

## Index of Average Earnings June 2010

Statistics Unit: [www.gov.je/statistics](http://www.gov.je/statistics)

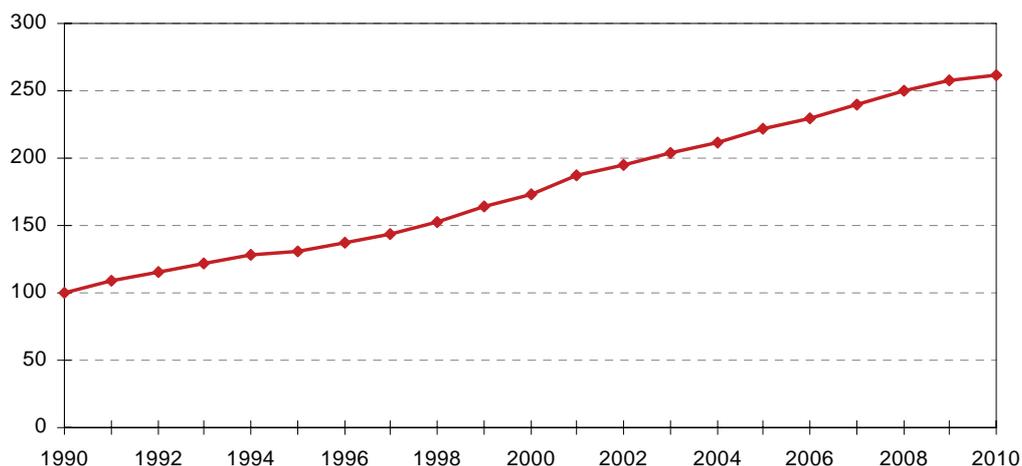
### Summary

- In June 2010 the average weekly earnings<sup>1</sup> of workers<sup>2</sup> in Jersey was 1.1% higher than in June 2009.
- The latest annual increase is the lowest since the Index of Average Earnings was introduced in 1990 and is 1.9 percentage points less than that of the previous twelve-month period (3.0% to June 2009).
- Average earnings in the **private sector overall** increased by 1.1% over the year to June 2010.
- Increases in average earnings ranged from 0.2% in Construction to 3.3% in Agriculture. Earnings in the Finance sector, excluding bonuses, rose by 1.0% on average.
- The **public sector** saw average earnings increase by 1.1% over the year to June 2010.
- The **mean average weekly earnings** of *full-time equivalent employees* (FTE) in Jersey in June 2010 was £630 per week, ranging from £360 per week in Hotels, restaurants and bars to £860 per week in Finance, excluding bonuses.

### Index of Average Earnings

As Figure 1 shows, the Index of Average Earnings rose from 258.0 in June 2009 to 260.9 in June 2010 (on a basis of June 1990 = 100), an annual increase of 1.1%.

