

Australian 7-Eleven workers under-paid and super-exploited

By Oscar Grenfell
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A joint investigation by Fairfax Media and the ABC's "Four Corners" program has shed some light on the super-exploitation of young workers by 7-Eleven, the global company that operates one of the largest convenience store franchises in Australia.

The investigation showed that many international students in the 7-Eleven network, which operates some 620 stores nationwide, are forced into almost slave-like conditions. Often, they are paid less than half the legally-mandated award rates of pay, denied overtime and after-hours penalty rates, and threatened with victimisation if they complain. Some employees are not paid for weeks on end.

Mohammed Rashid Ullat Thodi, who came to Australia to study architecture, was paid just \$10 an hour. Required to transfer to a store 80 kilometres from his home, he made as little as \$5 an hour after paying his travel fares. Thodi took his case to the federal government's Fair Work Ombudsman, and was eventually awarded \$150,000 in damages from the franchise owners. They placed the business into administration, however, and he received nothing.

Another student, Sam Pendem, was employed at three stores, under four franchisees on the Gold Coast. He was grossly underpaid at each, and often forced to work 18 hours a day. Pendem has lodged four Fair Work claims, totalling \$140,000, for unpaid wages.

Thodi, Pendem and others were victims of a "half-pay" scam. Under discriminatory visa restrictions, international students can officially only work 20 hours per week, so the franchises pay them for just those hours, while requiring them to work for 40 hours. If students complain, they are often threatened with being reported for breaching their visa conditions.

In a damage control operation, 7-Eleven head office claimed that any underpayment of staff was the

responsibility of individual franchisees, but announced a buyback program, offering franchisees the chance to offload their stores. Russ Withers, the founder of the 7-Eleven chain in Australia, and its chairman, reiterated that wages were paid by franchisees, but said head office would pay back underpaid workers,

In reality, there is compelling evidence that under-paying wages is part of 7-Eleven's business model. According to the documents revealed by the investigation, an internal audit of 225 stores by 7-Eleven head office between July and August showed that over two-thirds were underpaying their employees.

A whistleblower from head office commented: "Head office is not just turning a blind eye, it's a fundamental part of their business... They can't run 7-Eleven as profitably as successfully as they have without letting this happen ... it's built on something not much different from slavery."

Under the 7-Eleven franchise model, head office receives 57 percent of the gross profits from each store, and micromanages their operations, often leaving franchisees in a perilous financial state. According to the whistleblower, over 140 stores would lose money if they paid staff the legal rates of pay.

At the same time, the documents indicated that "store changeovers"—usually franchisees abandoning their businesses—are a lucrative source of profits for head office, accounting for almost \$9 million in profit in 2014.

Withers and his sister, Bev Barlow, have amassed a fortune estimated at \$1.5 billion. They also control the Starbucks coffee chain in Australia, and 300 Mobil petrol stations.

The "Four Corners" program featured Stewart Levitt, a disputes lawyer, who is preparing a class action against 7-Eleven. Such legal cases, however, will do

nothing to resolve the underlying issues. 7-Eleven's practices, over a protracted period, highlight the complicity of the entire political establishment, including the trade unions, in the super-exploitation of vulnerable workers.

In one poignant scene in the "Four Corners" program, Prakash Kumar, a former 7-Eleven worker, recalled a colleague who was not paid for seven to eight weeks. He stood outside the store with a placard appealing for help. Victimized by head office and the franchise owner, and given no assistance by Fair Work, Kumar said the man broke down in tears in the store, and said: "What can I do? Where can I get help? Because I try to go to Fair Work, they threatened me."

The Fair Work Ombudsman, established under the Rudd Labor government's anti-strike workplace legislation, has conducted three raids on 7-Eleven stores over the past seven years. Such raids are aimed at allaying public anger over the company's activities, and have done nothing to stop them. While the Ombudsman has occasionally targeted individual franchises, it has steered clear of head office and its business model.

In 2011, for instance, franchisees from one store in Melbourne were fined \$150,000 for underpaying six international students. In raids conducted three years later, in September 2014, 60 percent of the 20 stores raided were underpaying their staff. Interviewees reported franchise owners dismissing the prospect of a token fine from the Ombudsman.

The Labor Party opposition cynically proposed a government amnesty for 7-Eleven employees who have breached visa conditions, supposedly to allow them to speak out about the abuses they have suffered. Senator Deborah O'Neil called for 7-Eleven representatives to be summoned before a senate committee inquiry into visa fraud.

However, it was the Labor government of Prime Minister Bob Hawke that helped create the present situation by reintroducing fees for international students in the 1980s, as a test case for a broader attack on the rights and living standards of all students. Since then, Liberal and Labor governments alike have hiked fees dramatically.

As a result, international students, who are treated as cash-cows by the universities and other tertiary education providers, are today forced to pay fees as

high as \$40,000 a year, while being denied basic rights, such as travel concessions. Confronting soaring rents in the major cities, many have no option but to live in over-crowded dwellings, and take whatever work they can get.

Under the Hawke and Keating Labor governments of the 1980s and 1990s, the Labor Party and the trade unions also began overseeing the destruction of tens of thousands of permanent jobs, and the creation of a vast pool of casual labour. Since then, successive governments, working hand in hand with the unions, have eliminated wide swathes of manufacturing and other industries.

The trade union covering convenience store workers, the Shop, Distributive and Allied Employees Association (SDA), claimed to be ignorant of the conditions faced by the 7-Eleven workers. SDA national secretary Gerard Dwyer said 7-Eleven "operated behind a veil of silence."

In reality, the unions, including the SDA, have long collaborated in the assault on the wages and conditions of the most oppressed layers of the working class. Most recently, the SDA signed a deal with South Australian employers in March, abolishing wage penalty rates for Saturdays and weekday evenings, and halving them on Sundays. The move, which was hailed by the corporate elite as a model to be emulated nationally, was targeted in the first instance at 40,000 low-paid shop assistants.

The Fairfax Media and "Four Corners" investigation has only revealed the tip of the iceberg of the ruthless exploitation of young workers, both students and non-students, that is rife throughout the retail, hospitality and other service industries. An entire generation confronts under-paid and oppressive working conditions as capitalism plunges deeper into slump.

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