

# The Guardian

## 'It's everywhere': the foreign students exposing Australia's wage theft epidemic

International students in Australia are easy prey for exploitative bosses with hourly rates as low as \$5, but some are fighting back

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What happened to Naomi\* has happened a thousand times before, it's just that now, she says, people are speaking out.

Two years ago, the 25-year-old moved from China to Australia to study a course in early childhood care and education.

At first her parents offered to support her so she could focus on study, but, when her father's factory was forced to close when the pandemic began, she began looking for ways to support herself.

What she found was a job at a restaurant paying \$12 an hour to work 11-hour days on the promise that after a month she would be bumped up to a \$20 rate. That day, however, never came and instead she was told two weeks later to go home and wait for a call about her next shift - but the call never came.

"They gave hope and then they took it away," Naomi said. "I am curious about how in Australia, if every law is so perfect, why these businesses can still get away with this here? They earn Australian money, but they take all the advantage into their pockets."

Now Naomi is planning to fight a wage theft case against her former employer - thanks in part to a group of Chinese international students and travellers on working holiday visas who have begun to expose allegations of predatory behaviour by employers.

In what is an open secret, bosses are allegedly exploiting the lack of knowledge around Australia's industrial relations system among migrant communities - particularly where they speak languages other than English - hiring people into jobs that pay as little as \$5 an hour.



Wage theft is 'farm-to-table. It happens on the farms up through to the restaurants, to the cleaning services', according to the Working Women's Centre. Photograph: David Silverman/Getty Images

Within the South Australian Chinese community, these roles are often advertised on AdelaideBBS.com, a Chinese-language news aggregator and community noticeboard.

Many of the advertisements listed on the site do not state the rate of pay and, even where they do list it, these rates can be lowered during negotiations that take place by text message or in person.

Job listings on AdelaideBBS.com carry a disclaimer saying the site is not legally responsible for the content and the site's administrators did not respond to a request for comment.

A video shared with Guardian Australia shows one employer offering an applicant for a dish-washing position at a restaurant a wage of \$14 an hour.

In Australia, the Fair Work commission sets the minimum wage. As of 1 July 2020 the absolute minimum wage was \$19.84, or \$753.80 a week, though the exact minimums change depending on industry and how a worker is classified.

According to the commission's wage calculator, a person aged 20 years or older working as a casual in the hospitality industry should earn about \$25 an hour.

When the applicant in the video, which was recorded in January this year, asks why the figure they were given is so low, the employer answers: "We have our ways."

In other text message chains shared with Guardian Australia, applicants for jobs were offered wages between \$10 and \$11 an hour, though some were as low as \$5 an hour.

Jacky Chen and Dante Ding, who run a group on the messenger app WeChat for people to share information about dodgy employers, say this is because employers will tell the Australian Tax Office that an employee is working a certain amount of hours at the correct wage.

In reality they may be working twice as long, meaning their real wage is half.

Chen and Ding started the group earlier this year when they asked people to report businesses in South Australia paying less than \$15 an hour. Since then they have allegedly received reports of more than 40 business ripping off workers.

"It is something everyone knows about but no one really talks about," Ding said. "We targeted \$15 an hour. We want that to no longer be possible. There are other businesses, but if they pay \$16 an hour we don't know about them."

They connected Naomi to the Working Women's Centre, which is now representing her in her planned case against her former employer.

The organisation's director, Abbey Kendall, says Naomi's is not the only case her organisation is managing and that the situation for international students is dire.

"For international students, they're living in another world when it comes to work," Kendall said. "If you are an international student you are lucky to get the minimum wage in Adelaide.

"Usually we think about labour markets as being our normal industrial relations system and black markets, where people do cash-in-hand or work off the books. These international students exist in a labour market that sits outside our industrial relations system.

"This is farm-to-table. It happens on the farms up through to the restaurants, to the cleaning services. And it's not just South Australia. It's everywhere."



According to modelling more than \$200m is lost by employees to wage theft each year. Photograph: Dan Peled/AAP

Though it is difficult to find specific figures, Edward Cavanough, manager of policy at the McKell Institute, says the situation for international students and those on working on holiday visas is dire - especially with the pandemic.

With the federal government refusing to extend any support, many are stuck in limbo.

Being paid so little at a time of high unemployment means many cannot return home, even as they have to keep working to service the large personal loans that were required to travel to Australia to access education in the first place.

"International students are taken advantage of because of the stringent visa conditions and the power balance between them and their employee," Cavanough says. "Often international students don't even get given the correct information that explains their rights at work.

"This is bad for a range of reasons. It undercuts the businesses doing the right thing. It impacts revenue when you have people doing it off the books. And then it impacts the economy, because you have these international students who don't have the money in their back pocket to pay for things."

Though there are no specific figures to quantify how exposed international students are to wage theft, Cavanough's modelling suggests \$270m is lost each year.

This figure was achieved by working back through the 23 fair work ombudsman audit campaigns carried out in South Australia to check the books of 1,700 business.

Similar numbers for other starts are hard to come by, but accounting firm PWC used a similar approach last year to calculate the loss at a national level, and estimated to be in range of \$1.35bn.

“We a smaller labour market and fewer total numbers of workers who are vulnerable, but I worry about South Australia becoming very vulnerable to wage theft, more so than everywhere else,” Cavanough says. “We’re not the focus of the fair work ombudsman and east coast policy makers to act on this issue.

“If we become a soft touch for wage theft in South Australia, some of the dodgy operators are going to be looking at this state as the place to do business.”

*. Names have been changed*

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