

Are NSW Public Sector Workers Overpaid? Research Note No 1

Wage rates for public sector teachers, senior constables and registered nurses at the top of their pay scales in Australian States and Territories 2010 - 2011

Purpose

This note has been prepared to improve the factual basis on which debate about the future of wage setting for NSW public sector workers occurs. It does this by comparing the rates paid to key categories of public sector workers at the top of their classification.

Background

The newly elected NSW Government has made some proposals for dramatic changes for wage determination for NSW public sector workers. In its arguments for why these changes are needed it has implied NSW public sector workers have had disproportionate wages growth over the last decade. The data released by NSW Treasury in particular implies there has been a wages explosion for this group of workers. This note assesses this assertion by reporting on how well typical NSW public sector workers at the top of their pay scales are paid relative to their counter-parts in other States.

Method

It is well known that a significant proportion of State government outlays is expended on education, health and law and order. To ascertain whether NSW workers in these sectors are 'over paid' data on rates paid for representative job categories was collected from all States and Territories.¹ The job categories were:

- Public school teachers at the top of the scale
- Senior constables at the top of the scale
- Registered nurses as the top of the scale
- Assistants in nursing at the top of the scale.

The data for NSW workers were then adjusted to report on the what workers in these job categories would have earned had the proposed NSW Government policy been in place since 2000. This involved comparing the rate prevailing today with what they would have been had the 2.5 percent maximum proposed by the Government been in place from 2000 to 2011.

Findings

Table 1 attached reveals that for people at the top of the classification structure in these key occupations, NSW workers are paid pretty much the same as equivalent workers in other states.

- While NSW teachers are the second best paid, this is only 3.4 percent higher than the average paid to equivalent teachers in other States and Territories

¹ Note the analysis is only of formal rates of pay for full timers working ordinary hours at the top of their classification. The rates the government actual pays depends on where they sit in the scale and what rosters they work. The latter in particular affects the substantive earnings of nurses and police.

- Senior constables are the second best paid in Australia. This is, however, only 4.3 percent higher than the average paid in other States and the Northern Territory
- Registered nurses in NSW are second highest after Queensland – but the spread here is very limited. It is only 4.3 percent more than the Australian average across all other States and Territories.
- Assistants in nursing are the paid the lowest – 7.3 percent below the Australian average.

This table also reveals that when compared to all other industries in NSW these iconic public sector workers are paid pretty close to average weekly earnings (Full time ordinary hours basis annualised). Moreover, because average weekly earnings in NSW are amongst the highest in Australia it is not surprising NSW public sector workers are usually amongst the top two States in terms of going rates of pay. But as noted above, being in the top States does not mean ‘significantly better ‘ than elsewhere – it means marginally better than average. It is also important to remember that not all public sector workers are teachers, police and registered nurses at the top of their scales. Assistants-in- nursing (AIN), for example are on approximately \$20 per hour and earn significantly less than State average weekly earnings – currently just over 40 percent less than this standard reference point for living standards.

Table 2 re-estimates what the going rates would be for these occupations had the current proposed policy been in place since the year 2000. The average teacher, senior constable and nurse employed at the top of the pay scales would be about \$15,000, \$9,000 and \$12,000 respectively worse off per annum if they worked on a full time basis. They would also be the poorest paid of any the States, despite working in the State with one of the highest costs of living.

Conclusion

On the basis of comparing rates of iconic job classifications across States and Territories NSW public sector workers are paid pretty close to the Australian going rate of pay. Had the proposed changes been in place since the year 2000, all things being equal, NSW teachers, police and nurses would be the worst paid in the country by a significant margin.

Dr John Buchanan
31 May 2011

**Table 1: Current¹ rates of pay for iconic job categories² of Australian State based Public Sector Occupations (rates at top of the scale³):
Annual earnings for full time worker (38 hour week basis)**

Teachers		Senior Constables		Registered Nurse		Assistant in Nursing ⁴		Average Annual Ordinary Time Earnings ⁵	
State	Rate	State	Rate	State	Rate ⁶	State	Rate	State	Rate
WA	\$84,863 ⁷	WA	\$76,226 ⁸	Queensland	\$72,786.31	Queensland	\$49,153.75	ACT	\$77,087.16
NSW	\$84,759	NSW	\$75,195	NSW	\$72,028.25	SA ⁹	\$41,354.23	WA	\$75,737.77
Queensland	\$83,308	NT	\$74,193 ⁽⁸⁾	ACT	\$70,001.56	NSW	\$40,445.23	NSW	\$68,313.52
SA	\$83,009	SA	\$71,906	NT	\$69,755			NT	\$66,833.88
Tas	\$82,533 ¹⁰	Queensland	\$69,421	Victoria	\$68,183			Queensland	\$65,812.72
Victoria	\$81,806	Victoria	\$69,219	SA	\$67,685.72			Victoria	\$64,463.33
NT	\$80,480			Tas	\$67,025.09			SA	\$61,014.31
ACT	\$78,837			WA	\$64,812.40			Tasmania	\$59,227.28
Average	\$82,449		\$72,693.33		\$69,034.63		\$43,651.07		

