

SEVEN “ZERO HOUR CONTRACTS” MYTHS VS REALITY



Myth 1: Zero Hours Contracts give workers the flexibility they want.

Many fast food workers do want part-time work (although many who are part-time want to be full time - half of all workers wanted additional hours that would take them to 35 hours a week or more). There is a huge difference between regular part-time work with regular hours and a zero hours contract where you only find out your weekly hours and shifts a few days before they start. Fast food companies like the flexibility of zero hours contracts - their workers do not.

79% in the survey said that changes to their weekly hours causes them problems with paying basic living costs like rent, power, phone, food and transport. 42% said these problems happen on a regular basis. The comments on the difficulties roster changes caused were numerous and disturbing:

"If my hours drop anymore I won't be able to feed my family."

"It has severely affected my credit rating, I was referred to the nz budgeting service, due to my hours getting cut my bills suffered, I received over \$4000 in police fines as I couldn't afford to reg and wof my car due to change in my hours/income. My children lived off noodles and eggs for their main meal approx 4 times a week. Last but not least, I had to resort to criminal activity to ensure my children had lunch for school and warm clothes/shoes during the winter. Desperate times called for desperate measures :/"

"Most the time i have to put off a different bill each week to be able to pay rent or buy food there has been a few times and a whole month where I haven't been able to buy any food at all because my hours were cut down. I use to be on 45 a week now I'm lucky to get 25."

"One staff member with 2 children under three has had her hours almost halved in about 5 weeks and management just argue the point and don't listen"

Myth 2: Zero Hour contracts are jobs where you can't work for someone else and you have to wait by the phone ready to work at a moments notice.

Those are just one type of these contracts. In fact a "zero hours contract" is just what it says: an employment agreement where there are no guaranteed hours, regardless of whether you are told your hours week by week or day by day. Apart from a few salaried managers, all fast food workers are on zero hours contracts, along with tens of thousands of other workers in the hospitality and retail sectors. Our survey showed that fast food workers worked an average of 25.5 weekly rostered hours, but that they also worked an average of 3.2 additional hours at short notice.

Myth 3: These workers are mostly school kids or tertiary students living at home and earning a few extra dollars for the weekend.

The median age of our members in fast foods is 26.7 years (half are older and half are younger), which is consistent with international trends (the average age in the U.S. is 28 years). The vast majority are fully independent adults, many with kids, trying to support themselves and their family and finding it very difficult. Most of those who answered our survey were (by industry standards) long-serving workers of over a year, but were just as likely as new staff to be wanting more rostered hours, just as unlikely to get requested additional hours and just as likely to have changes in hours from week to week cause them difficulty paying basic living costs.

Myth 4: Fast food workers on zero hours contracts are just the same as other part-time workers and the unemployed who want more work.

The additional work is available. Turnover in the industry is notoriously high (70% plus per year) so additional working hours are constantly becoming available as staff leave. The overwhelming majority of those who responded to our survey (80%) had worked for their current employer for over 6 months, 60% for over a year and a third of them for over two years. High turnover gives the companies ample opportunity to give longer these longer serving workers more hours - but the complaint was repeatedly made was that new staff continued to be hired despite existing staff begging for more hours:

"My store hired 2 additional in store workers and then cut the hours of my colleagues and myself to accommodate them."

"With new people getting hired and getting more hours than workers that have been there longer, I am not able to get through a week on such a small pay."

Paying rent, bills etc can be a struggle. I went from 30+ hours to under 22 hours and yet new people still get hired for no apparent reason.”

Myth 5: Zero hours contracts are needed to cope with changing demand in these businesses.

Over the four weeks that we asked for roster information the total hours worked from all respondents varied only by 0.8% from week to week. This is not a surprise given fast food workplaces are retail stores with known hours of operation, regular peaks at meal times and each one requires a minimum level of staffing regardless of demand.

Compare that to the workers individual experience over the same period: 64% reported a reduction in weekly rostered hours just in those four weeks and over 80% reported having suffered reduced rostered hours since they started work. Over half reported losing 6 or more hours in a single week at some stage.

Myth 6: Zero hour contracts can't be so bad for workers because it is in the employers' interest to have satisfied workers.

You would think so, but it is also in the employers' interest (and that of their shareholders) to enable managers to simply ignore many of the important employment protections that most other workers have:

Firstly, being able to reduce hours (and therefore income) at will on a weekly basis gives the companies and individual managers enormous additional power and control over their workers. These are all examples of behaviour that has resulted in subsequent loss of rostered hours that were either reported in our survey or to Unite Union organisers directly:

- taking a legitimate sick leave day (numerous reports of this)
- reporting a health and safety issue
- joining the union
- talking to the manager's girlfriend at a party on saturday night
- not being best mates with the manager (many, many reports of this as well).
- standing up to bullying of themselves or other workmates
- turning down a date with the manager

Of course it is illegal to punish a worker for doing any of the above, but a zero hours contract gives the company or a manager the ability to cut hours week by week as of right. Providing hard proof of a manager's motivation is almost impossible. Getting rid of a specific worker completely for whatever reason is also very simple. Their hours can be steadily cut week by week until they are forced to quit for another job or go on a benefit. The only real solution is for workers to have their hours protected in their employment agreement, the

same as most other workers in New Zealand.

