

Presentation by RGDATA to the Oireachtas Committee on Jobs, Enterprise and Innovation on the Banded Hours Contract Bill 2016

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Chairperson, Members

Thank you for the invitation to appear before your Committee today to discuss this Private Members Bill. I am joined by Mr Tommy Smyth who is a HR expert with great experience in assisting RGDATA members and other retail employers.

RGDATA represents family owned independent grocery retailers in Ireland. Our members own and operate over 3,500 shops, convenience stores and supermarkets in every community throughout the country and are significant employers providing vital local, full and part-time jobs in cities, towns and villages all over Ireland.

It is a fact independent stores have a far greater employment intensity than the multiples. The Independent sector has a 35% market share and employs around 90,000 employees. The multiples have 65% of the market and employ about 35,000 staff. A Lidl has an average of 20 workers per store, and Aldi employ an average of 24 workers per store. The employment intensity of an equivalent Independent grocer is between 50 and 120 employees.

The split between full time and part time workers is about 50/50 within RGDATA members' shops. This reflects the cyclical nature of convenience retailing – some days are busier than others, and some periods within days are more active than others.

Employees in RGDATA members' shops are issued with a contract of employment stating the hours they have been employed to work. The contract includes a flexibility clause and the employee signs acceptance of this. A roster is posted up weekly so all employees know their hours a week in advance.

In general full time staff have set weekly hours and work the same days every week. Part time staff have a set amount of hours but may work on different days each week on a rota basis. Part timers are usually college students and parents who want to work specific hours that fit in with their college courses or parenting commitments.

Our members provide vital jobs to college students who travel home to work at weekends. The students are also available to do more hours during holiday periods. This is invaluable to shop owners who need cover in the summer months or the busy Christmas period. This is a mutually beneficial system. It suits the students who want to fund their college life and also suits our members who need staff who are flexible and want to work more hours at busy weekends and holiday periods.

Our members pride themselves in supporting their local community and employees tend to live locally, show great loyalty to their employer and stay for many years. The employer tends to be local and therefore they too live and spend locally. Any profits are not repatriated out of their county, let alone country.

Continuity of employment within RGDATA members' shops is also very high – over 64% of employees in independent shops have worked for the same employer for more than five years. This high retention rate clearly demonstrates that both part time employees and employers are happy with the current system.

Nearly 90% of employees are paid in excess of the statutory minimum wage.

Labour costs are a huge issue for independent retailers who operate under incredibly challenging economic conditions. They face increasing levels of competition from major international giants and many are based in village and town centres which have not yet seen the benefit of any economic recovery.

Retailing is a sector that bore the brunt of the downturn and it is making a very slow recovery. Independent retailers work with employees to find a mutually agreeable roster but they have to include a flexibility disclaimer in a contract of employment so they can react to external factors that can affect their business.

For example: bad planning decisions allowing a proliferation of supermarkets on the outskirts of small towns; changes in the road network that impact on passing trade; local job losses - the loss of jobs in Dell in Kildare will lead to loss of lunch spend and passing trade for several RGDATA members even weather events like a big freeze all impact on the footfall and spend in local shops.

All these impact on small local employers. Flexibility of hours, managed in a fair manner is key to keeping a business open and jobs available. We are not talking about rich corporations. We are talking local main street traders whose margins are very tight. In order to maintain local jobs in rural Ireland, these employers need to be able to react to change. Many RGDATA members draw a salary from their business at less than the minimum wage equivalent.

We have a number of concerns with this Bill.

Firstly, it is seeking to address a problem which is not present in our members' stores. Our members do not offer zero hour contracts.

Secondly, this bill goes beyond zero hours contracts to target banded hours. These are very different issues and we feel that banded hours legislation is being 'piggy backed' onto the negative headlines that zero hours contracts have. As I explained employers need to seek some form of flexibility in relation to part time roles to ensure that during times of quiet trade their wage bill does not become disproportionate to the lower sales. Employers do this through communications with employees and those who are most flexible are talked to first. If employees are aggrieved they have many avenues open to them. These include: internal grievance procedures; the WRC Code of Practice; the WRC conciliation, mediation and adjudication services; the Labour Court ; The Organisation of Working Time Act 1997 and Contract law.

Thirdly, the Bill is prescriptive in intervening in the working relationship between an employer and employees. Excessively restrictive labour laws act against the retention of employees. RGDATA is aware of retailers who were unable to restructure existing employment arrangements with employees due to legal restrictions and had to let people go rather than restructuring their working conditions. These were all circumstances where the employees were happy to take reduced hours or reduced pay, but the law prevented this from happening.

This Bill seeks to make a certain roster legally fixed after a period of time and basically override any flexibility clause in a contract. If this is passed then employers will shy away from giving mutually agreeable hours to an employee and will keep hours flexible all the time. This is likely to be less desirable to the employee.

To conclude, whilst we are not aware of the analytical data used to prepare this bill, RGDATA and the HR experts that assist our members do not come across grievances arising in this area and we do not believe it requires further legislation.

In summary, RGDATA believes that this Bill would introduce new rules and regulations governing the employment relationship between shop owners and their employees which are neither required or necessary. Unnecessary rules add to the cost of doing business in Ireland and this adversely impacts on employment creation, local jobs, important part time jobs and job retention.

Thank you.