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The Black Economy Taskforce Secretariat  
The Treasury  
Langton Crescent  
Parkes ACT 2600

Submitted electronically

### **Submission to the Black Economy Taskforce Interim Report**

The Federation of Ethnic Communities' Councils of Australia (FECCA) is the national peak body representing Australia's culturally and linguistically diverse (CALD) communities and their organisations. FECCA provides advocacy, develops policy and promotes issues on behalf of its constituency to Government and the broader community. FECCA strives to ensure that the needs and aspirations of Australians from cultural and linguistically diverse backgrounds are given proper recognition in public policy.

FECCA supports multiculturalism, community harmony, social justice and the rejection of all forms of discrimination and racism so as to build a productive and culturally rich Australian society. FECCA's policies are developed around the concepts of empowerment and inclusion and are formulated with the common good of all Australians in mind.

FECCA welcomes the invitation to provide feedback on the Black Economy Taskforce Interim Report and commends the Taskforce for seeking community advice through numerous stakeholder consultations.

### **Key Message**

FECCA believes that meaningful, legal and sustainable employment is one of the most effective ways of ensuring refugees and migrants to Australia are empowered and included in the community. Beyond the obvious financial and economic benefits, employment helps to improve and develop a person's dignity, self-confidence and social stability and benefits the physical and mental health and well-being of individuals and families. These positive outcomes from meaningful employment, support and encourage the participation and inclusion of CALD communities from the immediate settlement period and throughout their life in Australia.<sup>1</sup>

The Black Market Interim Report has already noted the tendency with current policy approaches to focus on symptoms rather than causes: 'they tend to be fragmented, lack coherence and do not place sufficient focus on how the regulatory burden affects black economy participation'.<sup>2</sup> FECCA urges the Committee to investigate, with the aim of

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<sup>1</sup> FECCA 2011, *Settlement is a Life-Long Process*, Submission to the Department of Immigration and Citizenship on Achieving social inclusion and participation for new and emerging communities beyond the immediate settlement period, FECCA, Canberra p. 13.

<sup>2</sup> Black Economy Taskforce, Interim Report March 2017, Commonwealth of Australia, p. 3.

producing recommendations to remedy, the causes—or ‘pushes’—that lead to individuals becoming engaged with the black economy.

Migrants and refugees to Australia face a number of barriers in the employment market due to a lack of Australian work experience, difficulties in achieving recognition of overseas qualifications, racism and discrimination, and limited professional and social networks. Other challenges include English language proficiency and limitations to employment opportunities based on visa status. These experiences may result in outcomes for migrant and CALD Australians that involve engagement with the Black Economy, for example, working in the cash economy on the behest of an employer in order to secure employment. For people from CALD backgrounds, including migrants and refugees, involvement in the black economy can sometimes be the only possible way of securing a measure of financial stability. As a result, migrant workers are disproportionately impacted by underpayment and other exploitation.

Secondly, a lack of job opportunities, and other ‘pushes’ into entrepreneurship and business-ownership such as discrimination in employment or language barriers, encourage many Australians from migrant backgrounds to establish their own businesses or enterprises. The characteristics of resilience and risk taking developed by refugees and migrants through the migrant journey also explains the overrepresentations of refugees and migrants in the entrepreneurial sector. In these cases, individuals may find themselves engaged with the black economy because of an inability to navigate bureaucratic and regulatory requirements due to language difficulties around institutional literacy and access to appropriate support, for example finance and advice.

FECCA emphasises that we do not endorse the participation by individuals in the black economy. However, we do encourage the Government and relevant authorities to reflect upon and show understanding of the circumstances that lead vulnerable people to become involved in the black economy in an effort to remedy these challenges and create accessible opportunities for CALD Australians.

### **Key recommendations**

FECCA recommends the following measures will provide a broader understanding of the involvement in black economy activities for people of CALD backgrounds:

- Quantitative and qualitative research into the numbers of migrants and people from CALD backgrounds involved in black market activities (without punitive outcomes and leading to support and coaching)
- Research into barriers that CALD people face in employment sector
- A reduction in administrative red tape and assistance in navigating regulations for migrants and refugees starting their own business, in different languages and through a variety of appropriate channels
- Proper training among employees and employers on rights and responsibilities.
- Measures to ensure adequate support for, advocacy on behalf of, and provision of information to vulnerable workers about their rights and about how to pursue those rights
- Review the barriers for CALD Australians to accessing finance through Australia’s financial institutions
- Funding for support, advocacy and legal advice for CALD Australians, migrants and refugees exploited within the Black Economy through the Migrant Worker Taskforce and other community based organisations.