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

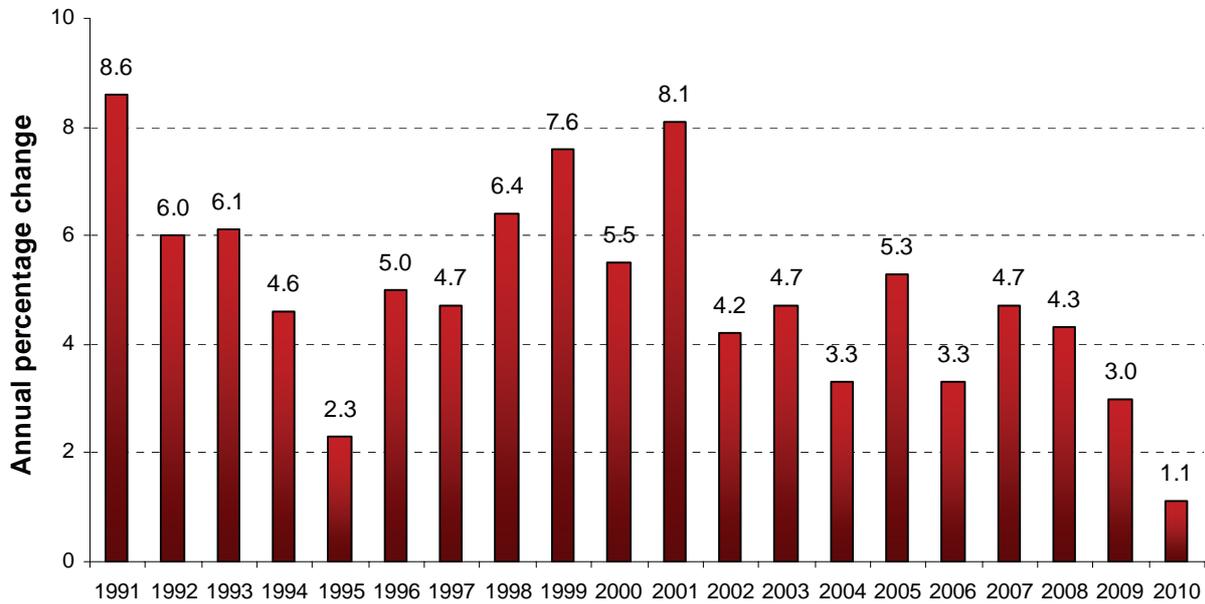


<sup>1</sup> The Index of Average Earnings measures changes in average earnings (gross wages and salaries) that have occurred, and been paid, to workers in Jersey. It includes overtime payments, but excludes bonuses, employers' insurance contributions, holiday pay and benefits in kind (e.g. free accommodation or meals). The 2010 Index measures changes in average earnings received between the last weeks of June 2009 and June 2010.

<sup>2</sup> Average earnings are calculated on the basis of a full-time equivalent (FTE) worker. Workers include full-time and part-time employees and also self-employed people. Part-time employees are weighted in the calculation of FTEs according to hours worked.

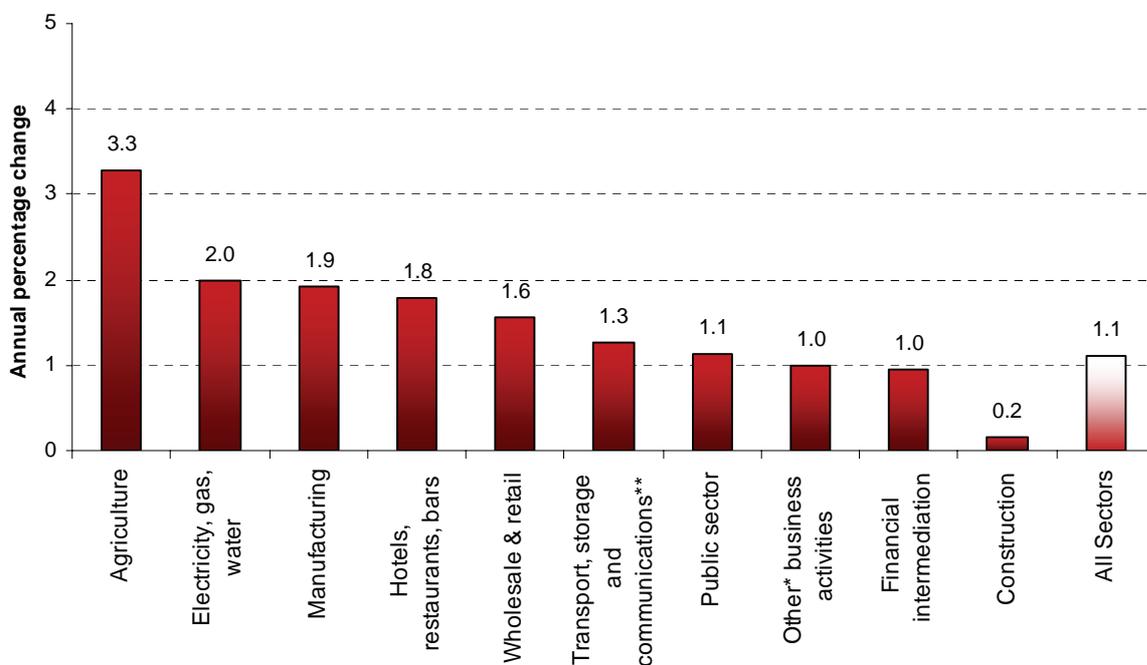
The annual percentage changes in average earnings since 1991 (over the twelve months to June of each year) are shown in Figure 2. The increase for 2010 was the lowest annual rise seen in the last two decades.

