

‘The loudest voice gets heard’: Emboldened unions up the ante in public pay talks

7–9 minutes

Kevin Callinan, general secretary of Forsa. Picture: Conor Healy

Money may not buy you happiness, but it can buy you a more peaceful life. Just ask the government.

Fianna Fáil and Fine Gael’s six-year stint in government has been marked by flush state coffers and economic uncertainty, meaning when the going gets tough, the public purse gets going.

The most pertinent example of this is the fuel protests in April.

After six days of nationwide blockades and gridlock in Dublin city centre, the government caved into the demands of fuel protestors. Supports of €500 million were rolled out to help with the rising cost of energy, with demonstrators threatening to reignite protests just last week with excise cuts set to expire.

The handling of the fuel demonstrations left many irate, including trade union chief Kevin Callinan. But the Forsa general secretary has also been inspired.

Now Callinan and his team of negotiators face into talks for a new public sector pay deal emboldened by one central belief: “The loudest voice gets heard”.

With the existing arrangement on the cusp of expiration and threats of all-out industrial action during the EU Presidency in the air, they’ll be hoping the government responds to the pressure the main way it knows how: by forking out swathes of cash.

Change in approach

The existing public service pay agreement will expire on July 1, and the government initiated exploratory talks for a new framework earlier this month.

But these initial [discussions broke down within 48 hours](#), with union reps and Department of Enterprise officials at odds over the framework of fresh negotiations.

Trade union negotiators went into the discussions advocating for “a change in approach” to public service pay, according to Callinan.

They want a public pay framework in which civil servant wages would be [indexed to inflation annually](#), with additional top-ups to keep civil servant pay ahead of price growth.

While similar frameworks are in use in a selection of European countries, including Belgium and Luxembourg, the proposal is a departure from all previously agreed public sector pay deals.

Read more: [*Unions want public pay indexed to inflation – and more*](#)

The Department of Enterprise sources have been tight-lipped on whether such a deal is feasible, but they have expressed an unwillingness to defer from usual programming for negotiations whereby the issue of pay increases is left until last.

Union negotiators are insistent that a new pay increase formula must form the basis of negotiations from the off, hence the current stalemate.

Trade unions will argue their case on two grounds – the first being “profound uncertainty” faced by workers due to war in the Middle East and technological advances.

Public servants are still paying “significant catch-up” in terms of losses incurred in the inflationary crisis of 2022/2023, Callinan said, while higher inflationary forecasts have set off fresh concerns about wages.

The second reason unions are making such a big play is simpler: they can. In their eyes, the government has already set a precedent for itself of rolling over under political pressure.

It’s not just the fuel protests, according to Callinan.

On Wednesday, the same day the public pay deal expires, a 4 per cent reduction in Vat charged on the hospitality sector will take effect. The measure – introduced in Budget 2026 at a whopping cost of €867.7 million per annum – was born out of a two-year regime of intense lobbying and public outcry.

“So the government decided to give household energy credits, not to index tax bands and gift a substantial amount of money to the hospitality sector in Vat cuts, without any distinction between those struggling and big profitable players,” Callinan said.

“On top of that, we saw considerable exchequer funding mobilised in relation to the fuel protests. People blockaded ports, caused go slows on motorways and got what they wanted. Whereas workers abide by the law, conduct their industrial relations in accordance with the relevant legislation, and it appears that [the loudest voice gets heard](#),” he said.

Fragility

The plush public purse, which the Department of Finance estimates will yield a surplus of €9.2 billion this year, will be key in underscoring their argument, as will the threat of strike action.

Speaking to the Business Post, senior ESRI researcher Alan Barrett said that promising economic forecasting could work against the state in pay talks.

“The government faces an unusual position as an employer, whereby it has guaranteed tax revenues. Civil servants know that the Exchequer is in a position to pay out, meaning they have more power in negotiations,” he said.

But just because the state has the money to spend doesn't mean it should.

In its latest economic commentary, the ESRI warned that excluding €20 billion in windfall corporation tax would turn Ireland's €9.2 billion surplus into a €10.8 billion deficit.

While ESRI economist Alan Barrett said abundant revenues contributed to weak budget discipline, he warned the same risks apply to upcoming public sector pay talks and urged both government and unions to recognise Ireland's underlying economic fragility.

He also highlighted the potential for big increases to public sector pay to “spill over” into the broader labour market.

Read more: [Running a business? You'd better prepare for your staff to demand higher wages](#)

This was echoed by Finbarr Filan, the head of Isme's national council, who said private sector workers will likely seek similar wage increases to those secured by the public sector.

Filan, himself the owner of a Centra in Sligo, said small and medium businesses will struggle to match wages to inflation this year, let alone exceed it.

“It would be absolutely reckless for the government to agree to what unions are proposing. We can't continue with this vicious chicken and egg scenario,” he said.

Preparing the ground

Callinan told this newspaper that unions are “preparing the ground” for industrial action, which could spell the first serious public sector industrial dispute in 40 years.

“We're not pushing the button yet,” Callinan said, adding that there will be dialogue between negotiators and affiliate unions in the coming days.

The timing is far from ideal for the government. Hundreds of meetings of European leaders will be hosted here over the next six months during Ireland's EU Presidency, while Ireland will be expected to get all 27 governments to agree on the size and shape of the EU's next seven-year budget by Christmas.

The coalition will be seeking to establish Ireland as a fiscally prudent, stable voice in Europe. A public spat with unions – or worse – would damage these efforts.

Perhaps most unfortunate for the government in all of this is that this won't end with a new public sector pay deal. Other sectors of the economy are likely on the same page as unions, and could come knocking for a bigger piece of the pie to feed its interests.

Read more: [*Government considers phasing out fuel excise cuts*](#)

Last week, the fuel protestors threatened a fresh wave of disruption if the government doesn't extend excise cuts on petrol, diesel and marked gas oil, which will expire at the end of July.

Public expenditure minister Jack Chambers described the threats as "wrong", but how the government actually responds will be monitored closely.

"Quietly public servants, and I'm sure private sector workers too, are noticing how the government has moved, particularly in response to the fuel protest," Callinan said. "And they're asking the question: 'Do they not think that we have similar challenges to make ends meet?'"