## Background

At June 30, 2016, 28.5 per cent of Australian population was born overseas and nearly 50 per cent of Australians have one or more parent born overseas.<sup>3</sup> Australia's economy and future prosperity is heavily reliant upon the skills that migrants bring to this country through temporary and permanent migration streams and our migration system is designed to attract appropriate skills for the needs of Australia's economy. This is reflected in the figures: 65 per cent of recent migrants held tertiary qualifications before arriving in Australia and many more obtained tertiary qualifications after arriving in Australia; and migrants with Australian citizenship have an unemployment rate of 3.3 per cent versus 5.4 per cent for people born in Australia.<sup>4</sup>

However, for some individuals and communities of CALD background, there are greater challenges in securing employment. In particular, for a small, but significant number of individuals, the informal sector – as either an employee or as a business owner or sole trader – may be the only opportunity available as a means of income generation and support for their family.

CALD Australians, in particular those recently arrived as migrants, from new and emerging communities or refugees, face a number of barriers to obtaining employment. FECCA's own research has highlighted some key challenges including:

1. Difficulties obtaining recognition of skills and qualifications earned overseas or lack of Australian qualifications
2. English language proficiency. This includes employer discrimination with regards to accent
3. Experiences of discrimination, prejudice or racism
4. Lack of networks for seeking and securing employment
5. Limited familiarity with the Australian workforce, employment systems and culture
6. Pre-migration experience, including experiences of torture and trauma.

FECCA's own understandings are supported by the latest census data where, around one third (31 per cent) of recent migrants who have had a job in Australia reported experiencing some difficulty finding their first job. The most common difficulties were:

- A lack of Australian work experience or references (65 per cent)
- A lack of local contacts or networks (31 per cent)
- Language difficulties (25 per cent)<sup>5</sup>

Experiencing these barriers, often in combination, mean that many people from CALD backgrounds find themselves in lower-skilled and low-paid jobs. For example, research has demonstrated how a 'lack of mainstream networks' can contribute to directing new arrivals into undesirable employment within 'secondary labour-market niches' often characterised by unhealthy work environments, including long hours, relatively high occupational health and safety risks, and limited job security'.<sup>6</sup> An inability to have one's overseas qualifications recognised or to find acceptance in the Australian job market means that many migrants

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<sup>3</sup> <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3412.0>

<sup>4</sup> See <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6250.0>

<sup>5</sup> See <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6250.0>

<sup>6</sup> Barraket, Jo 2007, Pathways to Employment for Migrants and Refugees? The case of social enterprise in Curtis, B, McIntosh, T, & Matthewman, S (Eds.) *Proceedings of the Australian Sociological Association (TASA) and the Sociological Association of Aotearoa New Zealand (SAANZ) Joint Conference, 2007*, The Sociological Association of Australia (TASA).

take jobs below their skill level – a phenomenon termed ‘occupational skidding’ by the renowned demographer the late Professor Graeme Hugo of the University of Adelaide.<sup>7</sup>

These barriers mean that for some CALD Australians, their employment options are focused on the retail, hospitality, hygiene, construction and fast food sectors. The Black Economy Taskforce Interim Report identified the high-risk sectors for black-market economy to be ‘building and construction, restaurants and cafes and hair and beauty salons’.<sup>8</sup> As noted above, these are sectors that employ a high percentage of migrant and refugee workers.

### **CALD Australians as employees in the black economy**

People from CALD backgrounds, including migrants and refugees, are disproportionately represented among victims of exploitative workplace practices. One reason is in balance of power between a CALD employee and their employer where that employee has struggled to find employment. Compounding this and contributing to the likelihood of a CALD Australian finding themselves engaged with the black economy include:

- A limited knowledge of the Australian workplace including obligations, rights and entitlements.
- Lack of support networks and social isolation
- Language barriers
- Visa limitations.

These barriers to employment mean that some CALD Australians, and particularly women with caring responsibilities and young people who may have fewer employment options, are pressured to accept cash-in-hand work as it may be the only option available to them when facing immediate financial demands including rent, transportation costs and childcare costs. Working in the cash economy leaves individuals vulnerable to exploitation and can lead to long-term exclusion from government services, further educational opportunities and long-term, meaningful employment. FECCA, therefore, emphasises the need to consider the challenges and barriers people from CALD backgrounds face in looking for employment and the reasons they may find themselves employed in the black economy before making recommendations.

For many CALD workers, they may be unaware of that their employment would be classed as part of the black economy. FECCA welcomes the Migrant Worker Taskforce initiative which aims to identify ‘proposals for improvement in law, law enforcement and investigation, and other practical measure to more quickly identify and rectify and cases of migrant worker exploitation’.<sup>9</sup> FECCA in particular welcomes initiatives by the Migrant Worker Taskforce including the establishment of a variety of online tools in a multitude of languages including: [In language resources](#); [Record My Hours App](#); [Anonymous Report Form](#); and [language storyboards](#).<sup>10</sup> FECCA emphasises the need to provide training and education for employers, employers’ representatives (accountants, lawyers, peak bodies) as well as employees on workplace rights and responsibilities.

