

Government unlikely to up 8.5% public sector pay rise offer

Daniel Murray January 21, 2024

4–5 minutes

Public Sector

No date set yet for resumption of talks on proposed increase described by unions as ‘unacceptable’

The government is unlikely to move much beyond its offer of an 8.5 per cent pay increase for public sector workers because of concerns it would heap more pressure on private businesses by setting an unrealistic and inflationary bar for wage increases.

Talks between the government and the main public sector unions were [suspended just over a week ago](#), when unions rejected an offer of 8.5 per cent pay increases over the next 2.5 years.

[Unions described the deal as “unacceptable”](#), as it did not adequately reflect the loss in real wages over the last few years from inflation.

Unions have said that that the cumulative effect of public sector pay increases over the last three years was just 9.5 per cent, while inflation in the same period was running at 19 per cent.

That suggests a gap of around 10 per cent to be backfilled. Unions are pushing for closer to 12.5 per cent pay increases over the next 2.5 years, in recognition of the inflationary shortfall.

Paschal Donohoe, the Minister for Public Expenditure, said the offer was a “really serious attempt by the government to respond back to how we value and pay our public servants at a time in which we will [begin to see inflation fall](#)”.

While both sides have remained in “informal contact” with the Workplace Relations Commission (WRC), no date has yet been set for the resumption of talks.

While unions are hoping the government will return with a substantially improved offer from 8.5 per cent, the *Business Post* understands that the government is unwilling to move much further, on the basis that anything higher would set unrealistic wage growth expectations across the private sector over the next two years.

Nominal wage growth projection for 2024 across the Irish economy was set at 5.5 per cent by the European Commission late last year, but average wage growth also dropped significantly to 3.7 per cent at the end of 2023.

The government believes that public sector wage increases will be used as a benchmark by the private sector.

Public sector union heads have told their members to be on notice for the beginning of a nationwide industrial relations dispute by the end of this week, if a deal on public sector pay is not concluded.

In a letter on Friday to the members of the Irish Congress of Trade Unions' Public Services Committee, Kevin Callinan, general secretary of Fórsa, and John King, secretary general of SIPTU, said that the current situation couldn't "continue indefinitely", and it was anticipated that by the end of this week, "there will either be an attempt to resume talks or a declaration that the current process has been unsuccessful".

"At that point we will update you on any developments and, in the event of a breakdown, ask you to commence the process outlined in our previous letter. In the latter case, we will specify the timelines for letters declaring the existence of a trade dispute, information meetings with members and the actual balloting period," the letter said.

In a previous letter, a week ago, the Public Services Committee had outlined the process for conducting strikes or other industrial action, including wording to be included on ballots.