**Figure 2 - Annual percentage change in average earnings**



### Individual business sectors

**Figure 3 - Annual percentage change in average earnings by sector, June 2010**



\* The 'Other business activities' sector includes 'Miscellaneous business activities' and private sector 'Education, health and other services'.

\*\* 'Transport, storage and communications' includes Jersey Airport, Harbours, Postal Administration and Jersey Telecom.

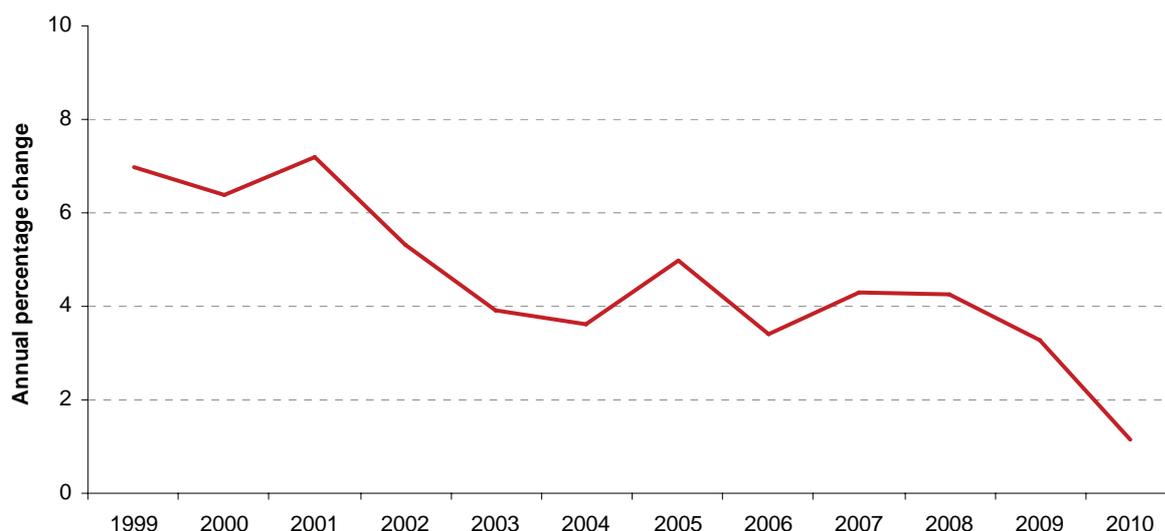
As indicated in Figure 3, the majority of industries in the private sector saw annual earnings increase by rates of between 1 and 2 percent in the twelve months to June 2010. Notable movements included:

- the Agriculture sector recorded an increase of 3.3% in average earnings, driven by the 2% increase in the minimum wage<sup>3</sup> implemented in April 2010;
- the lowest annual increase was seen by the Construction sector (0.2%) which recorded its smallest annual change since 2003, when average earnings in the sector fell by 1.1%;
- average earnings (excluding bonuses) in the Finance sector rose by 1.0%; the average annual increase over the previous five-year period in this sector was 4.3% per annum.

## Private sector

As figure 4 shows, the rate of growth of average earnings in the private sector overall in Jersey has seen a downward trend over the last decade.

**Figure 4 - Private sector: annual percentage change in average earnings**



The latest increase (1.1%) is the lowest recorded since private sector earnings were first reported separately in 1995.

