



**SIPTU Submission
to the Department
of Social Protection
on its Statement of
Strategy 2025 – 2028**

March 2025

**Fairness
at Work and
Justice in
Society**

Introduction

The Services Industrial Professional and Technical Union (SIPTU) is Ireland's largest trade union representing workers, their families, and communities across a range of industries in the public, private and community sectors across the island.

SIPTU welcomes the opportunity to make this submission to the Department of Social Protection setting out our views on a range of strategic and cross-departmental issues in the context of the preparation of the Department's Strategy Statement for 2025 to 2028.

In preparation of this submission we are cognisant that the Department's mission is 'to promote active participation and inclusion in society through the provision of income supports, employment services and other services' and that its overall objective is 'to put our clients at the centre of all our operations, providing an integrated income support and activation focused service.'

Our submission is informed by the expertise and experience of our members who work on the frontline delivering the Department's services and supports along with the experience of their SIPTU workplace representatives and full-time officials. The submission is also informed by the experience and interests of SIPTU members throughout the country who contribute to the Social Insurance Fund (SIF), receive income supports and avail of employment and other services.

SIPTU welcomes the previous government's steps towards modernising our social insurance system; namely, introducing a pay-related element to sick pay and unemployment benefit. We urge the Department of Social Protection to extend and enhance this strategy.

To promote solidarity, protect living standards, and ensure universal access, SIPTU proposes the following principles:

1. The State should provide the pathway for all to be afforded access to the labour market, and that they are offered maximum support to prepare them equality of opportunity and outcome to achieve their full potential.
2. The State and Department's target should be full employment for all those who are able and willing to work to achieve employment in their chosen field in our communities.
3. That our communities and particularly the most marginalised in the community receive the supports they require through government funded job activation programmes, and not to be vulnerable to the for-profit sector.
4. That the priority must be to ensure that those who are furthest from the labour market are given the necessary supports in a non-judgemental and safe system, to have equality of opportunity and outcome to access the labour market.
5. That appropriate training courses be made available to all who have the potential but not the means to achieve their goals in securing decent employment.
6. That the main social insurance benefits be reformed to incorporate a pay-related element.
7. Enhanced social insurance benefits should be extended to all employees regardless of which sector or company they work in.
8. Social Insurance contribution rates - in particular, employers' and self-employed contribution rates - to converge with average EU levels over the long-term.

These principles, SIPTU argues, are consistent with priorities in the Programme for Government and the PRSI Roadmap 2024 - 2028.

Specific Social Insurance Benefits

SIPTU supports the strengthening of the pay-related element in current benefits and extending this vital principle to other social insurance benefits.

Unemployment Benefit

SIPTU welcomes the Programme for Government commitment to introduce a pay-related element to Jobseekers' Benefit in March 2025. The Strategy Statement 2025 - 2028 can put the strengthening of this pay-related element on the agenda:

- The pay-related element to Jobseekers' Benefit be increased to 70% of previous earnings, with its duration extended to one year and a significant increase in the upper income threshold.

This would maximise the economic and social benefit of the pay-related Jobseekers' Benefit to be introduced this year; namely, protecting household living standards in the immediate aftermath of losing employment, maintaining consumer demand, providing more time to re-train or seek new employment commensurate with the recipients' skill base (i.e. avoiding skill mismatch).

Illness Benefit

SIPTU welcomes the introduction of the new statutory sick pay regime. However, many employees still find themselves in the impossible situation of needing to go to work even if they have symptoms of illness to make ends meet. We believe that workers should not be out of pocket when they fall ill. They should be afforded space and peace of mind to recover without worrying about income. At a minimum, the Government should maintain the scheduled increase to 10 days sick-pay by 2026.

However, even if this were to occur, Irish statutory sick pay would be relatively weak in comparison with other EU countries. SIPTU believes we should develop a best practice statutory sick-pay regime.

- Employers be required to pay 100% of gross wage for four weeks within a year (if necessary, some of this payment to be subsidised by the Social Insurance Fund). Following the first four weeks, the Social Insurance Fund would take up the payment with Illness Benefit to be 70% of gross wages for up to one year.

Family Benefits

SIPTU welcomes the Programme for Government commitment to introduce a pay-related element to Parents Benefit and explore other payments where a similar model could be applied. The Strategy Statement 2025 -2028 can highlight two key family supports.

- Parent's Benefit to be initially paid at 50% of previous earnings for parents taking up leave for a child with provision to raise this pay-related element in subsequent years.
- Maternity Benefit: 100 percent of previous earnings for 18 weeks, falling to 75% for the next 8 weeks. This would mean a total replacement rate of approximately 90% over the 26-week period.
- Paternity Benefit: 100% of previous earnings for the first 4 weeks, 75% for the following 4 weeks.

This would raise Ireland's weak family supports to the levels that exist in other EU countries.



