

# Extra €400m allocated to pay for new public service deal

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**The Minister for Public Expenditure and Reform, Paschal Donohoe, said a supplementary estimate of €400m will be provided to Government departments as required to fund the pay increases agreed under the public service pay agreement.**

Answering a question from Sinn Féin's Pearse Doherty in the Dáil last week, Minister Donohoe said the revised estimates published just before Christmas provided for "an allocation of €700m in respect of a future public service pay agreement which was being negotiated at the time".

Last December's revised estimates noted that this €700m allocation "which while not prejudging the outcomes of negotiations with Public Service Unions and Representative Associations' currently underway, will ensure Votes have funding in place for 2024 to meet the costs which would arise should an agreement be reached".

The REV went on to say that this allocation (of €700m) reflected "a prudent approach to the allocation of funds". (see *IRN 46/2023*)

While the Department was never going to show its full hand in the middle of pay negotiations, a €700m allocation to cover public sector pay and pension increases for this year would have provided for an increase of around 2.3% for this year which was well below union expectations.

In the end, agreement was reached for pay increases totalling 4.25% to be paid this year, though in terms of cost to the exchequer it works out at 3% for the year. Accordingly, the additional €400m in a supplementary estimate to be provided to Government departments later in the year, which is also to cover pension increases, will fund the extra percentage agreed with the unions.

Minister Donohoe told Deputy Doherty in the Dáil this week that the total estimated cost of the agreement amounts to €3.6 billion, of which €1.1 billion falls due in 2024.

"In total, the agreement provides for increases of 10.25% over the two and a half year period. This is made up of general round increases totalling 9.25% as well as a provision for a local bargaining mechanism equivalent to 1% of the basic pay cost", said Minister Donohoe.