

Northern Ireland's record breaking labour market has been in the spotlight for quite some time. The focus has been on unemployment hitting all-time lows and the number of jobs reaching all-time highs in Q2 2019. In terms of job numbers, Northern Ireland's labour market is clearly in a good place, having recovered all the jobs lost in the recession and created tens of thousands of additional jobs too. But what about wages and earnings?



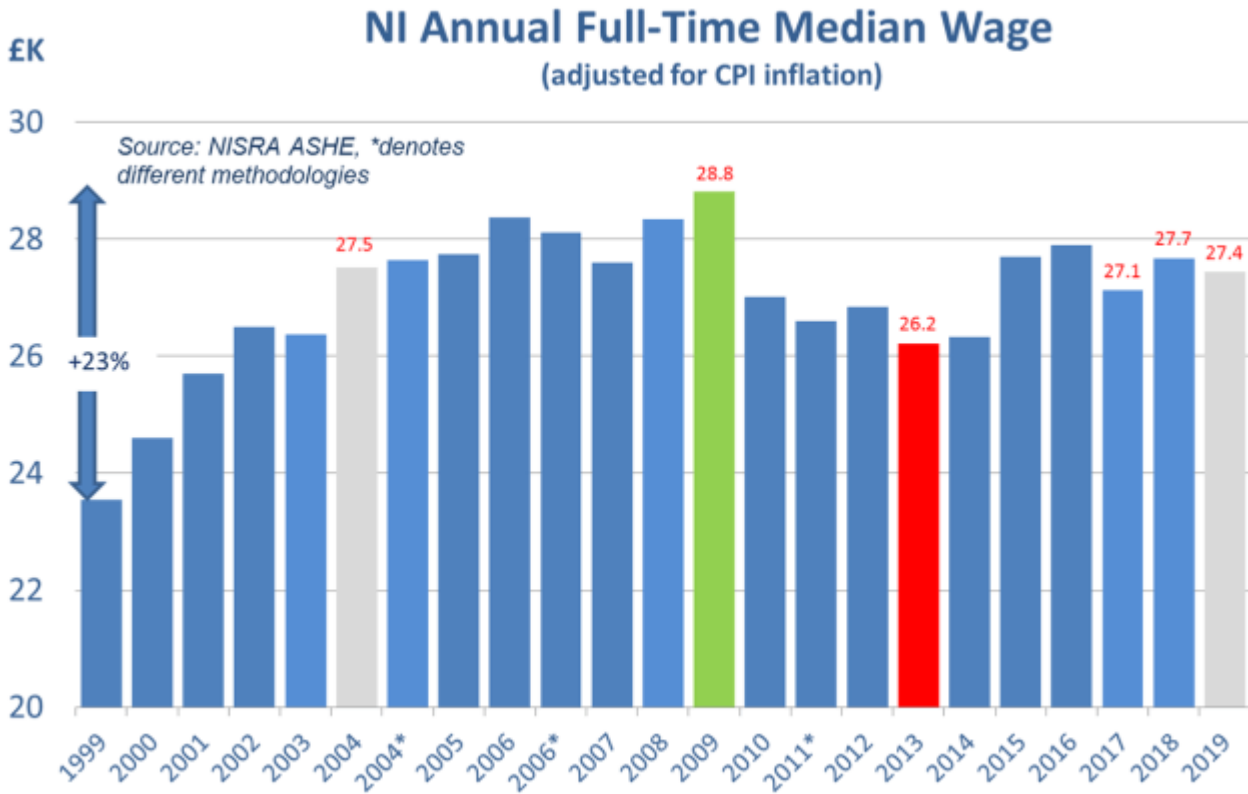
Today NISRA released a raft of earnings and wage data with the Northern Ireland Annual Survey of Hours and Earnings for 2019 (April). Wading through the survey results and detailed spreadsheets reveals a mixed picture for performance. From an earnings perspective, there are some aspects of the labour market that have never been better, while other areas still haven't returned to their pre-recession levels when adjusted for inflation. The analysis below focuses on annual earnings, whereby employees have been in the same

job for more than a year.