## Public sector

Over the twelve months to June 2010 average earnings in the public sector rose by 1.1%.

Although the majority of public sector employees received scheduled pay awards for 2010, a small number of pay groups (notably teachers, nurses and prison officers) had not received a pay award for 2010 by the end of June 2010<sup>4</sup>.

<sup>3</sup> Minimum Wage legislation came into effect in Jersey on 1 July 2005; the level of minimum wage has been increased effective each 1 April subsequently. On 1 April 2010 the figure was increased by 2% to £6.20 per hour.

<sup>4</sup> The majority of public sector pay groups received a pay award of 2% effective from the 1 January 2010. Had the pay groups which had not received pay awards by the last week of June 2010 received the same increase, the overall increase in average earnings for the public sector over the twelve months to June 2010 would have been close to 2%.

## Level of earnings

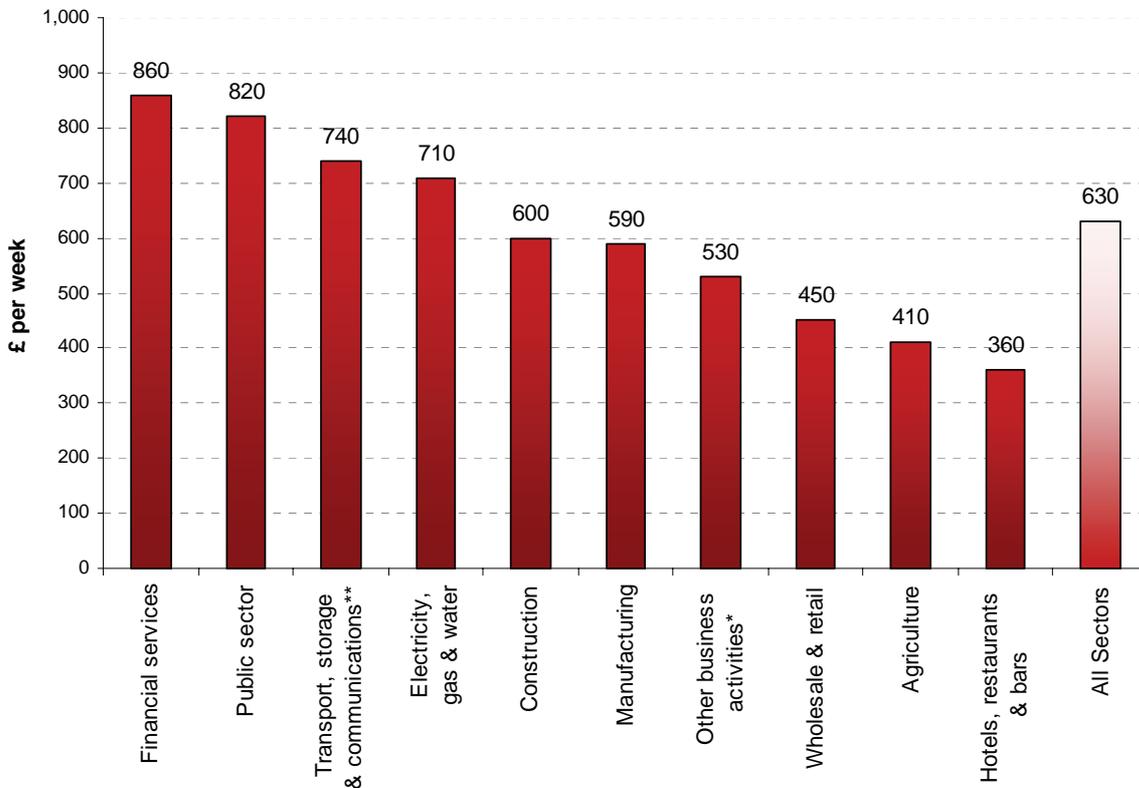
The main purpose of the Index of Average Earnings is to measure the change in earnings. However, the data collected also provides information on the level of earnings: the mean average weekly earnings **per full-time equivalent (FTE)** employee.

