



RESTAURANTS  
ASSOCIATION  

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OF IRELAND

**Banded Hours Contracts Bill 2016**

**Restaurants Association of Ireland Submission to the Joint  
Committee on Jobs, Enterprise and Innovation**

**14<sup>th</sup> February 2017**

**About:** *The Restaurants Association of Ireland is the representative body for restaurants in Ireland. With over 2,500 business owners nationwide. We represent fine dining, casual dining, ethnic, family, gastro pubs, and hotel restaurants. The restaurant sector employs some 72,000 people and contributes €2bn annually to the economy.*

The Restaurants Association of Ireland would like to thank the Chair and the Joint Oireachtas Committee on Jobs, Enterprise and Innovation for your invitation to address the committee on the Banded Hours Contracts Bill 2016 and other related matters.

## **Introduction**

At the outset, I believe it is important to note that the Restaurants Association of Ireland is supportive of employment legislation that works both for the employer and the employee.

The Restaurant sector is a key part of Ireland's tourism product and has been an important contributor to the improvement in Ireland's tourism performance over the past couple of years.

It is essential that the policy environment for the sector is conducive to survival, growth and the maintenance of a high quality, competitive offering. The Restaurant sector has a wide geographical spread and supports rural as well as urban economic activity and employment. The sector has a broad geographical footprint and provides valuable full-time and part-time employment in every county around the country.

For most restaurants, labour costs account for close to 40% of total operating costs with profit margins on average between 2-5%. Hence the sector is very sensitive to increases in rates of pay.

A key part of a restaurant business success is to be flexible. They operate a lot of their bookings in good faith.

The association is of the view that the bill in its current format does not take in to consideration the workings of the restaurant and hospitality business and the realities

within establishments work on a day to day basis. If the bill were to be enacted in its current form, it would have substantial negative consequences for employers and employees.

### **Banded Hours Contracts Bill 2016 – Observations**

Section 3 of the bill would allow for an employee to move to a higher number of banded hours after 6 months of continuous employment and an employer may only refuse this request should they be experiencing severe financial difficulty. Under the bill it does not appear to matter if the employer does not have work to give. Given the nature of the restaurant industry, this would be impossible. It would also be damaging to the business if they had to show that the 'business is experiencing severe financial difficulties', particularly ones that operate on a seasonal basis. There are too many external uncontrollable that effect the running of a restaurant whether it be exchange rates thus leading to tourism numbers decreasing, food and other related business costs increasing.

**Section 5** of the bill requires employers to translate all notices regarding the overall availability of working hours in to any language as required by those in employment by the business. This would result in further costs for the business and would be unfair given that the majority of businesses operate solely in the English language.

### **Related Matters:**

- 1) The problems caused by the increased casualization of work that prevents workers in low hour and zero hour type contract arrangements from being able to save or have any job security (and, in this context, it should be noted that the resolution made reference to the Study on the Prevalence of Zero Hours Contracts among Irish Employers and their impact on Employees carried out by the University of Limerick)***

As pointed out in our submission to the Department of Jobs, Enterprise and Innovation on the UL report; the study which UL was commissioned to undertake was on 'Zero Hour Contracts' and not on 'If and when' contracts. The study found that 'Zero hour contracts' are

not extensive in Ireland. In fact, the report also states that the Central Statistics Office found that only 5.3% of those working in Ireland are on 'if and when' contracts. They also found that of the 57,100 jobs created in 2015, 56,800 of them were full time.

Part-time contracts are used in the restaurant, hospitality and tourism sector where there are seasonal fluctuations in work, where it is difficult to predict the minimum level of staff required or where the need for urgent cover can arise.

## **2) *Whether zero hour contracts should be banned***

Further to our response on point 1, the UL study found little if any evidence of the use of zero hour contracts in Ireland. The RAI would be of the view that 'if and when' contracts are part-time contracts and provide flexibility to both employer and employee.

## **3) *Whether the bill has sufficient flexibility in its application for small businesses and provides a simple approach in this regard, while lessening the administrative burden;***

No, the bill does not have any flexibility for small businesses, which make up over 80% of employment in Ireland. The Bill in its current guise offers zero flexibility to employers whose trade is dependent on those with disposable income and tourists.

The bill would only increase costs and the administrative burden on premises.

## **4) *Whether workers on low and zero hour contracts should be allowed a minimum set of hours and the right to request more hours (Section 18 of the Organisation of Working Time Act 1997) ;***

Section 18 of the Organisation of Working Time Act 1997 already provides a significant amount of protection for employees. Should any changes be made to the above, the RAI believe that a regulatory impact assessment showing evidence based analysis of the number

of employees on 'zero or low hour' contracts and whether Section gives them the protection needed.

**5) *Whether the remit of the Low Pay Commission should be changed to permit or require it to review proposals on banded hour contracts for those on low pay.***

The RAI does not believe that the remit of the Low Pay Commission should be widened to review proposals on banded hour contracts for those on low pay.

**Concluding Remarks**

The RAI would like to thank the committee for their time and invitation to attend. The RAI are happy to engage with all stakeholders on the issues raised today. We must reiterate that the bill, if to proceed in its current format would have serious ramifications for restaurants in Ireland, increasing their costs as well as affecting their ability to expand their business and create new jobs.