

Index of Average Earnings - June 2004

Headlines

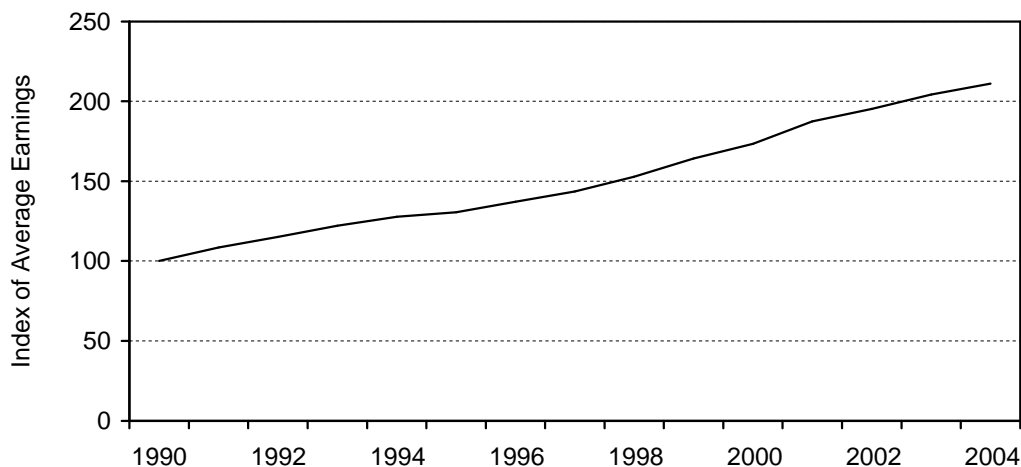
- § In June 2004 the average weekly earnings of employees working in Jersey was **3.3% higher than in June 2003**.
- § This latest increase in average earnings is **1.4 percentage points lower than the rate of increase reported for the previous 12-month period** (4.7% to June 2003).
- § The lower rate of increase in average earnings in 2004 is somewhat influenced by the majority of **public sector workers not having a pay award implemented in the 12-months to June 2004**.
- § For the **private sector alone, the increase in the year to June 2004 was 3.6%**, 0.3 percentage points less than the increase recorded in 2003.
- § The largest increases occurred in ‘Transport and communication’ (5.7%) and ‘Construction and quarrying’ (4.4%), Agriculture, at 0.6%, saw earnings increase the least of all sectors.

Index of Average Earnings

The Index of Average Earnings measures *changes* in gross wages and salaries paid to employees. It includes overtime payments, but excludes bonuses, employers’ insurance contributions, holiday pay and benefits in kind (e.g. free accommodation or meals).

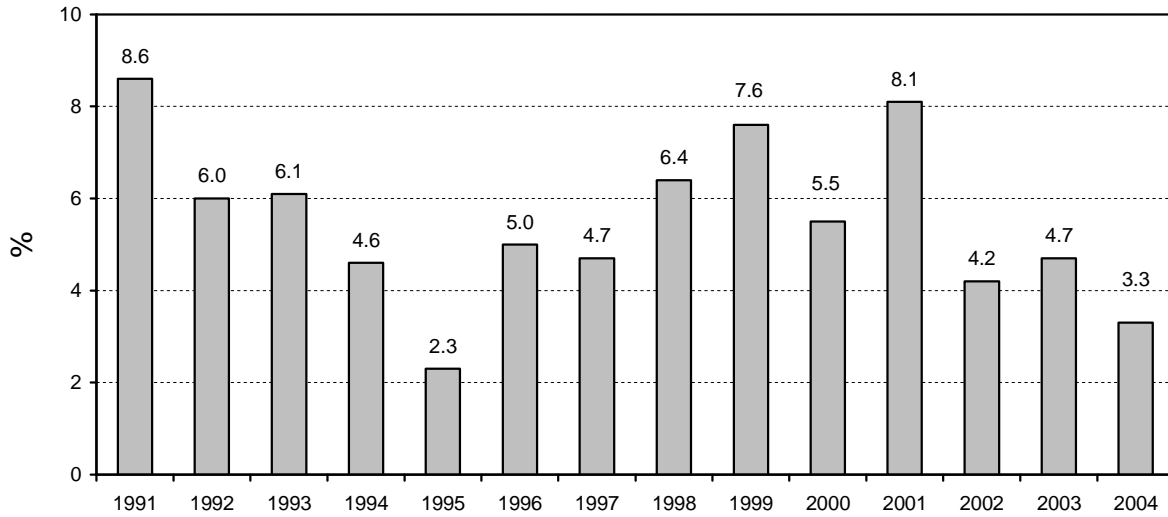
The Index of Average Earnings rose from 204.3 in June 2003 to 211.1 in June 2004 (on a basis of June 1990 = 100). The Index since 1990 is shown in Figure 1; the time series of values of the Index is given in Appendix 1.

