

UNITEHERE!

UNITE HERE International Union

Submission to the Low Pay Commission
on the National Minimum Wage and
Allowances for Board & Lodging

January 2017

UNITE HERE is the North American trade union for the hospitality industry. We write in response to the Consultation dealing with the National Minimum Wage and Allowances for board and lodgings provided under the National Minimum Wage Act, as advertised by the Low Pay Commission.

UNITE HERE is the largest international union active in the hotel and tourism sector of the economy. Its membership work in properties that operate 439,000 lodging rooms in North America. We are concerned about the global competitive implications of the allowances being considered by the Commission. We discourage any allowances that would provide unnecessary subsidies to large multi-national enterprises active in the Irish hotel market.

International Standards

UNITE HERE has experience with minimum wage laws and ILO Conventions as they are applied in the North American hotel and restaurant industry. It also has relationships with multi-national enterprises having a large presence in the Irish hotel market.

The proposed allowances for board and lodgings described by the Commission would enable employers to implement a lower rate of pay to employees who receive meals or lodging from their employer. Such an exception to the Irish minimum wage would amount to a special wage subsidy for hotel and restaurants that is unnecessary, would be inconsistent with ILO conventions and would further reduce what is already a low standard when compared with other global markets.

The ILO Protection of Wages Convention (No. 95) and the Protection of Wages Recommendation (No. 85) describes the preference for written consent for salary deductions. (Point 217, p. 117) Point 222 describes permissible deductions:

Deductions are permitted for various reasons, such as the payment of income tax or social security contributions, the settlement of trade union dues or the reimbursement of pay advances and loans. Wage sums may also be withheld in execution of court orders, which are known as attachment, garnishment or distraint orders.”

Board and Lodging were not listed. Point 252 notes that at least four countries say deductions cannot bring a worker below minimum wage. (Kyrgyzstan, Iran, Mexico and Columbia)

In American hotels, meals are often provided during an employee's shift. In hotels with union representation, the meals will be addressed in the collective bargaining agreement with UNITE HERE. Meals can be at no cost or at a reduced cost to the employee. Consistent with ILO convention, UNITE HERE does not allow the provision of employee meals to result in an employer reducing wages below the statutory minimum wage.

Multi-National Enterprises

The proposed allowances would provide a benefit and convenience to large multi-national enterprises active in the Irish hotel market. Several Irish hotels have involvement by American investors who would benefit from the proposed allowances for board and lodging:

The Dublin hotel market has experienced property transaction activity in 2015-2016. Deals have involved multi-national enterprises domiciled outside of Ireland. As cited in the independent.ie, CBRE reported Ireland had seen €238 million in hotel transactions as of 4 October 2016. Buyers included US billionaire John Malone/Lalco, Goldman Sachs/Tifco and Spanish hotelier Riu Hotels.

Riu Hotels acquired one of the most iconic hotel properties in Ireland, The Gresham Hotel in Dublin.

These transactions highlight the influence of well capitalized, foreign firms in the Irish hotel market. They have access to sources of capital through a combination of individual wealth, global institutional investors, and the equity and bond markets.

American Multi-National Enterprises in Irish Hotels

Goldman Sachs is part of the ownership group for Tifco, acquired several Travelodge properties in Ireland, adding to its existing interest in 6 Dublin hotels.

Lone Star Capital via its ownership in Amaris Hospitality. Amaris claims it has over 70 hotels, making it “one of the largest hotel owners and managers in the UK and Ireland”. It lists 5 Irish hotels on its website. (Cork, Galway, Dublin)

Donald Trump - The Lodge at Doonbeg. Trump International Hotel Las Vegas has reached a settlement with UNITE HERE securing a strong, first-time contract providing pay rises, medical and retirement plans and job security to hundreds of workers.

John Malone & Lalco Hotel Group - Operates 10 hotels in Dublin, Galway and Limerick plus 2 hostels in Dublin and Galway. Three Dublin properties were acquired in 2016 for a reported €150 million. John Malone is an American billionaire, whose company Liberty Global owns Virgin Media Ireland and TV3. It is said to be interested in buying out UTV Ireland by the end of 2016.

Kennedy Wilson is a US Private Equity firm with two Irish properties. It has established a positive track record working with UNITE HERE at its US hotel assets.

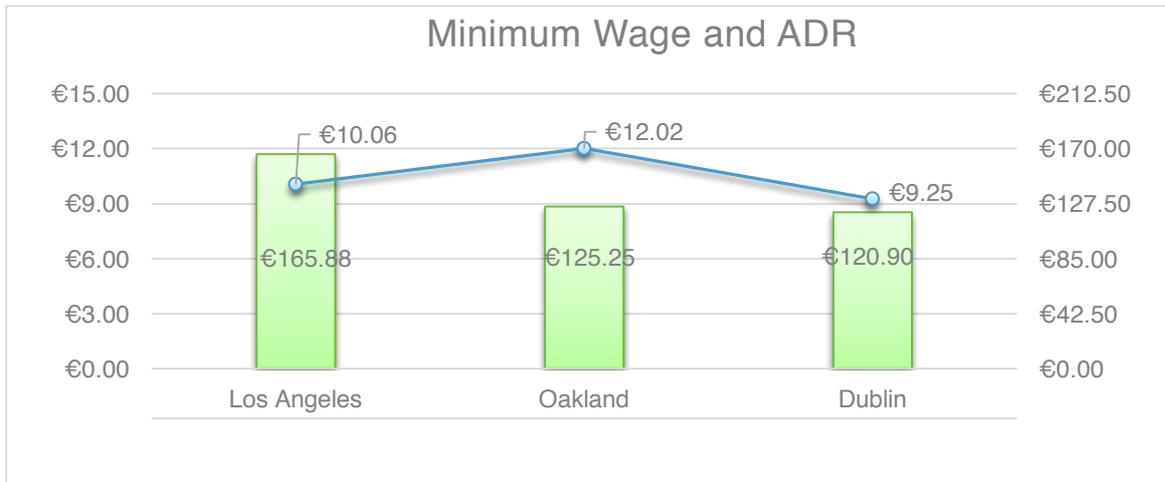
International Comparison

Goldman Sachs is part of hotel ownership groups in Los Angeles and Oakland having comparable Average Daily Rates (ADR) with Dublin. However, these markets require higher wages due to locally adopted living wage ordinances.

Los Angeles - Goldman Sachs is part owner in 3 hotels. The minimum wage is \$10.50 (€10.04) per hour. As of April 2016, the ADR in Los Angeles was \$173.50 (€165.88). (DiscoverLosAngeles.com)

Oakland, California - Goldman Sachs owns one hotel with a minimum wage of \$12.55 (€12.00) per hour. In 2015 the ADR was \$131.00 (€125.25). (HVI.HVS.COM)

Dublin - PWC European Cities Hotel Forecast 2016-2017 reported Dublin ADR rose by 17.5% to €111 in 2015, compared to €77 in 2010. PWC predicts ADR will continue to rise to €120.9 in 2016 and reach €130.60 in 2017. Dublin also saw the highest 2015 RevPAR growth in Europe at 23.3%.



Conclusion

An allowance for board and lodging would exacerbate what is already a lower standard for the Irish hotel market when compared with other international markets. Large multi-national market actors would needlessly benefit.

UNITE HERE discourages board and lodging allowances that would reduce wages below the National Minimum Wage.