Inability to Work

There are a range of social insurance benefits covering the contingencies where people are injured at work, are unable to work or only capable of working for a limited amount of time: Invalidity Pension, Injury Benefit, Disablement Benefit, and Partial Capacity Benefit.

43% of people 'unable to work due to long-standing health problems' suffered enforced deprivation in 2023. This represents a rise of over 22% since 2020. The level of deprivation among this group exceeds pre-crash levels by a significant amount, when it was 29%.

We do not propose to address all the benefits grouped under the general category of inability to work. However, in principle:

SIPTU Recommendation:

- All benefits, where relevant, should be pay-related.

We suggest that the benefit be paid at 70% of previous earnings, consistent with the Government's upcoming sick-pay scheme. This is most relevant for Invalidity Pensions and Injury Benefit and is the norm in other EU social protection systems. In Denmark and Germany, payments for incapacity to work can reach as high as 80% of previous earnings while in Sweden the replacement ratio can be as high as 100% in certain circumstances.

The Programme for Government commits the government to exploring other payment where a similar model (pay-related) could be applied. SIPTU believes benefits that support those incapable of working due to illness or disability should be explored; especially given their elevated levels of deprivation.

Support for Those Disabled or Injured Returning to Work

SIPTU welcomes the Programme for Government commitment to address the issues faced by those suffering from disabilities. Income support for those disabled or injured but still having the capacity and desire to continue working cannot be viewed in isolation from labour market policies designed to assist people to return to the workforce. Many EU countries use a mixture of incentives and quotas to assist disabled and partially incapacitated workers back to work.

- **Austria:** Enterprises must employ a person with disabilities for every 25 employees.
- **Denmark:** Public authorities must give preference to disabled persons who cannot get employment in private enterprises, but who are considered capable of executing the work.
- **France:** Companies with 20 or more employees must employ disabled workers, who must represent 6% of total staff.
- **Germany:** Obligation to employ severely disabled persons in all enterprises with at least 20 employees, 5% compulsory quota of the staff.

While this would require co-ordination with the Department of Enterprise, Trade and Employment, the Strategy Statement 2025 -2028 should at least raise the issue of incentives and quotas to ensure that people with disabilities have easier access to employment.

Insolvency Payments Scheme

While noting SIPTU's concerns in its written submission to the Joint Committee on Enterprise, Trade and Employment in July 2024, SIPTU broadly supported the provisions contained in the General Scheme of the Protection of Employees (Employers' Insolvency) (Amendment) Bill 2024

In the Department of Enterprise Impact Analysis (RIA) of the proposals to be contained in the Heads of Bill, it is stated.

“The Department of Social Protection was extensively involved in the development of the proposed policy and General Scheme. The Insolvency Payments Scheme is administered by D/Social Protection and so full consideration has been given to the administrative, technical and operational implications of the proposals. That Department supports the proposal.”

In the RIA careful consideration was given to avoiding any potential underpayment of tax on payments out of the SIF to employees and, to ensure this would not occur, it is proposed that the Department makes statutory deductions at the highest rate, with employees then engaging with Revenue to claim any refund owed.

However, in contrast the RIA while assuring that the proposed legislation will not give rise to additional costs for employers, provides no detail on the mechanisms that will be used to pursue employers for the debts owed to the SIF other than to state that these “debts owed by the employer transfer to the Minister”.

SIPTU Recommendations:

- Companies that have effectively transferred their debt to the SIF on insolvency and deemed insolvent should be actively pursued for the recovery of this debt.
- The Department should be able to illustrate that companies are pursued for the recovery of this debt.
- The number of companies pursued, and the sum of such debt recovered should be published annually as a separate and distinct figure within the SIF accounts.

Auto Enrolment

SIPTU supports the introduction of auto enrolment. However, we are concerned that employers may unilaterally downgrade current occupational pension schemes that are agreed with employees, in favour of the government scheme. This could lead to a deterioration in in-work benefits and working conditions. Pension payments being deferred income; employees must have a right to protect their incomes.

SIPTU Recommendation:

- There should be no changes in occupational pension benefits or occupational pension schemes without agreement from employees.

The DSP Strategy Statement 2025 - 2028 can put the protection of employees' working conditions on the agenda.

Another consideration is that the auto-enrolment scheme will, for the first number of years, provide a lump sum payment only at retirement. This is welcome, as requiring an employee to purchase an annuity at current market rates from a pot of money that has only just begun to grow, could place hardship on the retiring employee.

The lump sum payable from the auto-enrolment scheme will however be considered when satisfying the means test for the state pension non-contributory. Currently, the first €20,000 of capital (including cash) is disregarded in the means test for the state pension non-contributory. However, a higher disregard of €50,000 is permitted for certain other social welfare payments (Disability Allowance and Carers Allowance).