### **CALD Australians as employers / entrepreneurs**

Barriers to employment in the Australian workforce lead many CALD Australians, including recent migrants and refugees, to establish their own business or operate as sole traders. For

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<sup>7</sup> Hugo, Graeme, May 2011, Economic, Social and Civic Contributions of First and Second generation Humanitarian Entrants, First Report to the Department of Immigration and Citizenship.

<sup>8</sup> Black Economy Taskforce, Interim Report March 2017, Commonwealth of Australia, p.51.

<sup>9</sup> Black Economy Taskforce, Interim Report March 2017, Commonwealth of Australia, p.60.

<sup>10</sup> See <https://www.fairwork.gov.au/language-help>

example, research has demonstrated that, on average, individuals who come to Australia as refugees 'have lower rates of workforce participation, higher rates of unemployment and lower average earning than other migrants in Australia' and are also 'more vulnerable to long-term unemployment'.<sup>11</sup> This is believed to be one of the reasons that Australians of refugee background 'have the highest rates of entrepreneurship of all categories of entry of immigrants' yet 'face the greatest barriers to entrepreneurship'.<sup>12</sup>

FECCA also notes how 'census data shows that some immigrant groups, such as the Koreans, Taiwanese, Greeks and Italians have at least a 50 per cent higher presence as entrepreneurs compared to the Australian-born. Korean-born women exhibit a presence among the female self-employed that is almost three times that of Australian-born women'.<sup>13</sup>

It should not be assumed that all individuals operating in the black or informal economy are driven by the intention to 'cheat' the system or avoid financial or regulatory obligations. As noted by the Interim Report, '[P]eople may also operate outside the formal economy because they don't have adequate knowledge about the tax and regulatory system. This can lead to inadvertent participation in the black economy. This is particularly true in the case of migrants who come from countries with different legal traditions than Australia's'.<sup>14</sup>

For migrants who find themselves involved in the informal sector as a means of becoming involved in 'economic activities that can be relied on to provide both adequate and secure alternatives to unemployment'<sup>15</sup> an individual may not be equipped (because of language, inadequate access to information and advice etc.) to understand the obligations and requirements to operate as a business or sole trader in Australia.

Even for those with a decent standard of English, other barriers exist including the inability to secure finance (because of limited financial literacy in Australia or lack of Australian credit history or documentation), a lack of networks and limited bureaucratic/institutional literacy that may lead to situations where business owners and small traders find themselves operating outside of regulatory requirements.

## Conclusion

CALD Australian, migrants and refugees in Australia are honest, hard-working members of the Australian society willing to be part of the formal economy and contribute to the Australian economy. Black Economy participation is, for some people from CALD backgrounds, the only way of securing financial security of themselves and their families.

FECCA emphasises the need to look at the causes to black economy participation and provide the appropriate tools and pathways to ensure people from CALD backgrounds can have a meaningful and productive economic participation in Australian society.

In particular, this involves examining the continuing barriers to meaningful employment for many CALD Australians, the barriers to promotion within organisations and the cultural competency of Australia's employers.

FECCA emphasises the importance of understanding not only the willingness of migrants and refugees to contribute and participate in the Australian employment market, but also the

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<sup>11</sup> Kooy, John van 2016, Refugee women as entrepreneurs in Australia, *Forced Migration Review* issue 53.

<sup>12</sup> Collins, Jock 2016, Refugee Entrepreneurship in Australia: One Strategy to overcome refugees blocked labour market mobility paper to Brotherhood of St Laurence Research forum: From Surviving to Thriving: Inclusive work and economic security for refugees and people seeking asylum

<sup>13</sup> Collins, Jock 2016, Refugee Entrepreneurship in Australia: One Strategy to overcome refugees blocked labour market mobility paper to Brotherhood of St Laurence Research forum: From Surviving to Thriving: Inclusive work and economic security for refugees and people seeking asylum

<sup>14</sup> Black Economy Taskforce, Interim Report March 2017, Commonwealth of Australia, p. 21.

<sup>15</sup> African Australian Multicultural Employment and Youth Services 2017, News Bulletin no 2.

need to support themselves and their family which may push a few individuals to operate in the informal sector.

Further, with opportunities sometimes restricted in the formal employment sector as well as limited understanding of structures and policies and high level of administrative red tape for entrepreneurs, FECCA reiterates that when people from CALD backgrounds find themselves operating outside of the formal economy it is because of a lack of institutional and regulatory literacy rather than a means of avoiding financial or regulatory obligations.

FECCA thanks the Black Economy Taskforce for the opportunity to make a submission to this important matter. If you would like to discuss any aspect of this submission further, please contact the FECCA Director, Dr Emma Campbell at [emma@fecca.org.au](mailto:emma@fecca.org.au) or on (02) 6282 5755.