

# If Stormont makes the right pledges, things can only get better

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With the Northern Ireland Programme for Government (PfG) due to be published, Business Month asked two experts to think about what economic commitments the Executive should make and to set them out in the kind of pledge card format made famous by the Labour Party in 1997.

To bolster confidence and enhance credibility in the economy being the number one priority, a number of pledges are highlighted below. Given the challenging environment, a 'double A-side' with 10 pledges rather than five is provided.

**Establish a Department for the Economy by 2013** – This would include merging DEL, DETI and economic functions of other departments. The reduction in the number of other departments alongside reductions in public bodies would take place within the same timescale. The Assembly would establish an independent economic advisory unit to brief / advise it on broad economic issues.

**Establish a NI Office for Budget Responsibility by 2012** - This independent body would advise on and scrutinise NI government spending over the next five years. Its focus would include determining whether spending was consistent with an over-arching economic strategy and provide greater transparency on the affordability / sustainability of existing policies. This would help communicate to the public that public money is being spent in the best possible way for the public and economy.

**Promote a Government of All the Talents (GOAT)** – The last UK Government brought external expertise into government, such as Sir Digby Jones; Lord Myners; and Lord Sugar who was installed as an 'enterprise tsar'. Stormont has rightly placed the economy as top priority but has broadly the same personnel and structures to deliver it when it was not the priority. A step-change over the next 4 years is required by bringing in expert people and putting them in the key positions for greatest effect. This would include appointing a Minister / Junior Minister for the Economy from the business community who has a proven track record of delivery. Similarly, **appointing a Minister of Public Sector Reform**, or at least a politician whose sole remit is delivering reform. Furthermore, credibility would be enhanced if special advisers were chosen for their expertise in economics / economic development or public sector reform, as was the case in the past.

**Public sector jobs are no more important than private sector** - A key cross-cutting theme that has been raised by many commentators is that in Northern Ireland public sector jobs are treated as more important than private sector. This manifests itself in terms of preferential pay and conditions (*for comparable jobs*) but also in terms of what parts of society bear the brunt of the public expenditure cuts. For example, rate-payers in the construction sector or the business service sector can feel that they are experiencing an imbalance of pain. Cuts should be concentrated on waste and inefficiency, with valued frontline-services protected as much as possible. Stating there will be no job losses is a commitment to 'ring-fencing inefficiency'.

**Invest more expenditure per capita on capital investment than the UK average** – A rebalancing of Northern Ireland's public expenditure from current to capital is desperately needed. NI suffers from an infrastructure deficit relative to the UK and therefore needs to invest more per head on capital investment than the UK average. Similarly, NI needs to spend more on economic infrastructure, such as transport, than the UK average. NI has spent considerably less on transport than England, Wales or Scotland over the last five years.

***We will narrow the public-private wage premium, for comparable jobs, over the next four years –*** Rebalancing the economy is a two-way street. Higher pay and more favourable conditions within the public sector, relative to the private sector, has been a key factor in creating the current imbalance towards the public sector. It is also the most important lever the Executive has partial or total control over to rebalance the economy and ensure value for money. The public sector pay-setting process should be more closely aligned to market rates. Middle-managers and lower grade administrators should not have wage premiums relative to their private sector counterparts for comparable jobs.

***Maximise the cost advantages and opportunities from the private sector delivering public services –*** Many like-for-like jobs are currently cheaper in the private sector, so these potential cost advantages should be exploited in delivering value for money for the rate-payer / tax-payer.

***Begin phasing in a cut in corporation tax, subject to approval, from 2013 with the goal of a 12.5% rate by 2016 (if not before) –*** Northern Ireland has a major employment creation problem and throwing all policies within the policy armoury at it is required. Without lower corporation tax, it is difficult to see how NI will generate enough jobs. Swapping public expenditure for incentives should be a priority, with Air Passenger Duty lowered to RoI levels for transatlantic flights immediately, subject to approval.

***No household should receive more on benefits than the average working household in Northern Ireland –*** This may seem a rather obvious statement, as not supporting and adhering to this principle would remove an incentive for individuals to seek work as opposed to receiving welfare benefits.

***Review and benchmark pay and conditions within the public sector with a view to prioritising front-line jobs and rebalancing the economy -*** Key principles to be introduced will be setting pay levels in line with market conditions and a premium between frontline and non-frontline pay rates. Salaries for lowest grade administrative jobs shouldn't be comparable to the starting salaries of key front-line staff (*e.g. nurses and teachers*).

Overall, a relentless focus on cost - the level of public expenditure, how it is spent and where - is needed. If the Executive signed up to all of these pledges, the hypothetical share price of NI Plc would soar.

*Richard Ramsey,*

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