Figure 1 - Index of Average Earnings (June 1990=100)



The annual percentage change in average earnings (for the 12 months to June of each year) is shown in Figure 2. The rates of increase during each of the past three years are below the average increase observed between 1998 and 2001 (6.9%), and the average from 1991 to 2004 (5.5%).

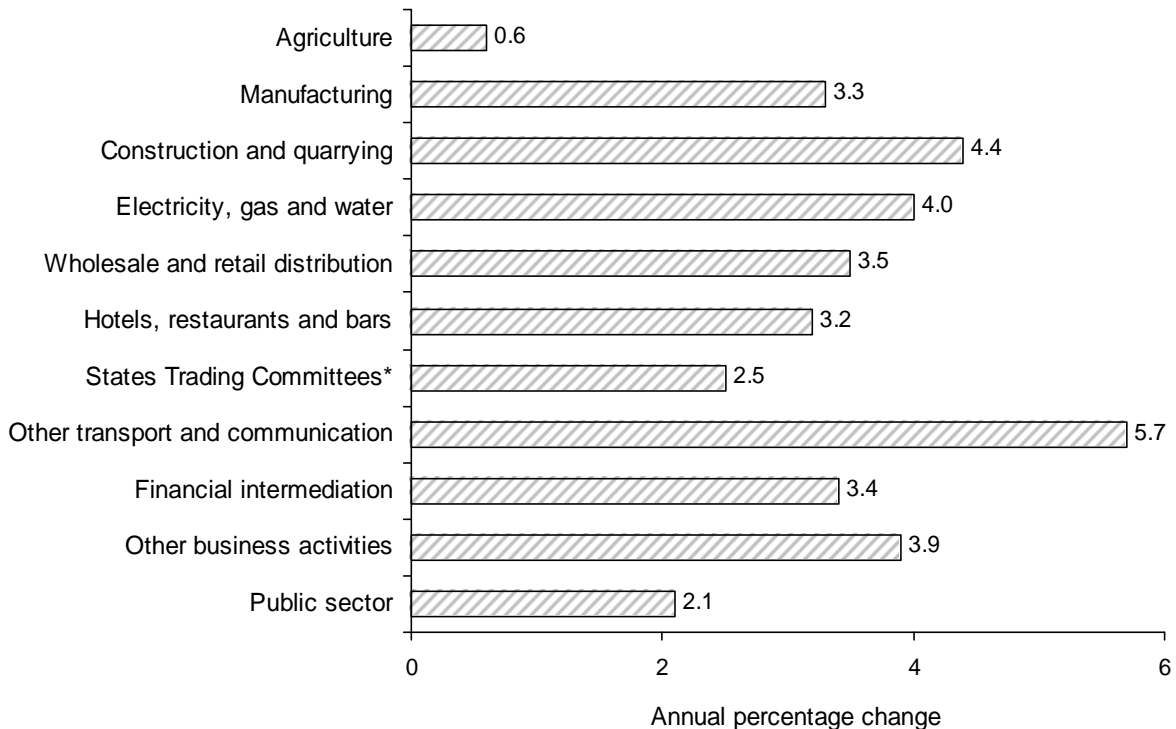
Figure 2 - Annual percentage change in average earnings



Individual Business Sectors

The annual percentage change in average earnings is shown for individual business sectors in Figure 3. The three-year averages for these sectors are shown in Appendix 2.

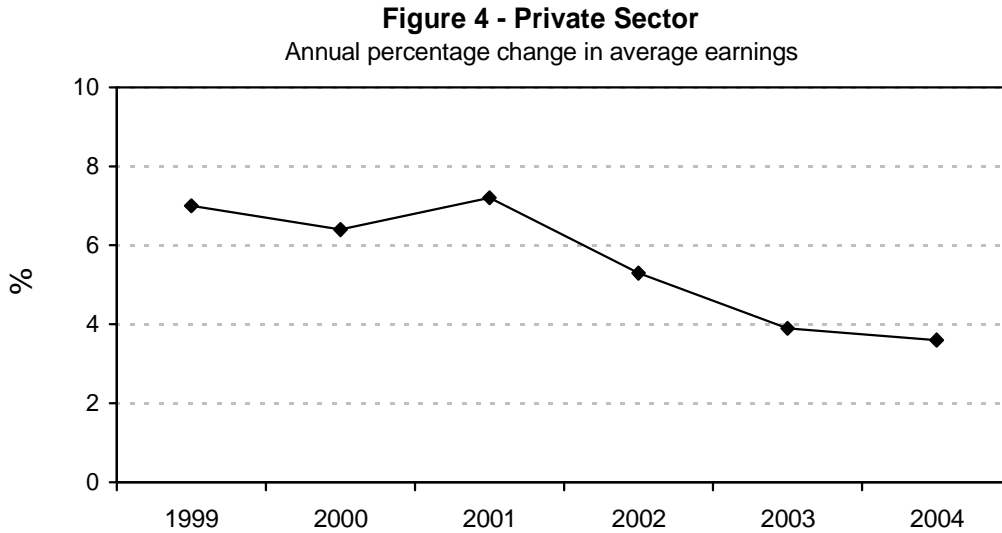
Figure 3 - Annual percentage change in average earnings: by Sector.



