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## Unions want public pay indexed to inflation – and more

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5–6 minutes

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Kevin Callinan. Picture: Conor Healy

Unions will be fighting for public pay to be indexed to inflation in any new deal with the government, with an additional top-up sum to keep civil servant wages ahead of price growth.

Lead union negotiator Kevin Callinan told the *Business Post* that a multi-annual framework whereby public wages don't just track but exceed inflation on a year-by-year basis is necessary to "compensate for losses incurred by workers in the last five years".

Similar proposals have been enacted internationally but have never been deployed in the Irish public service, according to Callinan.

**Read more:** [\*What the government's new gender pay portal means for Irish businesses\*](#)

Failing this, unions will pursue a short-term package of six to twelve months to address the cost-of-living, he said.

It comes as the current public sector pay deal is set to expire on July 1, with unions "preparing the ground" for industrial action ballots.

Exploratory talks for a new framework took place last week, with unions coming away from the discussion saying that there is [\*"no basis" to begin formal negotiations\*](#).

Callinan, who is the general secretary of the Fórsa trade union and the Chair of the Public Services Committee of the Irish Congress of Trade Unions (ICTU), said that unions are proposing "a change in approach" to public service pay as workers face "profound uncertainty" due to war in the Middle East and technological advances.

**In case you missed it:** [\*Almost wiped out - Ryanair rival Wizz Air reports Iran war impact\*](#)

He said unions want a "pay transaction" to cover the latter half of 2026. "Then we want a formula for the duration of the new agreement where increases are related to the experience in relation to CPI at a certain date".

"We'd have to obviously figure that out – plus an additional sum," Callinan said.

**Reference point**

While Callinan acknowledged any deal would be subject to negotiation, he said unions' preference would be indexation based on "actual inflation and not projections". This would require the provision of a "reference point" within a multi-annual pay agreement whereby the rate of inflation wages would be linked to is decided based on existing levels.

This would likely have to come before the budget each year to ensure "certainty for the public finances".

While such an approach has never been adopted in Ireland, legally mandated public pay indexation to inflation does exist in a small number of European countries including Belgium, Luxembourg and Malta.

Callinan said the top-up piece would "address the gap that has arisen between prices and earnings over the last five years". It could take the form of an additional percentage increase to public pay or be expressed in actual monetary terms.

If the government is unwilling to agree to such a deal "I think what we'd be [looking at is] a cost of living deal for a period of time which would be certainly shorter. It wouldn't be a multi-annual, maybe six to 12 months," he said.

**Kevin Callinan: [\*Big Tech is writing a New Deal, so where is our government?\*](#)**

Callinan said that the economic surpluses enjoyed by the Irish economy in recent years and uncertainty over the inflationary outcomes from conflict in Iran underscore the need for unions' proposal.

In its summer economic commentary, published today, the ESRI [\*revised its forecast for economic growth upwards\*](#). It cited data from the Department of Finance which estimates Ireland will record a €9.2 billion surplus this year.

However, once the €20 billion in windfall corporation taxes expected for 2026 are removed, the country will be in a deficit of €10.8 billion.

"If we can't sort these things out in a sensible, sustainable, and responsible way, what chance do we have?" Callinan said.

He said that if government negotiators decide not to give public servants "sufficient pay increases", the government will be facing an industrial dispute.

**Listen: [\*Amazon Ireland's country head on future plans and Irish retail\*](#)**

Last week, Callinan wrote to 19 unions representing public sector workers informing them to prepare industrial action in the event of a public pay deal not being agreed before next week's deadline.

There has not been an all-out strike in the public service in almost 40 years, according to Callinan. Action over the summer months would prove embarrassing for the government as it hosts the EU presidency.

Callinan said unions are “preparing the ground in terms of the form and wording of industrial action ballots”. “We’re not pushing the button yet,” he said, adding that there will be dialogue between negotiators and affiliate unions in the coming days.