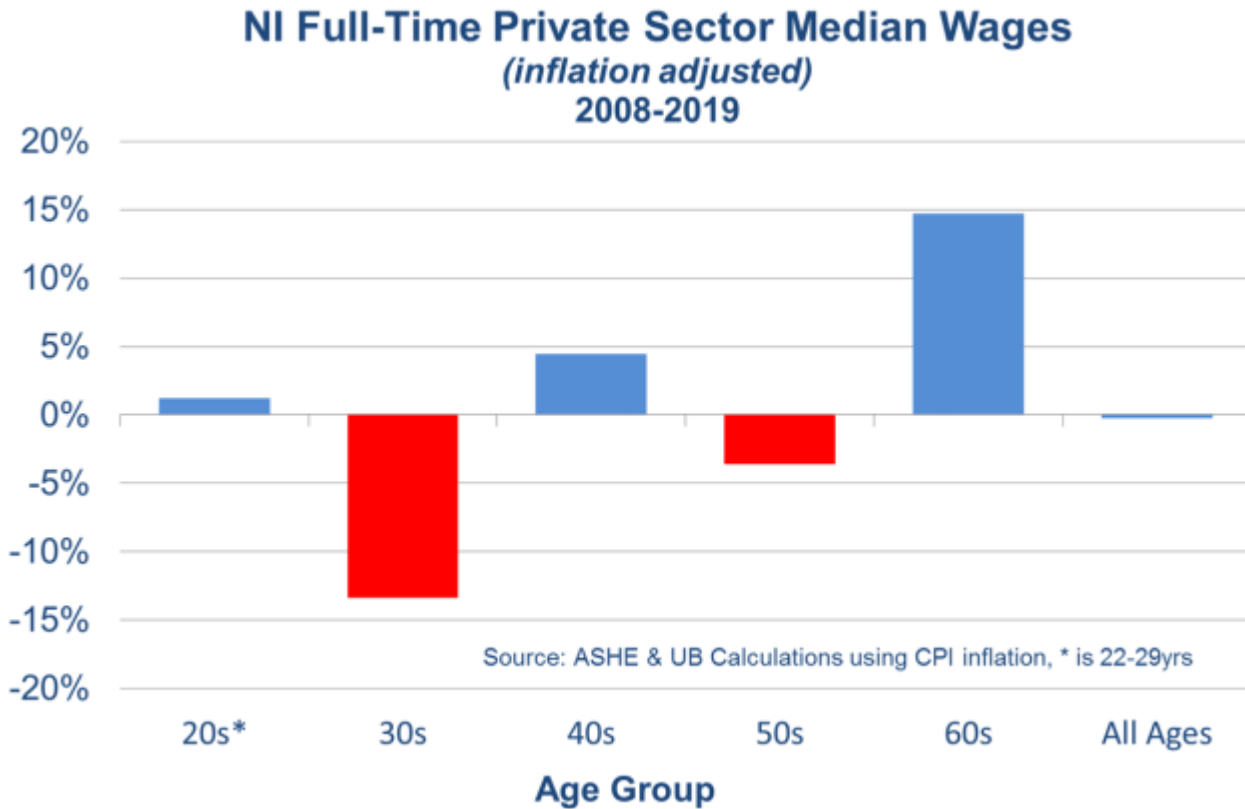
Full report is available here

<https://www.nisra.gov.uk/system/files/statistics/NI-ASHE-Bulletin-2019.PDF>

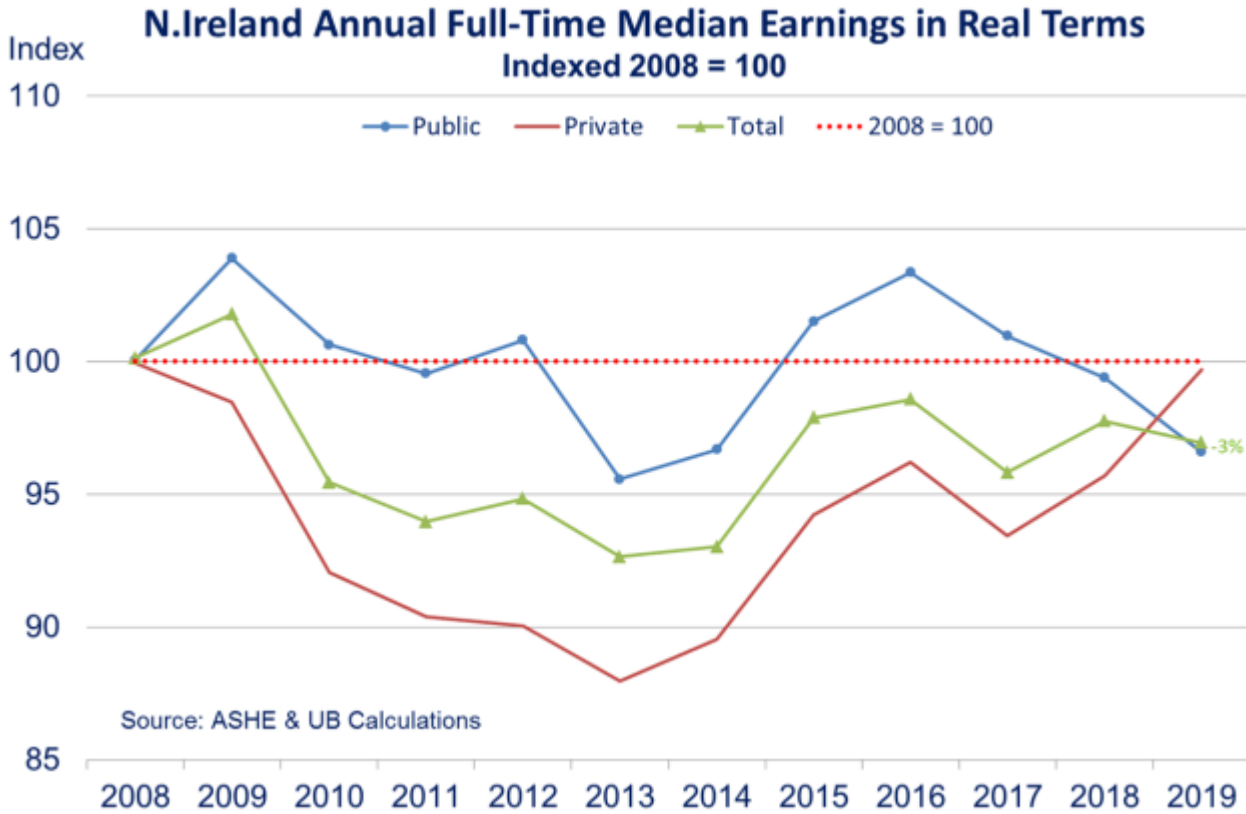
**Mission accomplished?** Yes / No / Maybe? 2008-2018 has often been described as a 'lost decade' for Northern Ireland and UK earnings. That is, inflation-adjusted earnings in 2018 still hadn't returned to their pre-recession highs. Inflation busting increases in the National Living Wage (*NLW*) and private sector earnings in 2019 have improved the situation. As a result, private sector full-time earnings have almost returned to their 2008 peak. However, full-time earnings (*after inflation*) for all employees (*public and private*) remain £1,400 p.a. (*almost 5%*) below their 2009 peak. Some age-groups within the private sector have fared better than others. Those full-time workers in their 20s, 40s and 60+ have seen inflation adjusted earnings hit new highs.



