

# Foodora pulls out of Australia

August 3 2018

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Gig economy businesses like Foodora have faced criticism in several countries over the treatment of workers

Food delivery service Foodora is pulling out of Australia, with the German-based firm saying it is shifting focus to other markets months after being hit with lawsuits over its treatment of workers.

Foodora, alongside rivals Uber Eats and Deliveroo, is among the meal

delivery platforms in Australia that allow people to order from local restaurants via mobile phones.

"Foodora has announced... its decision to leave the Australian market and cease operations in response to a shift in focus towards other markets where the company currently sees a higher potential for growth," the group said in a statement Thursday.

The service, which entered Australia in 2015, will wind down and close by August 20.

Foodora has faced criticism from unions about its operations in recent months, and is facing a Federal Court action by the government's Fair Work Ombudsman (FWO).

The ombudsman, which filed the legal action in June on behalf of three workers in 2015, alleged that the company "engaged in sham contracting activity that resulted in the underpayment of workers".

The government agency said the delivery service breached Australian laws by misrepresenting to the trio that they were independent contractors when they were in fact employees of Foodora.

As a result, they were allegedly underpaid by the company.

The FWO said the lawsuit would serve as a test case for the rights of workers amid the rise of gig economy businesses.

The Transport Workers' Union claimed Foodora's exit was so it could "avoid responsibility for paying its riders millions of dollars in backpay as a result of wage theft".

The union said in March it was taking two cases to the Fair Work

Commission, Australia's national workplace relations tribunal, alleging Foodora unfairly sacked two delivery riders.

One rider, Josh Klooger, told national broadcaster ABC he believed he was dismissed after two years with the company for talking about his pay and conditions.

The case is believed to be the first of its kind in Australia.

Foodora has said it would not comment on the cases as they are before the courts.

Last month, food-bike delivery staff working for companies like Foodora, Uber Eats and Deliveroo went on a week-long strike in France to demand better pay and benefits.

And a Spanish court in June ruled that a Deliveroo rider should have been treated as an employee, and not as a self-employed contractor, in the first ruling over the rights of such workers in the country.

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