



7-Eleven Stores Pty. Ltd.
ABN 48 005 299 427

National Office
2/658 Church Street, Richmond, Victoria 3121

Telephone
(03) 9541 0711

Thursday 5 March 2020

Select Committee on Temporary Migration

Committee Secretary
Department of the Senate
PO Box 6100
Canberra ACT 2600

temporarymigration.sen@aph.gov.au

Dear Secretariat

7-Eleven welcomes the opportunity to provide this submission to the Senate Select Committee on Temporary Migration.

Company profile

7-Eleven Stores Pty Ltd (7-Eleven) is Australia's first choice in convenience, and the largest convenience and independent petrol retailer in Australia with approximately 38% and 10% of market share respectively. The company holds a license to operate and franchise 7-Eleven stores in Australia from the US based 7-Eleven Inc. 7-Eleven in Australia operates over 700 stores across our franchise and corporate network, covering Victoria, New South Wales, the Australian Capital Territory, Queensland, and Western Australia. Our franchise network consists of approximately 420 franchisees operating about 500 stores with the balance being run as corporate stores. Our stores conduct more than 228 million transactions a year, serving an average seven customers per second.

Background

7-Eleven is well placed to add our experience to the Committee's deliberations as 7-Eleven Australia has had thousands of new Australians and their families as part of its franchise network since the company franchised its first store in 1978. The cultures represented in our franchisee network have evolved as the patterns of migration have changed over the last 40 years.

Over 8,800 people are employed in 7-Eleven's corporate and franchise stores. Of this workforce, 51% are visa holders (across 10 different types and 64 subclasses). However, the largest category is the student visa holder which accounts for 57% of all visas, equating to approximately 30% of the entire 7-Eleven workforce. In addition, some 85% of the workforce are casual employees.

7-Eleven has strict approvals and checks in place to ensure all employees have valid work rights prior to commencing employment. During the course of their employment Visa Entitlement Verification Online system (VEVO) checks are undertaken quarterly and notifications are sent to managers and employees 30 days prior to an employee's visa expiring.

Issues

7-Eleven believes that the current visa restriction on international students to being able to only work 40 hours per fortnight is possibly leading to workplace exploitation, subsistence living conditions and the formation of a societal sub-class. This is occurring in an environment where education institutions largely see international students as an 'export' commodity and government



7-Eleven Stores Pty. Ltd.
ABN 48 005 299 427

National Office
2/658 Church Street, Richmond, Victoria 3121

Telephone
(03) 9541 0711

adopts a light touch in evaluating and monitoring the financial health of these students. This view is now being supported by key stakeholders and academic research.

With over 500,000 international students studying in Australia, 7-Eleven recognises that international education has become a massive revenue stream for our Universities and Colleges and has become a significant export for Australia worth over \$12bn. But this revenue doesn't come without risk.

It appears the revenue streams from educating international students are now too good to ignore and that it is such a large proportion of GDP that legislators will overlook the risks associated with this potentially vulnerable group of students.

A mature discussion is required around that of student visa rules and the relevant policy settings. Educational institutions are driving up demand for student visas, with little responsibility for the economic welfare of students as they sign up to a qualification

It is broadly accepted that current visa rules do not allow students to legally work enough hours to cover their tuition and living costs, which creates a pool of vulnerable workers at risk of exploitation due to economic needs or fear of deportation for breaching their visa conditions.

A 2019 *4 Corners* story titled '*Cash Cows*' regarding international students showed universities allegedly lowering the language requirements to admit more students. In addition, a former Immigration official also mentioned that their financial capability to support themselves – as required under the visa - is also rarely checked.

In the *4 Corners* story, Ravi Lochan, President of the Association of Australian Education Representatives in India said;

"Of course, why do they struggle? They struggle because either they don't have the financial means to study here and live here, or they struggle because they don't have the English skills to live here. In both these cases, with the lower assessment level of universities, those universities were able to waive or apply their own yardsticks."

However, the story did not link these factors with the increasing exploitation of foreign students being revealed across the economy.

In this regard, 7-Eleven cautiously welcomed the Government's Migrant Workers' Taskforce report released in March 2019. However, we were disappointed the report and recommendations fail to address many of the key deep-seated cultural issues and visa enforcement and restrictions that unfortunately contribute to the vulnerability of migrant workers which we shared with the Taskforce based on our experience.

7-Eleven has consistently argued that any comprehensive approach needs to include looking at the 'supply-side' of the issue, including a mature discussion about the visa restrictions for international students. Sadly, it is not a discussion that taskforces and governments wish to participate in.

In 2018 a joint UNSW/UTS report by Laurie Berg and Bassina Farbenblum titled '*Wage Theft in Silence*' found that wage underpayment within temporary migrant workers is "both widespread and severe."



7-Eleven Stores Pty. Ltd.
ABN 48 005 299 427

National Office
2/658 Church Street, Richmond, Victoria 3121

Telephone
(03) 9541 0711

The report drew on responses from 4,300 migrant workers of which over 2,250 acknowledged that they had been underpaid while working on a temporary visa in Australia, more than 91% suffered wage theft. The report notes that only a small number sought to recover unpaid wages because it is simply too hard or exposes the individual to too much risk.

With temporary migrant workers comprising about 11% of the Australian labour market, the report revealed that;

"...a substantial proportion of international students, backpackers and other temporary migrant workers were paid roughly half the legal minimum wage in their lowest paid job in Australia."