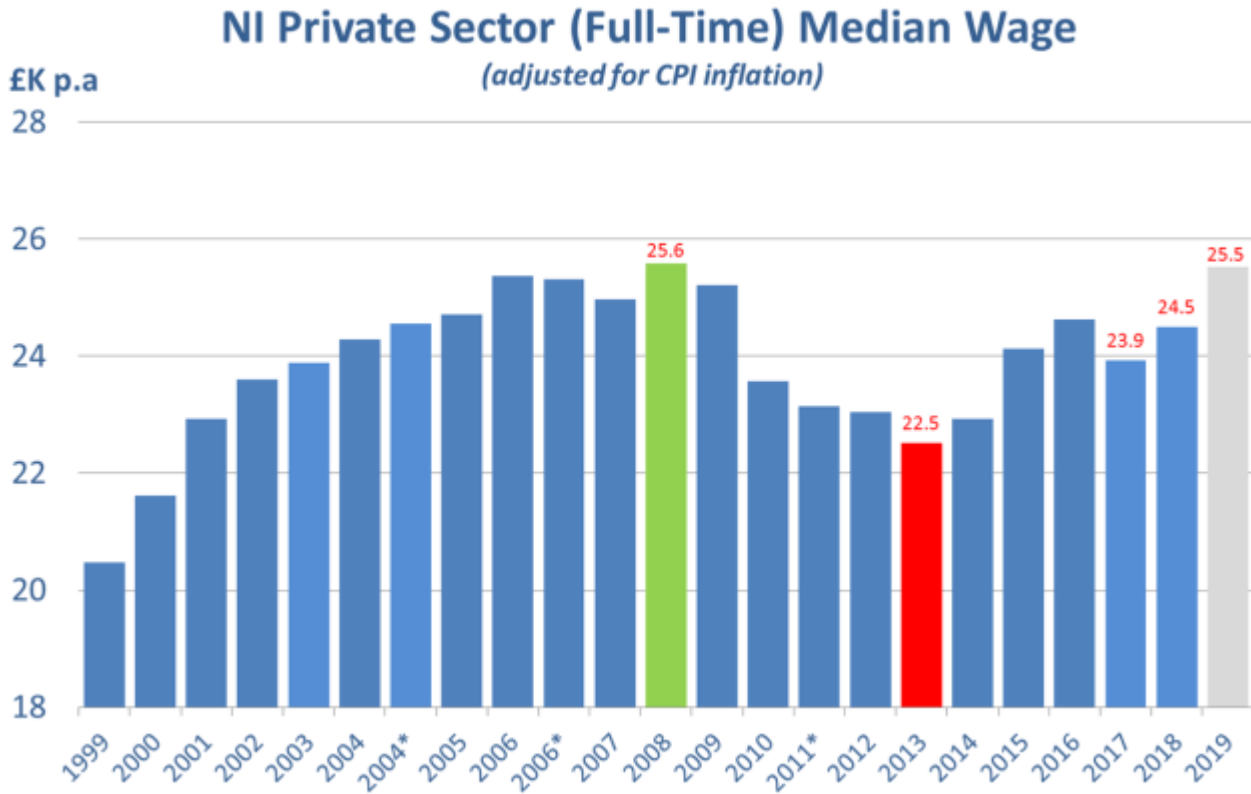
**Thirty-somethings.** The only age-category amongst full-time private sector employees to post a real terms fall in earnings was those aged in their 30s. Many of this age-group entered the labour market a decade ago at arguably the worst possible time since World War II. In 2019, inflation-adjusted earnings amongst this age-bracket fell 1.8% y/y and were 13% lower than in 2008. The median wage for an employee aged 30-39 years of age is £25.2k, almost £4k below what their counterparts earned 11 years ago.



**Three-in-a-row.** Median public sector full-time earnings posted their third successive annual fall in 2019. The median full-time public sector wage of £31,683 was down 2.8% y/y when adjusted for inflation. In real terms, the public sector full-time median wage has fallen by 6.5% since 2016 and is 7% below the corresponding figure a decade ago. While the median full-time private sector wage (in real terms) is at an 11-year high, the public sector equivalent is at a six-year low. A combination of factors is impacting upon the public sector earnings figures. These include: pay freezes, pay rise deferrals and voluntary severance schemes.