SIPTU Recommendation:

- The means test for the state pension contributory should have the higher disregard of capital applied where it is evidenced that the capital has come from the auto-enrolment scheme.

Theoretical overview of unemployment

There are competing claims in the academic literature surrounding unemployment. The first claim grew in prominence after the national war efforts of developed economies in the last century. It was argued that any form of unemployment was avoidable. That unemployment was entirely avoidable given the means available to the state. This claim grew into the so called 'Job Guarantee' and that claim is still used in and outside of the academic debate.

A competing academic claim was that there was in fact a 'Non- Accelerating Inflation Rate of Unemployment,' or NAIRU, that a certain level of unemployment leads to and depends on an allowance of low and stable inflation. This idea claims that there is an equilibrium wage when the economy has reached peak activity. This equilibrium wage needs some amount of unemployment to keep wage demands in check and thus prices kept stable. There is an argument that a certain amount of unemployment keeps inflation stable and the economy growing.

The reality of a functioning social market economy and an actual social model

The rise of a European social market economy is forcing change in the academic debate. There are now claims made that validate any number of prior positions held among the various schools of thought. The fact is that the debate has got much more practical. A social market economy is after all just a market economy, governed by institutions, with active state participation at all levels, something the academic authors can all agree is a good thing.

In practice, the economist must first talk about the estimates of both frictional and structural unemployment. The rate of unemployment in Ireland has now reached a level that leads to claims that we are in fact at full employment. It then becomes a question of how many of the still unemployed are simply between

jobs and looking for a best fit. Or how many of the people that make up the figure, are lacking the skills and competencies that are required to get into any form of work. There is a stark difference between the two types of unemployment when we consider the individual labour market participant.

The state must participate in the story of each unemployed person. There is an accepted rationale for income supports for the recently made unemployed, and that in aggregate, this support acts as a stabiliser for the broader economy and social model. But if we are dealing with a clear case of structural unemployment then there is a role for a supportive form of activation. This will involve both the unemployed person and a case worker who will provide the human face of available employment services.

The ambition to move a person from structural unemployment to frictional unemployment

From first accessing employment services the unemployed person has then started on a pathway to work. This ambition to find work is made more real in the Ireland of today. The passive form of social protection was thus described because of the reality of mass unemployment at the time. There simply were not opportunities. But the ambition to move from the margins of the labour market into stable employment is a reasonable aim in the economy of today. The case worker is now empowered to provide whatever the specific needs of the unemployed persons are that prevent them from taking the first steps to work and independence.



The academic debate has now arrived at more shared conclusions about the labour market. There is an accepted concern with labour market dualization. This is where one segment of the labour force is in secure, long-term employment, while another segment has its members in insecure precarious work circumstance. The pathway for every worker begins in some form of precarity. As each generation joins the labour force, these people find themselves mostly in the precarious segment of workers. But the ambition should be that every worker can be assisted into better pay, and better terms and conditions, when they have started on a pathway.

There must be a best-case scenario mindset among everybody involved with our national employment services. This calls for a long timeframe and many people find themselves unemployed through no fault of their own. But the ambition must be that the individual is secure enough in the labour market to find alternative and better employment circumstance themselves going forward. The case worker is a key agent of the state towards stable employment and a sustainable social model. They must be well resourced to guide those in need of support into labour market security and positions of role models.

From the figure of full employment, we are indicated a figure of unemployed persons that must then be delineated into the frictional and the structural. This can be calculated. There can be budgeted resources both allotted and reserved for the structural type of unemployment. The term is mainly used in relation to workers whose skills and competencies, or human capital, is no longer demanded by a production process. But the term should also be used in relation to other citizens that for whatever reason are missing the level of human capital to gain employment.

The person builds their human capital progressively, with even the most basic legal entitlement to enter an employment transaction a form of certifiable human capital. The Pathways to Work strategy of our own government was correct in approaching the issue of structural unemployment as a human capital problem. Being available for work is an actual achievement for most

people at some point in their working life. It is in fact recognised by the state. The alternative to our own 'Human Capital' approach is the 'Job First' approach. This has been shown to leave people in precarity without developing their skills and competencies. In fact, entire communities are left vulnerable by way of a general precarity. The figures for labour market expenditure as measured by the OECD single out particular countries that we also associate with many social ills.

'Working for All – Leaving No One Behind'

- Working for Lone Parents**
- Working for People with Disabilities**
- Working for Older Workers and 'Returners'**
- Working for Young People with Disadvantage**
- Working for Minority Groups with Disadvantage**

Pathways to Work 2021- 2025

The people who fall into structural unemployment can all be accommodated by our employment service. The necessary state adaptation to a supportive form of activation appears to have taken place. If we continue to resource more fully staff of the national employment and entitlement service, then we can fix intergenerational challenges that start from people being marginalised in the labour market. There is an opportunity now for the person themselves, their family, their neighbours, and their broader community. The context has never been better for our members to do their work.