On an FTE basis, part-time staff are converted into full-time equivalents based on the number of hours worked. It should be noted, therefore, that part-time workers will actually earn a fraction of the weekly averages shown in Figure 5, depending on the proportion of a full-time week worked.

The mean average weekly earnings for full-time equivalent (FTE) employees in Jersey in June 2010 was £630 per week<sup>5</sup>.

Average earnings by sector ranged from £360 per week in Hotels, restaurants & bars to £820 per week in the Public sector and £860 per week in Financial services.

**Figure 5 - Average weekly earnings by sector, June 2010 (£ per week)**



*Based on data recorded for the 2009 Survey of Financial Institutions, bonus payments increase the average earnings of FTE workers in the Finance sector by around £90 per week.*

The level of average earnings, derived from the survey designed to measure the Index of Average Earnings, is an informative indicator, particularly when comparing sub-sectors. It should be noted that as a result of the earnings distribution being asymmetric (i.e. skewed towards higher levels of earnings) the mean statistic provides a higher measure of average earnings than the median<sup>6</sup>.

<sup>5</sup> This survey is designed to measure changes in average earnings by matching records in consecutive years from sampled firms. Hence, the figures for the levels of weekly earnings shown in Figure 5 should be considered as reasonable approximations with an uncertainty of approximately £20. The levels of earnings determined for June 2009 using 2010 data are consistent at this degree of uncertainty for all sectors, and overall, with those published in 2009.

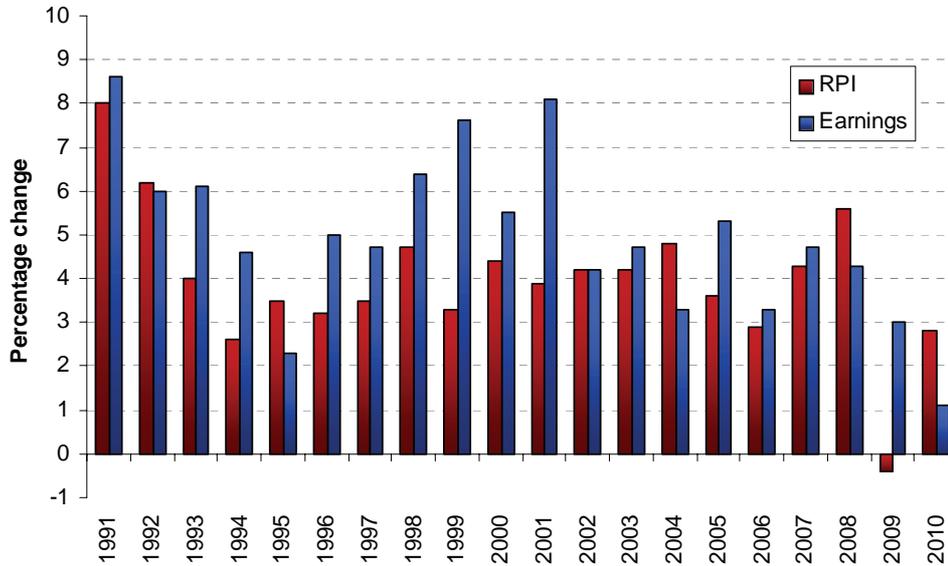
<sup>6</sup> The median average earnings cannot be determined from the data collected for the Index of Average Earnings since this measure requires earnings at an individual level rather than at a company level. The Statistics Unit has carried out an Income Distribution Survey in 2009/10 to collect the required information; the results will be published later this year.

### Comparison with Retail Price Indices

In the twelve months to June 2010 the All-Items Retail Prices Index (the RPI) rose by 2.8% and average earnings increased by 1.1%. Thus, prices increased by 1.7 percentage points more than earnings over the period.

Prices have increased at a faster rate than earnings in five out of the last twenty years (Figure 6).

