

Board and Lodgings

The National Minimum Wage Act, 2000, includes a provision whereby board and lodgings provided by an employer to an employee may be taken into account in the calculation of the minimum wage. The terms 'board' or 'full board' (food/meals) and 'lodgings' (accommodation) are not defined in the Act.

Prior to the introduction of the National Minimum Wage (NMW), several Employment Regulation Orders (EROs were negotiated agreements between employers and trade unions which set payment rates in various sectors), particularly those for Hotels, Catering and Agricultural Workers, made provision for payment to include a specified element for board and lodgings. It was this practice which was followed by the National Minimum Wage Act 2000, and the rates used by the Hotel sector were the rates used in the first Statutory Instrument setting out the rates for NMW purposes. This approach was adopted on the recommendation of the Inter Departmental Group on Implementation of a National Minimum Wage, which reported in 1999. The Group noted that the monetary value permitted as a deduction was not market value of the board and lodging provided, but a negotiated rate.

The maximum rates which may be taken into account are as follows:

- €54.13 for full board and lodgings per week, or €7.73 per day
- €32.14 for full board only per week, or €4.60 per day
- €21.85 for lodgings only per week, or €3.14 per day

This means, for example, that where an employee on the minimum wage (€9.15 per hour), working 39 hours per week, benefits from either food or lodging being provided by their employer the employer may deduct an amount, up to the amounts stated above, in respect of the board or lodging provided (or both).

Example

Employee working 39 hours a week	39 x €9.15	€356.85
Food only provided – minimum earnings:	- €32.14	€324.71
Accommodation only provided – minimum earnings:	- €21.85	€335.00
Food and accommodation provided – minimum earnings:	- €54.13	€302.72

While the NMW has been adjusted on several occasions since its introduction in April 2000, these rates have not been adjusted since being set in 2000.

The system in Ireland differs from the United Kingdom where an accommodation offset is included in the minimum wage framework but board is not included. The accommodation offset in the UK has also been increased on a number of occasions in line with changes to the adult NMW.

The choice to offer board and lodgings rests with an employer. There is no reliable data as to the number of employees who are impacted by the board and lodging provisions in the NMW.

The Low Pay Commission would welcome submissions from representative groups, and from both employers who offer board and lodgings and employees who are in receipt of board and/or lodgings as an element of their pay.

The Commission notes also the use of these board and lodgings rates by a number of employers, outside of the Minimum Wage context. The Commission would welcome submissions from employers and employees where these rates are in use, where it is considered that a change in the rates for Minimum Wage purposes may impact on the application of these rates in other areas.

NOTE:

If you are an individual replying to this consultation you do not have to give us the name of your employer but please let us know the sector in which you are working (for example: fast food, retail, hotel/restaurant, home care, horse industry, agricultural sector).