

**Opening statement by Patricia King, general secretary, Irish Congress of Trade Unions  
to the Joint Oireachtas Committee on Enterprise, Trade and Employment**

**16<sup>th</sup> December 2020**

Chair, Deputies, Senators,

On behalf of the Irish Congress of Trade Unions I would like to thank the members of the Committee for the invitation to input in to your considerations on issues relating to the introduction of statutory sick pay. I am accompanied by my colleague, Dr Laura Bambrick.

Congress is the umbrella body for 44 unions representing the interests of some 700,000 workers in all sectors of the economy across the island.

The pandemic has widely exposed the failings in how we protect workers' income when an interruption to earnings occurs, the lack of statutory sick pay being one of the most glaring examples.

Almost all of the EU27 Member States require employers to provide a minimum period of paid sick leave to their workers. With the exception of those covered by a SEO or ERO, workers in Ireland have no legal right to sick pay. Sick pay is at the employer's discretion to include in a contract of employment. As a result, hundreds of thousands of workers mainly in private sector jobs, including many essential workers, are not covered for sick pay, and face being forced out of financial necessity to continue to work unwell or to rely on social protection. Illness Benefit is onerous to access and inadequate for most workers' needs.

The trade union movement has long recognised that our voluntary sick pay provision isn't working. However, it took a pandemic to bring the longstanding flaws in the current arrangement to wider attention, in particular clusters among meat plant workers denied paid sick leave by highly profitable employers. On foot of our calls for legislation to make sick pay mandatory in the significant public and political attention that followed, Government has committed to introduce a statutory sick pay scheme by the end of 2021.

In our submission to the public consultation, a draft copy of which we have provided to the Committee, we set out our recommendations on key design and operational features which must be included in any new scheme. In the short time I have available for my opening comments, I will focus on the most fundamental consideration to be decided on - how the cost of statutory sick pay is to be shared between employers and the State.

It is common practice in European statutory sick pay schemes for employers to be responsible for the continued payment of the worker's wage, in full or in part, for a minimum period of absence due to sickness or injury. In the club of high-income European countries, of which Ireland is a member, the duration of statutory sick pay ranges from two weeks to two years, and typically replaces all or nearly all of the worker's wage. If the sickness lasts longer than the statutory sick pay entitlement, a social benefit is then paid by the State from social insurance contributions. Financial measures are in place to support businesses meet the cost and for when there is a genuine inability to pay.

Our unusual practice of social insurance funding sick pay from the outset exposes the Exchequer to greater liabilities than those countries with a statutory scheme. Department of Social Protection officials estimate each week of employer-funded statutory sick pay would reduce the draw on the Social Insurance Fund by €35 million - money that should instead be funding other social benefits for workers.

At the same time as employers shift responsibility for paying their sick workers exclusively onto the Social Insurance Fund, their contributions into the Fund are markedly below employer's contributions in wealthy Western European countries. Raising employer taxes, including social contributions to comparator averages would have collected nearly €9 billion in additional receipts at average tax levels in 2018.

Congress recommends the new statutory sick pay scheme should follow the EU practice of employers paying for an initial period of absence followed by benefits paid from the Social Insurance Fund for the duration of sick leave where appropriate.

Congress does not underestimate the scale of the economic fallout from Covid-19 and is acutely conscious of the significant challenges facing some businesses. We view the proposed gradual introduction of the scheme, starting with a modest scheme that is improved on over time, as warranted in principle. Nonetheless, the pace of the introduction of the full scheme should not be unduly prolonged, as businesses with a genuine inability to pay can be supported in meeting their obligation through financial measures.

Having convinced Government of the necessity to introduce statutory sick pay, the priority for Congress is now to deliver a fit-for-purpose scheme - one which does not serve to displace current collectively agreed sick pay schemes; which will improve working conditions and protect workers' health and incomes; replace the current voluntary approach to sick pay with a statutory obligation on employers to provide a minimum period of paid sick leave; bring workers' basic entitlements into line with European norms.

I would like to thank you for your attention and we are happy to take any questions.

**ENDS**