

ISME wishes to thank the members of the Committee on Enterprise, Trade and Employment for the opportunity to address the issue of Statutory Sick Pay.

We understand the desire of both the Department and the members to extend to workers the availability of a statutory sick pay system.

DEASP paid out €13.64m in illness benefit to 49,313 in 2019, an average of €276 per person.

Any system of Statutory Sick Pay that relaxes the rules currently applied to illness benefit would result in a far higher cost for SSP. Presumably it is the intention of the House that employers bear this cost?

Sick pay would be a material cost for many small businesses, especially for those who have to hire temporary replacement labour.

There are public comparisons being made in this consultation to rates of sickness benefit being paid in other EU countries where social contribution rates are far higher.

If we want higher personal benefits, we must be willing to pay for them via employee PRSI.

We must also acknowledge that our “Social Insurance” system is not social insurance in the terms meant by our EU neighbours: Employee and employer contributions, which used to be capped, are no longer. However, benefits are capped. This is not how true social insurance systems function. This is how tax systems function.

Workers earning less than €18,304 make no contribution to the Social Fund. They will make a payment of €185.90 in USC, which some people wish to get rid of. Many part-time workers fall into this category. We think it is valid to ask if workers who want to avail of social security benefits should make so small a contribution to them- this means we must socialise these costs elsewhere.

If we are going to have a conversation about social insurance entitlements, we need to have an adult conversation about how we fund them. Putting the burden on employers will simply increase the cost of labour, with knock-on implications for annual incomes.

We spend €3.5bn annually on the PAYE tax credit. Should we revise this? While Ireland is already overly dependent on income tax, ISME has previously proposed, and does so again this morning, a solidarity tax of 3% on all PAYE incomes over €100,000. This would bring PAYE workers in line with high-earning self-employed persons, and would generate €314m per annum.

Whatever way we choose to fund Statutory Sick Pay, let us not make it a burden on employers, and let us not borrow more money to fund it.