to attend ADR or comply with a FWO administrative notice, and an increased role in enforcement of unpaid judgments.
- Trial scheme of binding determinations for labour hire firms.

Swift remediation of labour claims

In addition to enhanced regulation, fair pay and conditions can only be obtained for vulnerable workers if legal entitlements are supported by a fair, fast and effective dispute resolution process. To ensure that workers receive just remediation, to give other workers the confidence to report exploitation, and to strengthen deterrence of non-compliance, it is essential that dispute resolution processes provide swift remediation.

Recognising that the FW Act small claims process is inaccessible to most migrant workers (including international students and backpackers), the Government recently announced a review into its effective operation, implementing a recommendation of the MWT. We welcome this review and elsewhere propose a number of immediate reforms to make this process a more effective avenue for wage redress for migrant workers (we can provide further detail on these recommendations upon request).

We also recommend the establishment of a taskforce to identify the best model for an accessible forum that facilitates efficient and effective remediation of wage claims in the longer term to incentivise a far greater number of international students and backpackers to report workplace exploitation and pursue

remedies. Options for reform include further changes to the current system, the establishment of a new Fair Work Court in tandem with the FWC and/or the establishment of broader jurisdiction in the FWC to resolve underpayment disputes.

We also recommend various procedural reforms including increased access to targeted legal support and information for vulnerable workers. Community-based employment assistance services have been widely recognised as a critical mechanism to improve accessibility and outcomes for vulnerable communities. In addition to existing (and time-limited) pro bono Court assistance schemes such as the Justice Connect Self Representation Service, community legal centres, including dedicated Migrant Worker Centres, need recurrent funding to deliver employment law advice and ongoing casework support for those who need it. Additionally, all government institutions must have a dedicated team to support vulnerable workers to help articulate and pursue complaints.

Recommendation 5

Fair, fast and effective resolution of worker wage claims MWT Rec 12 recommends that government consider how the FW Act small claims process can more effectively deliver wage recovery. In addition to this we recommend that a Taskforce be established to identify the best wage claim forum.

A safety net when businesses liquidate or disappear

To ensure that international students and backpackers have access to fair pay when their employers liquidate, deregister or disappear, the Government must shift the enforcement burden off those most vulnerable and provide a genuine safety net. The Fair Entitlements Guarantee (**FEG**) provides a critical safety net for workers when their employer goes insolvent and cannot pay unpaid wages and entitlements. But currently, international students and backpackers are not covered by the scheme. This discriminatory exclusion means that workers miss out on their lawful entitlements simply because of their visa status. MWT Rec 13 proposes the FEG be extended to all workers in Australia regardless of immigration status.¹⁴ The FEG should also be expanded to cover situations where a liquidator has not been appointed, but the company is insolvent or has been deregistered.

Recommendation 6

A safety net when businesses liquidate or disappear. The Fair Entitlements Guarantee should be extended to all workers in Australia regardless of immigration status and should be expanded to cover situations where a liquidator has not been appointed, but the company is insolvent or has been deregistered.

¹⁴ Migrant Workers Taskforce, *Final Report* (7 March 2019), Recommendation 13 (recommends extending access to FEG following consultation, but the exclusion of people who have deliberately avoided taxation obligations).

Legal responsibilities for individuals & supply chains

The FW Act focuses primarily on regulating the direct employer-employee relationship. However, backpackers and international students regularly work for small businesses that operate in complex corporate structures (including franchises) and supply chains. Businesses at the top of these corporate structures and supply chains have few responsibilities for workers they do not directly employ and therefore generally evade liability.¹⁵ The Government must introduce measures that establish legal responsibilities for individuals and entities with decision-making or commercial leverage to prevent and remedy contraventions.

Backpackers and international students working in franchises and small businesses within larger corporate structures are frequently unable to recover the money they are owed because the employing entity liquidates and other businesses that have profited from the underpaid labour are not legally liable. For this reason, the **MWT Rec 11** proposes that the government consider additional avenues to hold individuals and businesses to account for their involvement in breaches of workplace laws.

This can be achieved by strengthening existing accessorial liability and responsible franchisor provisions, extending the responsible franchisor provisions more broadly to supply chain and subcontracting arrangements, extending the successful outworker provisions to certain high-risk industries, and establishing a positive duty to identify and reduce the risks of FW Act non-compliance. We have developed detailed recommendations in relation to each of the above reforms which should be introduced in the Government's second tranche of reforms in 2023, and further details can be provided upon request.

Recommendation 7

Legal responsibilities for individuals and entities with leverage to drive compliance in supply chains and other commercial arrangements. We recommend implementation of MWT Rec 11 which proposes that the government consider additional avenues to hold individuals and businesses to account for their involvement in breaches of workplace laws. This can be achieved by:

- strengthening existing accessorial liability and responsible franchisor provisions,
- extending the responsible franchisor provisions to apply more broadly to supply chain and subcontracting arrangements, and
- introducing a positive duty to provide and maintain a working environment that complies with the FW Act.

Conclusion

¹⁵ Associate Professor Tess Hardy notes that 'it is not now uncommon for the employment relationship to be fragmented and for multiple organisations to be involved in shaping key working conditions', Tess Hardy, Submission No 62 to Senate Inquiry, The impact of Australia's temporary work visa programs on the Australian labour market and on the temporary work visa holders, 8.

Thank you for the opportunity to make a submission to this inquiry.

We would welcome the opportunity to discuss this submission and our recommendations with the Joint Standing Committee and look forward to working with the government to develop these reforms.