* StatesTrading Committees are: Jersey Airport, Harbours, Postal Administration and Jersey Telecom.

Private Sector

The rate of increase of average earnings in the private sector overall has halved during the past three years, from 7.2% to 3.6% between 2001 and 2004 (see Figure 4).



The ‘Other transport and communication’ and ‘Construction and quarrying’ sectors recorded the largest increases in average earnings during the 12 months to June 2004 (5.7% and 4.4%, respectively); increased overtime was a contributing factor to both of these increases.

The remaining private business sectors generally recorded increases of between 3 and 4%, except for ‘Agriculture’ (0.6%) for which rates of increase have been historically lower than the other sectors, with 2004 seeing the first increase in average earnings in the sector for three years.

Average earnings for workers in the Finance sector increased by 3.4%, a rate of increase which was 2.2 percentage points lower than in the previous 12-month period, whilst earnings of workers in the States Trading Committees rose by 2.5%, on average, during the 12 months to June 2004, again a lower rate of increase than in previous years.

Public Sector

The majority of public sector workers did not receive a pay award between June 2003 and June 2004.

The 2.1% increase measured for the public sector was due to pay awards (both retrospective and scheduled) implemented in the 12 months to June 2004 for a small number of pay groups, such as health professionals, prison officers and Crown Appointees.

Comparison with the Retail Prices Index

During the 12-months to June 2004 the All-Items Retail Prices Index for Jersey rose by 4.8%. The increase in the Index of Average Earnings in Jersey was therefore 1.5 percentage points below that of the All-Items Retail Prices Index during the same period.

The rise in the Retail Prices Index excluding house purchase costs, RPI (X), over the same period was 3.4%, a rate of increase similar to that of the Index of Average Earnings.

Comparison with other jurisdictions

Data from the UK show that the most recent annual increase in average earnings recorded there was higher than that seen in Jersey, for both the public and private sectors (see Table 1).

Table 1 - Annual percentage changes in Average Earnings and Retail Prices: Jersey and UK, June 2004.

	Jersey	UK ¹
<u>Average earnings</u>		
All sectors	3.3	4.2
Private sector	3.6	4.1
Public sector	2.1	4.5
<u>Retail prices</u>		
RPI	4.8	3.0
RPI(X)	3.4	2.3

The rate of average earnings for all sectors in the UK was 1.2 percentage points *above* that of RPI; in Jersey, the increase in earnings was 1.5 percentage points *below* that of RPI, for the same period.

1. The measurement of annual changes in average earnings (excluding bonuses) in the UK is based on a three-month rolling average (April to June: First Release, Labour Market, August 2004) rather than the June to June basis of the Jersey methodology. Data for 2004 are not yet available for Guernsey or the Isle of Man.

NOTES

1. The Index of Average Earnings in Jersey is compiled using a representative sample of 225 businesses (consisting of around 10,200 employees) in the private sector and substantially all States departments. The total number of employees covered by this survey represents about a third of all people working in Jersey.
2. Full-time and part-time staff are aggregated as full-time equivalents. Average earnings in each sector in the last week of June are weighted together according to the sectoral share of total employment. For the purposes of the Index, salaries paid monthly or four-weekly are converted to an equivalent weekly figure.
3. The Index of Average Earnings is compiled by the Statistics Unit, The Parade, St Helier, Jersey JE4 8QT. (Enquiries to Dr. Tim du Feu, telephone: 01534 603425).

Statistics Unit

25 August 2004

Appendix 1

Index of Average Earnings for Jersey (June each year).

		<u>% change</u>
1990	100.0	
1991	108.6	+8.6
1992	115.1	+6.0
1993	122.1	+6.1
1994	127.7	+4.6
1995	130.6	+2.3
1996	137.1	+5.0
1997	143.5	+4.7
1998	152.7	+6.4
1999	164.3	+7.6
2000	173.4	+5.5
2001	187.4	+8.1
2002	195.2	+4.2
2003	204.3	+4.7
2004	211.1	+3.3

Appendix 2

Annual percentage change in average earnings by Sector: 2002 - 2004

	2002	2003	2004	Three-year rolling average
Agriculture	-3.3	-2.5	0.6	-1.7
Manufacturing	0.2	5.5	3.3	3.0
Construction and quarrying	8.3	-1.1	4.4	3.9
Electricity, gas and water	5.1	4.8	4.0	4.6
Wholesale and retail distribution	5.0	3.4	3.5	4.0
Hotels, restaurants and bars	1.8	4.2	3.2	3.1
States Trading Committees	7.4	6.1	2.5	5.3
Other transport and communication	-2.4	7.9	5.7	3.7
Financial intermediation	7.5	5.6	3.4	5.5
Other business activities	5.6	5.3	3.9	4.9
Public sector	-2.4	8.3	2.1	2.7
ALL SECTORS	4.2	4.7	3.3	4.1