The adaptation from a passive system of social protection to a supportive form of labour market activation should now be built into our economic and social model. The eight regions that divide the operation of our social protection system should have enough resources to provide a service that can be seen as having task forces for each type of challenge that face the people on the margins of the labour market. The pathways conception starts with an individual

and their own needs. If the regions cooperate then a task force approach might socialise further a new understanding that there are in fact opportunities for every person in our country and that nobody is left behind.

An Irish Social Economy Programme

A description of the social enterprise as a new business model following a societal initiative

In the academic literature in the recent decades there occurred a development whereby differing versions of socialism or differing versions of capitalism were being named and categorised. This formalisation in academic language of what were long developing economic and social models can be accommodated by the social market economy definition when it allows for varying degrees of liberalism and coordination. The real cause was the structural adaptation of the main economies into a post-industrial services-based economy.

The rise in prominence of services has been changing the minds of economists for a while and has even given rise to the idea of stakeholder capitalism. This can be seen as an acknowledgement that human capital is now more about the person than a specific industrial process. The actual skills and competencies that go into a service are far more difficult to bargain and thus there has been a pivot to more social dialogue, and particularly a clear encouragement of better employee relations at the level of enterprise. This new attitude to collective bargaining is now explicit among the international organisations.

The broad definition of a social enterprise has been examined and tested here in Ireland by the Indecon economic consultant study in 2020. There is in fact room for a social enterprise that operates with the funding of the state by way of a staff that are providing vital services to the broader society. The funding of local employment services hubs gave rise to the consultant's study. This interpretation of the European Social Economy ambition should be welcomed. The actual costs of these type of social protection and employment services are paid back in multiples and in the local economy too. They are vital to a

range of people with diverse needs. The aim is always a broader social and economic good. Our members are trained professionals who provide a needed social and economic good.

Compact Growth in an Urban and Rural Setting

The change in attitude among the general population as to the labour market might seem obvious. It now makes a lot more sense to spend time in education and to work on building a career. But there is too now a chance that in a far improved economic context we can fix many intergenerational problems. We can establish pathways that are explored and socialised among different social groups. These employment pathways can work out very well. There is already a new understanding in the mainstream that can reach into the margins of the labour market and bring lasting change.

Each of the eight regions that concern the Department of Social Protection should have staff and related services that can accommodate each group that we can identify as being at risk of marginalisation and labour market dualization. The funding of said services is now made legal through several institutional forms. The labour market challenge can differ between an urban and rural setting. There is a clear role for state supported social enterprise under existing and future National Development Plans.

Labour market activation workers act as key members of a range of communities across the country. They must have the facilities and resources available to them to fulfil their function as skilled agents of the broader social protection and employment services delivery.



The political and social impact of the Covid pandemic

Before the Covid Pandemic, Bart Vanhercke writing for the European Trade Union Institute (ETUI) stated, “to be more precise: a broad coalition of Member States felt that, in the absence of the Social Open Method of Cooperation’s contribution in terms of analysis and consensus framing capacity, social affairs ministers would be deprived of the necessary tools to

- a) counterbalance the excessive focus on fiscal and economic considerations in the first cycle of the European Semester**
- b) tackle the whittling down of social policy to poverty and social exclusion policy**
- c) evert the one-sided focus on social protection as a cost factor in the EU’s discourse, in the initial cycles of the European Semester.”**

Ref: ETUI 2020, ‘From the Lisbon strategy to the European Pillar of Social Rights: The Many Lives of the Social Open Method of Coordination’

The political struggle to ensure that spending was allowed to counter the negative effects of the pandemic resulted in a new facility for the European Union and its member states. A move since before the pandemic to broaden the scope of social protection was strengthened by the immediate need for EU action. In our own case the available funding was not needed and not drawn down.

But the result was that now the EU could fund member states individually, there was scope for a broader social protection mandate. This has now been made very real by the roll out of the Social Economy Programme. This allowance of new business models is of course limited by the availability of skilled professionals and trainees.

We should as a country make sure that our employment services remain focused on each component of the Pathways to Work strategy and have a task force capacity in each region. All related services matter in a range of ways in each urban and rural setting.

Statutory Redundancy

Statutory Redundancy entitlement is currently capped at €600 for each week of accrued statutory entitlement, which in many cases falls well short of their regular weekly wage. When €600 was set as the maximum limit, this was more reflective of average wages in the State at that time. €600 for each week of accrued statutory entitlement is no longer in line with many workers’ regular wage. The Strategy Statement 2025-2028 should give serious consideration to;

SIPTU Recommendation:

Increase the cap of €600 on the statutory entitlement to €1,000 for each week of accrued statutory redundancy payment.

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