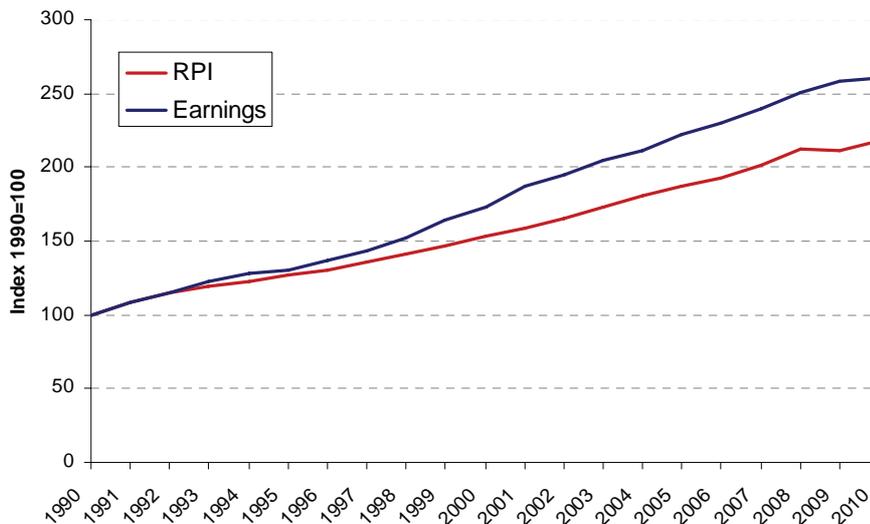
**Figure 6 – Annual percentage changes in average earnings and the RPI at June each year**



Historically, the long-term growth of earnings in Jersey has been greater than that of prices. Since 1990 the Jersey RPI has increased by 118% (i.e. prices have more than doubled), whilst earnings have increased by 161% (Figure 7).

This relative behaviour of earnings and prices is reflected in the long-term annual averages. Over the period from 1990 to 2010, earnings increased on average by almost one percentage point more per annum than prices (4.9% and 4.0% per annum for earnings and prices, respectively).

**Figure 7 – Index of average earnings and the RPI, annual averages**



Average earnings in Jersey over the twelve months to June 2010 rose by less than underlying inflation. The annual increases in RPI(X) and RPI(Y) were 2.6% and 2.7%, respectively<sup>7</sup>.

The Index of Average Earnings is used to up-rate the State old-age pension in Jersey. It is therefore informative to compare the change in earnings with the increase in the RPI for pensioner households:

- average prices for pensioner households increased by 2.7% over the twelve months to June 2010, a rate of increase which is 1.6 percentage points more than that of earnings over the same period;
- since 2007, when the RPI for pensioner households was first introduced in Jersey, the RPI for pensioners has increased by 11.6% compared with an increase of 8.6% in earnings.

### Comparison with the UK

As Table 1 shows, average earnings over the twelve months to June 2010 increased at a slightly faster rate in the UK (1.4%) than in Jersey (1.1%).

**Table 1 - Annual percentage changes in average earnings for Jersey and the UK:  
June 2009 to June 2010**

	Jersey	UK <sup>8</sup>
All Sectors	1.1	1.4
Private Sector	1.1	1.3
Public Sector	1.1	1.8

Both public and private sector earnings saw greater increases in the UK than in Jersey over the twelve months to June 2010.

<sup>7</sup> RPI(X) excludes mortgage interest payments; RPI(Y) excludes mortgage interest payments and indirect taxes (such as GST and impôts).

<sup>8</sup> Non-seasonally adjusted, excluding bonuses; UK Office for National Statistics series code LOJH.

## NOTES

### Methodology

The Index of Average Earnings in Jersey is determined from earnings data collected from a large representative sample of firms in the private sector and from all States of Jersey Departments.

The Index of Average Earnings is compiled annually, using a “matched pair” approach. The main purpose of the Index is to provide a measure of the change in earnings.

