**Belfast Telegraph**

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**Executive under fire over public-private pay chasm**

**The 45% difference between what State and non-State workers earn is unsustainable, say business leaders**

**By David Elliott and Adrian Rutherford**

The pay gap between Northern Ireland's public and private sector workers is wider than at any time since the signing of the Good Friday Agreement in 1998.

The average full-time public sector worker here now earns a staggering 45% more than an employee in the private sector. In the rest of the UK the difference is just 17.8%.

And despite the Government's pay freeze for civil servants, wages are still rising.

Because of so-called pay progression, where staff automatically move up pay scales, public sector average pay in Northern Ireland climbed 3.9% between 2011 and 2012 to £30,067 a year compared to a rise of just 2% for private sector workers to £20,735.

The survey from the Department of Trade and Enterprise was carried out in April 2012 when inflation stood at 3.5%.

At that level private sector workers were, in effect, taking a pay cut.

The survey also revealed:

* For full-time Northern Ireland employees, wages are on average 44.9% higher in the public than the private sector.
* For full-time female employees, the public sector wages are an astonishing 71.8% higher.
* Public sector wages in Northern Ireland are on average 2.2% higher than rest of the UK.
* Private sector earnings are 18.3% lower than the rest of the UK.

The widening of the pay gap will pile pressure on the Executive to tackle the disparity.

Politicians have repeatedly banged the drum for a private sector-led economic recovery here.

Because the public sector includes the likes of doctors and teachers, a pay disparity is naturally assumed, but the growing gulf between the two means that workers are continually drawn to the Civil Service and private companies are starved of talent.

Even setting aside those public sector jobs which don't have easily comparable equivalents in the private sector, the disparity is considerable.

An administrative officer in the Civil Service, whose job, according to a careers brochure published by the Northern Ireland Civil Service, involves “data input, file management and dealing with public telephone enquiries”, can earn between £17,348 and £22,180 a year.

That compares to £12,000 to £15,000 in the private sector, according to the most recent salary survey from recruitment company Brightwater.

According to the Northern Ireland Statistics and Research Agency, 3,827 administrative officers were earning more than £20,001 in 2011. The latest statistics will lead to questions about the Executive's policy on pay.

The most recent internal guidance from Government in 2009 suggests public sector pay should “reflect the circumstances specific to the local labour market? and departments can expect to be robustly challenged on the degree to which their pay proposals are consistent with local labour market conditions.”

But since 2008, when the global credit crunch first started to bite, Northern Ireland public sector pay is up 17.4% compared to just 3.8% in the private sector.

This, according to Nigel Smyth, CBI Northern Ireland director, is something which needs to be addressed by the Executive.

“The Executive needs to get a handle on public sector labour costs, which account for around half of public expenditure in Northern Ireland,” he said.

“This is neither sustainable nor affordable, and undermines efforts to rebalance the Northern Ireland economy. This emphasises the importance of introducing regional public sector pay.”

Lobby group the TaxPayers' Alliance also called on Government to tackle the pay gap.

“This is further proof, were it needed, that public sector workers get a much better deal than their counterparts in the private sector,” Matthew Sinclair, chief executive of the TaxPayers' Alliance, said. “The gap between public and private workers is now at a truly staggering level in Northern Ireland.

“What's more, public sector workers also have shorter working hours, more days off sick and generous taxpayer-funded pensions. The only way the Government can address that unfairness is to reduce spending and cut taxes, leaving more money in the pockets of those who earned it.”

Patricia McKeown from public sector trade union Unison said the figures did not represent the full story. “The public sector encompasses a large wedge of low- paid people right up to something like the middle grade, and then it shoots up,” she said.

“Average earnings are being driven up by people like chief executives, permanent secretaries and doctors — that portion of very highly paid professionals.

“Those high wages distort everything.”

DETI was asked by the Belfast Telegraph to comment on the widening of the public/private sector pay gap but declined the opportunity.

**Targeting civil servants for cuts could do more harm than good: expert**

By David Elliott

The revelation that the gap between public and private sector pay has risen to levels not seen since 1998 will reinvigorate calls for regionalised pay for civil servants.

That would mean that civil servants pay here would be more closely aligned to the lower levels of public sector pay

But Oxford Economics economist Neil Gibson has warned that such a move would hurt the private sector.

He said that a cut to public sector pay here would leave civil servants with less money in their pockets, with less disposable income to spend, and therefore Northern Ireland businesses would suffer.

Instead, he said the Executive could become more inventive in how it operates the tax system.

By implementing a 2% additional tax on public sector workers and spending the additional revenue on infrastructure projects, the Executive would be helping private companies and keeping the money in Northern Ireland.

“Having a divisive public and private sector is damaging,” he said.

“If we just lobby for regional pay it will help Westminster, but it won't help Northern Ireland.

“The Government wants to get a private-sector-led economy so why not take a different|angle which helps to bridge the gap.”

And he said that yesterday’s pay figures may also be more representative of a poorly paid private sector than an overpaid public sector.

“Is it an indictment of the type of private sector jobs we have?” he said.

**Introduction of a regional rate would mean more jobs**

By Philip McDonagh

There is nothing new in the fact that average public sector earnings in Northern Ireland are significantly higher than average private sector earnings, but what is different about the latest figures is that the gap has widened sharply over the last few years.

There is now a yawning gap of nearly 50% between average earnings of full-time workers in the public and private sectors in Northern Ireland.

Of course we need to observe the usual caveats about these statistics. The types of jobs in the public sector are very different to those in the private sector — comparisons of earnings by occupation or gender are probably more meaningful.

The vast majority of public sector workers are not civil servants, but are teachers, nurses, doctors, police and others employed by the public sector.

I don't know too many teachers or nurses who feel they are paid above the average for what they do.

The timing of pay settlements and the big Civil Service equal pay settlement, which concluded within the last year, has undoubtedly affected the figures. Interestingly, the latest statistics include employees of nationalised banks in the public sector which may be influencing the averages, although pay in this sector has been at best frozen.

Part of the problem is not that public sector pay is too high, but that private sector pay is too low. Many private sector employees have been enduring extended pay freezes and redundancy programmes often resulting in higher paid employees being replaced with younger, lower paid staff. On the other hand, lower labour costs mean our private sector businesses become more competitive in markets outside Northern Ireland.

Successive Westminster Governments have toyed with introducing regional pay in the public sector. Maybe the time has come to examine this issue more seriously. For some this will be anathema, but if we are to create a more competitive economy all of us need to share in the drive to make this happen. The prize is the creation of more jobs and the generation of more wealth for all.

Read more: <http://www.belfasttelegraph.co.uk/news/local-national/northern-ireland/executive-under-fire-over-publicprivate-pay-chasm-16241621.html#ixzz2D9Kw7Y3n>

[If you add the value of pensions which are around 25% more in salary terms in the public sector read not 45% disparity but 70%.
A true labour aristocracy has been created which can only be paid for by keeping wages down in the private sector and maintaining some small degree of profitability there!
Any parent in Northern Ireland should register their child for a public sector job at birth, as is done in England amongst aristocrats with Eton.]