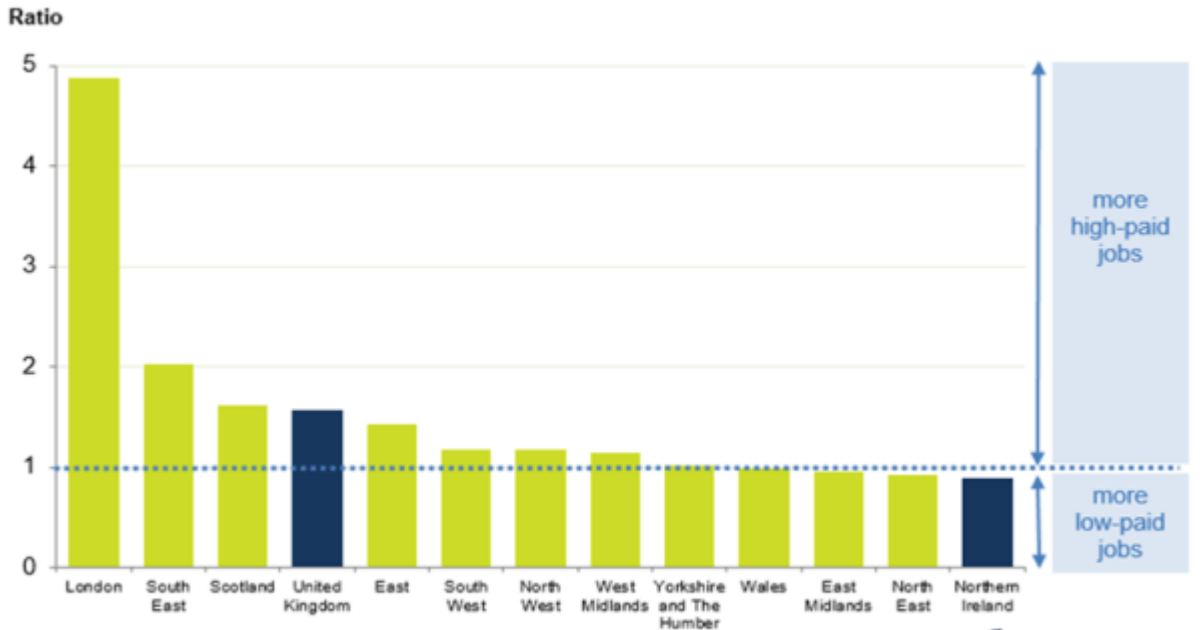


**Six from seven.** Private sector full-time median earnings posted their sixth real terms increase in seven years. The 4.2% y/y rise in 2019 took the private sector median to £25,525; an 11-year high and just a whisker below (-0.2%) the 2008 earnings peak. The bottom 10% of private sector employees saw a big boost to annual earnings driven by hikes in the National Living Wage.



**Twenty-year lows.** NI’s earnings survey revealed 20-year lows of both the positive and negative variety. The percentage of low-paid and high-paid jobs in Northern Ireland hit a 20-year low. NI has the highest percentage of low-paid jobs of all the UK regions. Meanwhile NI has the second lowest percentage of high-paid jobs in the UK. The introduction of the National Living Wage (NLW) in 2016 has boosted the earnings of the bottom 10%. With further above-inflation NLW increases expected next year, this trend is set to continue.

Figure 20: Ratio of high-paid to low-paid employee jobs, by Government region, April 2019



Hourly earnings for all employees is used to calculate high and low pay in line with ONS methodology.

**More focussed approach.** The preponderance of low-paid employment and relatively low levels of high-paid jobs underscores the need for Northern Ireland and its job creation agencies to redouble efforts in targeting productivity rather than simply job creation.

**How am I doing?** The median full-time annual wage in Northern Ireland stood at £27,434 in April 2019. £50,000 p.a. would take you into the top 10% of earners with almost £62k required to make it into the top 5% of earners.

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