Public service pay bill to increase by 3%

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The gross public service pay bill is set to increase from an estimate of €27.1 billion in 2024 to just short of €28 billion this year (+3%), according to the Revised Estimates, published just before Christmas.

The gross public service pensions bill is set to rise from an estimate of €4.5 billion last year to €4.7 billion this year – an increase of 4.5%.

These pay bill figures differ from those produced in the Budget last October. These showed that the gross public service pay bill was set to increase from an estimate of €25.5 billion in 2024, to €27.9 billion this year – a far larger increase of 8.7%.

Similarly, the gross public service pensions bill was set to increase from €4.4 billion in 2024 to €4.7 billion this year – an increase of 7.3%.

While the estimate for the pay bill for this year is approximately the same in the Revised Estimates (REV) as in the Budget figures, the estimate for 2024 in the REV published last month is around €1.6 billion higher than that published with Budget 2025 last October.

Expenditure on the Workplace Relations Programme is set to increase from €21.8m in 2024, to an estimated €26m in 2025, while staffing is set to increase from 256 to 270. The grant towards trade union education and advisory services is set to remain at €900,000 for 2025.

The grant for the administration of the Health and Safety Authority is set to increase from €32.8m in 2024 to €34.8m this year with staffing set to rise from 317 to 330. The Low Pay Commission will see expenditure rise marginally from €518,000 last year to €528,000 this year.

APPLE RULING

Meanwhile, the Exchequer Returns for 2024, published by the Department of Finance this week, shows overall tax revenue last year of €108 billion, leaving a record exchequer surplus of €12.8 billion.

However, the Department said that the figures are distorted arising from the CJEU 'Apple' ruling of September 10, 2024. Excluding the one-off revenue of just under €11 billion from the CJEU ruling, the underlying surplus was just €1.8 billion, said the Department.

However, other tax revenues showed steady improvement indicating a growing economy. Income tax receipts came in at €35.1 billion last year, up €2.2 billion (+6.6%) on 2023, which the Department said reflected "strong employment and earnings growth". VAT receipts amounted to €21.8 billion last year – up €1.5 billion (+7.3%) on the previous year.

On the other side of the ledger, total gross voted expenditure for the year amounted to €103.7 billion last year – up €9 billion (+9.5%) on 2023.

Commenting on the returns, Minister for Finance, Jack Chambers, said the figures on income tax and VAT show the underlying strength of the economy. However, he said there are risks on the horizon and navigating these "will require a greater focus on competitiveness and getting the basics right especially in areas like energy, water, transport and housing".

DPER Minister Paschal Donohoe said the figures reflect the measures introduced in the budget and further supports introduced during the year. “Measures announced as part of Budget 2025 including the Christmas bonus payment, cost of living lump sum payments and electricity credits have played a key role in easing inflationary pressures for households.”, said Minister Donohoe.