The survey revealed;

"The majority (55%) of participants indicated that they were international students while working in their lowest paid job in Australia..."

The report goes on to state that;

"Structural reforms are urgently required to address the drivers of exploitation. Students who worked more than 20 hours per week (potentially breaching their visa conditions) earned substantially lower wages than other students."

Two thirds (64%) of international students reported that they worked between 9 and 20 hours each week, and a further 13% worked 21 hours or more."

7-Eleven believes there is a need reform of the student visa rules so that students have the necessary financial capacity to support their tuition fees and living expenses for the duration of their course. Without reform we are creating a sub class of employment and a further unsatisfactory stratification of our society.

The precarious financial situation of international students is evidenced in 7-Eleven's workforce where 40% of store team members leave in the first six months of employment. One third of this turnover are team members working only 12 hours or less per week. This is a signal that team members who are visa holders need to work as close to maximum allowable hours per week to support themselves in Australia.

Being limited to working 40 hours per fortnight on a minimum wage means that many students have limited resources to sustain themselves and as a result live in crowded accommodation which is also not conducive to effective study. Studying in poverty and is the reality for thousands of international students creating a new class in our society.

With a seemingly endless supply of labour, and with students working to pay for their studies, some employers feel they can take advantage of their employee, especially their foreign student employees. This pool of vulnerable workers provides the 'supply' in the exploitation equation that must be addressed.

The pool of vulnerable workers combined with student visa conditions add to the vulnerability of workers perhaps driven by economic needs to work beyond allowed hours or out of fear of deportation for breaching visa if they speak up.



7-Eleven Stores Pty. Ltd.
ABN 48 005 299 427

National Office
2/658 Church Street, Richmond, Victoria 3121

Telephone
(03) 9541 0711

Current policy settings

Apart from the usual educational requirements, people applying for a Subclass 500 Student visa are required to prove that:

- Their parents have a combined income of AUD \$62,222 in the previous 12 months;
- Can cover living costs for 12 months which is calculated at AUD \$21,000;
- Pay for one year's tuition fees up-front i.e. AUD \$10,000 of a \$40,000 four-year course, and;
- Finance for a return flight to their home country.

The combined parental income is not an indicator of discretionary income or any indicator that they would be able to support their child on an ongoing basis. The source of funds to pay for the up-front living costs and tuition fees is not required to be demonstrated thus opening the possibility that these monies could be borrowed from institutional or non-institutional sources.

If these funds are borrowed, then this could place even greater strain on the discretionary spending of the parents and their ability to support their child while studying in Australia. In addition, apart from meeting the initial financial test there is no ongoing audit or evaluation of an individual's financial situation in their subsequent years of study. Personal circumstances can change significantly over several years, the current system is not designed to monitor this reality.

The current system of managing the student visa program could generously be described a 'light touch' approach. Apart from an assessment of financial capacity when applying for a visa there seems to be no other check on the financial viability of students at any other stage of their education. There are no 'pulse checks' on the financial situation of students during their studies or indeed any random audits to gain an understanding of their financial health.

Added to this, government and educational institutions seem disinterested in the welfare of international students and have shown little interest in listening to businesses that have real world experience in employing and dealing with international students. 7-Eleven is unaware of government actively engaging with business regarding international students and when they have been engaged, have demonstrated scant knowledge of the real-world situation confronted by these students.

The UNSW/UTS study concludes that;

"For government, it demands examination of levels of resourcing required to address the scale of non-compliance, and consideration of specialised programs and infrastructure to prevent and remedy wage theft among temporary migrants.

And that the study;

...also presents confronting data for educational institutions regarding their international students, and raises questions as to the support services those institutions should provide."

Similarly, a Deakin University report by Prof. Ly Tran and Sri Soejatminah titled '*International Students as a Vulnerable Army of Workers*' stated;



7-Eleven Stores Pty. Ltd.
ABN 48 005 299 427

National Office
2/658 Church Street, Richmond, Victoria 3121

Telephone
(03) 9541 0711

“The research finds that international student rights to get access to work opportunities and as workers are not safeguarded because the demand for part- time employment among inter-national and domestic students exceeds the supply. This is coupled with a lack of a holistic and coherent mechanism from the institutions and host governments in facilitating work experience for international students and international students’ lack of bargaining power and of knowledge about the employment market as well as workplace regulations in the country.”

The students themselves are limited in their ability to support themselves while in Australia as they are only permitted to work 40 hours per fortnight during study periods. Often the only jobs available to them are menial and low-paid which limits the income they can receive for the hours they are permitted to work.

The Deakin University paper reports that;

“Participants in this study found the institutionalized policy of prohibiting international students working off campus and for more than 20 hours per week unfair. The study found that due to this work policy, which restricts international students to a limited range of occupations, they had to compete for low- paying retail or food service jobs...and some admitted to work paid cash on hand.”

Recommendation

It is broadly accepted that current visa rules do not allow students to legally work enough hours to cover their tuition and living costs.

7-Eleven recommends that the 40 hour per fortnight limit on work during study periods be abolished and students be free to work as many hours as required to support their studies in Australia. The visa condition that international students must meet their attendance requirements and course progress should be retained, however it should be up to the student as to how they manage their work/study balance.

We trust our experience, lessons learned and suggestions for further reform may assist the Committee in its important deliberations.

We would welcome the Committee publishing this submission.