



RESTAURANTS  
ASSOCIATION  

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OF IRELAND

**Submission to  
Department of Jobs, Enterprise &  
Innovation**

**Consultation Document: University Limerick Study on the  
Prevalence of Zero Hour Contracts & Low Hour Contracts  
in the Irish Economy**

**21<sup>st</sup> December 2015**

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# 1. Introduction

The Department of Jobs, Enterprise and Innovation commissioned by the Minister for Business and Employment, Ged Nash TD, has invited the Restaurants Association of Ireland (RAI) to make a submission on the consultation document on the University of Limerick Study on the Prevalence of Zero Hour Contacts among Irish Employers and their impact on Employees.

The RAI would like to thank the Minister and the Department of Jobs, Enterprise and Innovation for the invitation to make this submission.

## **The Irish Restaurant Industry – An Overview**

With over 3,000 restaurants in Ireland, the Restaurant sector employs 72,000 people and contributes €2 billion to the Irish economy each year. The RAI now represents in excess of 1,500 members with establishments representing fine dining, casual dining, ethnic, family, gastro pubs, hotel restaurants, cafes and some fast food operations.

The Restaurant sector encompasses a large number of owner operated SMEs, but is also a crucial supporter of small businesses, local agriculture and food producers throughout the country. In what has been a very difficult and challenging economic environment, the restaurant and tourism sector has stood out like a beacon of light over the past couple of years with an increase of over 30,000 jobs in the Foodservice & Accommodation sector.<sup>1</sup> The ability to increase prices is still very limited and with many of the costs of doing business under pressure, the sector continues to be characterised by tight margins, challenging trading conditions and a severe Chef shortage. Restaurants deal with on average, twenty-five different agencies and authorities in the day to day running of their business. Now is not a time for imposing further red-tape on business or grossly inflating the wage bill of a small business.

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<sup>1</sup> *9% VAT – Food, Tourism & Jobs – Rebuilding Ireland’s Economy’ published by the RAI*  
<http://keepvat9.ie/why-keep-the-vat-at-9/economic-reports/>

## **The Consultation Document**

At the outset, the Restaurants Association of Ireland would like to express that it was unhappy with the Kemmy Business School at the University Limerick under-taking this piece of work. The Restaurants Association of Ireland is of the view that the Kemmy Business School at the University Limerick is anti-employer in its views and opinions.

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.

The Restaurants Association of Ireland does not support the recommendations made by UL in the study.

The Restaurants Association of Ireland would also dispute the term 'if and when' contracts and would view these as part-time contracts. The report fails to recognise the increasing demand from employees for flexible and part-time work but see's low hour contracts as 'suspect'.

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.

Most restaurant rosters are done on a week to week basis (hours given are dependent on bookings) It would not be feasible in a demand led industry to give 72 hours notice of cancellation of work or any request to undertake work. Flexibility is required in the industry with late bookings or bookings being cancelled or not showing up on the evening.

Restaurants can take a booking of 20 people for dinner and then the party does not show up.

Having to pay an employee time and a half, where if insufficient notice were given, would simply be unworkable and impractical and would grossly inflate the wage bill. The

recommendation states that this would not apply in ‘exceptional and unforeseen circumstances’ but does that define what the ‘exceptional’ or ‘unforeseen circumstances’ would be.

Whilst we are aware that a balance needs to be struck between regulation and flexibility, the association feels that the report’s recommendations are a step too far and will add a huge cost to the running of a restaurant and those in contract catering.

In an article in the Irish Times on November 5<sup>th</sup>, Minister Nash wrote “*I do not for a moment dispute the need for some flexibility in the workplace. Certainly it would be trite to think of flexibility as a bad thing and businesses need to be mindful of the needs of customers when it comes to opening hours or availability of services.*”<sup>2</sup>

The exploitation of workers should never be tolerated and there are already a broad range of protections in place for workers who feel they have been badly treated. The National Employment Rights Authority (NERA) is already in place and doing a good job and investigating employers who are not in compliance with the Organisation of Working Time Act. NERA provides a helpline service to employees should they have any issues at their workplace which NERA can then investigate.

It is also worth noting that many employees prefer part-time work that offers them flexibility. This can be particularly the case for families to help avoid substantial childcare costs, work-life balance or education. At peak times, employees may be offered additional hours of work but refuse to do so given the above reasons or also that it may affect their Family Income Supplement.

### **RAI Survey results**

The Restaurants Association of Ireland conducted a survey of members regarding the impact the new recommendations would have on their business if implemented. Some of the responses we received included;

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<sup>2</sup> <http://www.irishtimes.com/opinion/new-if-and-when-contracts-have-replaced-zero-hour-regimes-1.2417235>

Seasonal Restaurant, Donegal

*“Complete and utter terror, it’s not possible with the constraints of hours, depending on the business”*

Midlands Restaurant

*“It will mean adding more pressure on the owners on top of the 91 hours+ a week I currently work. Offering contracts on day 1 is ridiculous. A trial period is a requirement in this industry. CV’s rarely match the actuality. I have staff that actually want part-time hours....We offer this flexibility to suit them and us”*

Dublin City Centre Restaurant

*“It will make it less likely to add staff to the roster. It will add cost to the payroll and limit my ability to allow staff flexibility around their working hours.”*

*“Can they make the person who rings in sick pay us for not turning up for work.”*

Kildare Restaurant

*“Not workable, functions such as funerals can come in with a days notice, how can we staff up when 72 hours notice is required.”*

Galway Restaurant

*“Severe impact on my wage bill and level of service we provide to our customers. It is a struggle to survive in the current climate but anymore changes which impact on my costs will leave me with no option but to close my doors.”*

*“The recommendations are not practical or affordable in the real world. The law needs to be fair to both employees and to employers. Flexible working hours suit some employees without giving unnecessary bonuses that ultimately will increase the cost of food in restaurants and destroy small businesses.”*

Kilkenny Restaurant

*“Payroll is our biggest cost, coming in at over 30%. It will increase this cost at a level that cannot be absorbed and will result in reduced hours, price increases and damage to consumer confidence – just when it might be picking up.”*

**Conclusion**

We would urge the Minister and Government to consider making a regulatory impact study of the proposed changes and to take in to consideration those whose flexible arrangements already work for them.

We believe that a regulatory impact assessment will highlight the fact that the proposed recommendations will grossly inflate the wage bill of not only the restaurant industry but the public service one too.