Sampled firms are asked to report earnings paid in the last week of June (whether paid weekly or monthly): the total gross wages and salaries paid to employees before any deductions are made for employees’ social security contributions, employees’ contributions to pension funds, etc; the reported figures are to include any Jersey weighting allowances, non-contractual gifts and commission. Redundancy pay, directors’ fees and employers’ contributions to insular insurance and pension schemes are not included; bonus payments, holiday pay and back pay are also excluded.

Companies are also asked to provide the number of staff covered by the earnings payments reported. Part-time staff are converted into Full-Time Equivalents (FTEs) according to numbers of hours worked. In this way the overall measured change is less susceptible to changes in the proportions of full-time and part-time employees in the work-force.

From the information collected, the average weekly earnings is calculated for each respondent company, salaries paid monthly or four-weekly having been converted into weekly figures. The average weekly earnings for each company is then compared with that of the previous year in order to calculate an annual percentage change. Only companies with such a “matched pair” of earnings for the current and previous years are included in the final derivation of the Index.

Mean average earnings are aggregated for each sector, in order to calculate a measure of average weekly earnings by sector. These sectoral averages are then weighted together according to the sectoral share of total employment to give the overall average weekly earnings and hence percentage change between one year and the next.

### Response rate and coverage

- Some 430 firms in the private sector were sent a survey questionnaire; 353 completed questionnaires were received back, representing a response rate of 82%.
- Of the returned questionnaires, 91% (covering more than half of all private sector employees) were matched with a return from the previous year and were subsequently validated and used in the final compilation of the Index.
- The number of employees whose earnings are used to calculate the Index of Average Earnings represents nearly three-fifths (57%) of all workers in Jersey.

The Index of Average Earnings is compiled by the States of Jersey Statistics Unit, The Parade, St Helier, Jersey JE4 8QT. Earnings data and the report can be accessed at [www.gov.je/statistics](http://www.gov.je/statistics).

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*Statistics Unit*

*25 August 2010*

## Appendix 1

### Index of Average Earnings for Jersey

(evaluated for the end of June of each year).

		<b>% Change</b>
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
2005	222.2	+5.3
2006	229.5	+3.3
2007	240.2	+4.7
2008	250.6	+4.3
2009	258.0	+3.0
2010	260.9	+1.1

## Appendix 2

### Annual percentage change in average earnings by sector: 2002 – 2010

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Agriculture	-3.3	-2.5	0.6	8.2	6.1	0.0	6.5	5.9	<b>3.3</b>
Manufacturing	0.2	5.5	3.3	6.5	2.1	3.2	3.8	0.6	<b>1.9</b>
Electricity, gas and water	5.1	4.8	4.0	8.7	2.3	3.8	5.0	4.7	<b>2.0</b>
Construction and quarrying	8.3	-1.1	4.4	5.7	2.2	6.7	3.5	2.9	<b>0.2</b>
Wholesale and retail	5.0	3.4	3.5	5.5	1.9	3.8	4.2	3.2	<b>1.6</b>
Hotels, restaurants and bars	1.8	4.2	3.2	3.2	4.0	2.3	5.1	2.3	<b>1.8</b>
Transport, storage & com.	2.3	7.0	3.8	4.6	6.3	4.3	3.1	4.4	<b>1.3</b>
Financial services	7.5	5.6	3.4	4.5	3.9	4.9	4.6	3.5	<b>1.0</b>
Other business activities	5.6	5.3	3.9	5.0	2.6	3.5	3.5	3.0	<b>1.0</b>
<b>All Private sectors</b>	<b>5.3</b>	<b>3.9</b>	<b>3.6</b>	<b>5.0</b>	<b>3.4</b>	<b>4.3</b>	<b>4.2</b>	<b>3.3</b>	<b>1.1</b>
<b>Public sector</b>	<b>-2.4</b>	<b>8.3</b>	<b>2.1</b>	<b>6.9</b>	<b>2.5</b>	<b>6.7</b>	<b>4.9</b>	<b>1.0</b>	<b>1.1</b>