Sources: Material on comparative rates kept by the Australian Education Union, Australian Nursing Federation (Federal Office: Nurses' Paycheck: a comprehensive analysis of nurses' wages, March-May 2011 Vol 10 No 2 except for Queensland rate which has just increased recently and latest rate included in the table) and NSW Police Association. Advice on how to interpret the classification structures was provided by David Colley (AEU), Wendy Currie (NSWTF) and Ros Madsen (AEU Tas), Nick Blake (ANF) and Anna Claude (NSWNA) and Mick Spring (NSW PA).

¹ As at May 2011 as provided by the sources noted at the base of the table.

² Selected on basis of where many public sector currently work.

³ Note the nature of pay scales varies dramatically by State. It is assumed that access to the top is essentially straightforward subject to satisfactory performance over years served. These data do not compare what the average person in these classifications earns. Estimates of this requires information on what percentage of workers are on particular points on the pay scale. It may well be that, for example, more NSW teachers are at the upper points of their classification. Even if this is the case, this does not make the 'overpaid' because (a) the NSWIRC does not control this dimension of pay, (b) retaining staff is usually regarded as desirable and (c) as the population ages this 'problem' – if it exists – will diminish over coming years as experienced teachers retire.

⁴ Some cells on this column are empty as this job category is not part of the nursing pay scale in all States.

⁵ This is taken from the ABS *Average Weekly Earnings* catalogue number 6302.0 and reports on Adult Average Weekly Ordinary Time Earnings, Seasonally Adjusted for February 2011. The annual rate was calculated by multiplying through 52.1.

⁶ These annual figures have been calculated using weekly data multiplied by 52.1 to get annual full time equivalent

⁷ There is provision of an even higher rates for 'Senior Teachers'. There are, however, professional requirements for this. Currently the top rate for such teachers is \$88,190. The NSW equivalent would be the 'Highly Accomplished Teacher' category.

⁸ This is based on a 38 hour working week equivalent.

⁹ In South Australia the AIN is a second or third year undergraduate nursing student.

¹⁰ There has been an adjustment of approximately 3% to this rate since March/April as part of the 'nexus agreement' concerning comparability in public sector teachers pay in Tasmania.

Table 2: NSW public sector rates if 2.5% wage policy had been implemented 2000 – 2011¹¹ and Current¹² rates of pay for iconic job categories¹³ of Australian State based Public Sector Occupations (rates at top of the scale¹⁴): annual earnings for full time worker (38 hour week basis)

Teachers		Senior Constables		Registered Nurse		Assistant in Nursing ¹⁵		Average Annual Ordinary Time Earnings ¹⁶	
State	Rate	State	Rate	State	Rate ¹⁷	State	Rate	State	Rate
WA	\$84,863 ¹⁸	WA	\$76,226 ¹⁹	Queensland	\$72,786.31	Queensland	\$49,153.75	ACT	\$77,087.16
Queensland	\$83,308	NT	\$74,193 ⁽¹⁹⁾	ACT	\$70,001.56	SA ²⁰	\$41,354.23	WA	\$75,737.77
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NT	\$80,480			Tas	\$67,025.09			Victoria	\$64,463.33
ACT	\$78,837			WA	\$64,812.40			SA	\$61,014.31
								Tasmania	\$59,227.28
NSW	\$70,179	NSW	\$66,234	NSW	\$59,796				
Difference to 2011 rate	\$14,580		\$8,961		\$12,232				

Sources: as for Table 1 plus information on rates prevailing in 2000.

¹¹ This table is based on a very elementary way of estimating what the impact of the proposed 2.5 percent ceiling on wages would have had it been in place since 2000. We simply took the rates as they existed in 2000 and applied a 2.5 per cent compound increase for 11 years.

¹² As at May 2011 as provided by the sources noted at the base of the table.

¹³ Selected on basis of where many public sector currently work

¹⁴ Note the nature of pay scales varies dramatically by State. It is assumed that access to the top is essentially straightforward subject to satisfactory performance over years served. These data do not compare what the average person in these classifications earns. Estimates of this requires information on what percentage of workers are on particular points on the pay scale. It may well be that, for example, more NSW teachers are at the upper points of their classification. Even if this is the case, this does not make the 'overpaid' because (a) the NSWIRC does not control this dimension of pay, (b) retaining staff is usually regarded as desirable and (c) as the population ages this 'problem' – if it exists – will diminish over coming years as experienced teachers retire.

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²⁰ In South Australia the AIN is a second or third year undergraduate nursing student.

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