Secondly, when most companies lay-off a number of workers or even reduce their hours, employment law requires them to advise the workers, consult them on the proposed redundancies, consider other options and give advance notice. A corporation with zero hours workers can effectively slash jobs by email, simply by ordering a cut in store rosters from week to week. As long as they don't actually close a store down completely there will be no consultation, no notice and no redundancy pay. Absolutely great for reducing financial risk to the corporate bottom line. The financial risk, of course, is effectively transferred to the worker - who can least afford it.

Myth 7: Zero hours can't be so bad if they are in union collective agreements.

Zero hours were in all employment agreements before Unite started organising fast food workers. Getting secure hours for our members has been an issue from the beginning and we have negotiated with employers various mechanisms to limit reductions from week to week and to ensure additional hours are allocated to existing staff on a equitable basis. In reality these require the workers and the union to monitor each store roster continually and, even when clear breaches of these policies have occurred, the legal options for forcing compliance are very limited and time consuming.

Having agreed minimum hours included in employment agreements is the only practical and fair solution.

Additional Comments from workers:

"I have found it exceedingly difficult to live off of 19 hours a week. It has come to the point where I have started looking for employment elsewhere. I now can't even afford to eat healthy. I have had to live off of 2 minute noodles and other junk food because it's cheap and all my money goes on the bills which have to be paid. I now have to walk to work which takes over an hour because I can no longer afford to catch the bus. This situation is stressing out both me and my partner. I really hope something can be done about this."

"I always ask for more hours, as 3 hours is simply not enough. I have spoken to my RM (Restaurant Manager), and have had no luck. I have had to borrow money and food from my mother and sister. Struggle is real."

"I just want full time hours so I can get off the benefit as I lose so much money being on secondary tax and paying my student loan etc"

"Most the time I have to put off a different bill each week to be able to pay rent"

or buy food there has been a few times and a whole month where I haven't been able to buy any food at all because my hours were cut down I used to be on 45 a week now I'm lucky to get 25."

"Not having enough hours makes it difficult for me to pay off my bills and put food on the table. Basically have to live off bread and noodles for the week." I am paying a mortgage at the moment on top of that is land rate, water rate and power bills. my home line is disconnected at the moment cause i can't afford it my water bill is in areas and my mortgage is not 100% as well cause my hours been cut down. I'm now only rostered 4 days a week which is 2x6 and half and 2x7 and a half. They cut down hours to save labour but it's affecting our living cost hard out."

"I was unable to go and see a doctor when I was really ill. I have been struggling with power and rent every week since my hours have been cut. I've had to borrow money from a family member to get by for the last few weeks and I cant borrow forever. My restaurant manager is aware of my struggle and yet I still don't have my shift - it was given to a crew member who already has enough hours."

"I cannot afford Christmas presents for my family because my employer won't increase my hours. I'm full time but getting part time hours."

"Because I have to go to winz to get help my tax rate is on secondary tax with a student loan. I owe winz a lot of money due to hours changing so much and I can't declare my income until after winz has paid me. Shifts of less than 4 hours are a loss for me after tax and transport costs for the day."

Other Survey Details

- 1,012 New Zealand fast food workers and Unite union members responded in total, with 695 providing detailed information on their rostered and un-rostered hours over the previous four weeks.
- The responses were provided between 25th November and 31st December 2014. Typically this is actually a busy period when more hours overall are available but it is also a period when fast food stores often take on extra students for the summer, sometimes at the expense of hours for regular staff.
- Workers were asked questions on their rostered hours, additional un-rostered hours, changes in hours and how that affected their ability to

pay their bills.

- The responses reflected Unite's fast food membership well with a little over half from Restaurant brands (KFC, Carl's Junior, Pizza Hutt and Starbucks) with the remainder from McDonalds, Burger King and Wendy's.
- The median age of Unite members in fast foods is 26.7 years, which is consistent with international trends (the average age in the U.S. is 28 years).
- The overwhelming majority of those who responded (80%) had worked for their current employer for over 6 months, 60% for over a year and a third of them for over two years.
- The average rostered hours (hours for the next week notified in advance) was 25.5 hours. On average workers picked up just over 3 hours a week in un-rostered shifts – meaning hours worked in addition to the weekly rostered hours.
- The average hourly pay was \$14.87 per hour. With the average rostered and un-rostered hours totaling 28.8 per week the before-tax average pay was \$428 a week.
- Picking up extra hours at short notice was a significant source of income for a minority with 14% receiving a third of their hours this way in the previous four weeks.
- Of those getting Working For Families the average taxpayer top-up was \$199 a week, almost half of their earned average income of \$421 per week. However, almost all receiving a top-up (92%) wanted to work more hours. The flexibility and control that zero hour contracts gives employers is substantially funded by the taxpayer when it comes to working parents.