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Unions set to seek hefty increases in looming pay talks as spending pressures mount

Pat Leahy

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Talks on a new public-sector pay agreement are expected to get under way “in the coming weeks”, the Government has said, with trade unions expected to push for above-inflation pay increases.

The current agreement expires at the end of June but exploratory talks are expected to begin before that.

There is an expectation in Government that the union side [will seek hefty pay increases](#), as workers have seen the [value of their wages diminished](#) by the recent spike in inflation.

In a statement to The Irish Times, the [Department of Public Expenditure](#) said: “In accordance with the programme for government, Government and public-service staff representatives will be due to enter into discussions in the coming weeks on the potential for a successor agreement.

“Once an agreement is finalised funding will be allocated through the estimates process, following Government agreement.”

There is a strong feeling in union circles that if there is to be a multiannual agreement it will have to include broader elements such as [remote working](#) and some input into wider policy elements such as [housing](#) – what the unions are calling “common-good issues”.

In the absence of that, said Kevin Callinan, general secretary of [Fórsa](#) and head of the [Irish Congress of Trade Union](#) (Ictu)’s public-services committee, a short-term pay agreement is the summit of what is possible. And that will be agreed by the unions only if it adequately compensates workers for elements of last year’s budget, such as the failure to index [tax](#) bands, and the inflation over recent months that has hammered people’s spending power.

“We’re not going to sit down with the Department of Public Expenditure at the WRC [Workplace Relations Commission] and do a deal like we’ve done for the last 15 years,” Callinan said.

Taoiseach [Micheál Martin](#) is due to address the Fórsa annual conference next week, where he is expected to set out some of the Government’s thinking on the issue. Public-

sector workers received a 1 per cent pay increase in February of this year and the final 1 per cent under the existing deal is payable from June 1st. The outgoing deal, agreed in 2024, cost the exchequer an additional €3.6 billion.

Despite recently upgrading the forecast for its budget surplus, spending pressures are growing across the board. While the recent package of fuel supports, costing €750 million, is due to conclude at the end of July, senior sources across Government conceded that if fuel prices remain high, it would be politically impossible to restore previous excise rates and increase fuel prices.

In addition, it is understood that a €1 billion “contingency reserve” put in place as part of the budget to provide resources for unforeseen spending requirements this year has already been used up.

The fund has been tapped for €200 million of overspending in the [Department of Education](#), and also for the costs of the [European Union](#) presidency in the second half of the year, expected to be in excess of €300 million.

In addition, there is an extra public-sector pay-day in the calendar this year, meaning the pay bill will be greater than normal.

Meanwhile, the Government will be faced with further demands this week from Opposition parties for a mini-budget to help people cope with increased costs. The [Labour Party](#) will table a [Dáil](#) motion on Thursday calling for the Government to reverse the [VAT](#) cut for hospitality businesses due to come into force in the second half of the year and to use the proceeds to index tax bands and credits, backdated to January of this year.