

## Summary - in June 2019

### Change in average earnings

- average weekly earnings<sup>1</sup> in Jersey were 2.6% higher than in June 2018
- the latest annual increase was 0.9 percentage points lower than that of the previous twelve-month period (3.5% to June 2018)
- over the twelve months to June 2019
  - average earnings in the private sector increased by 2.3%
  - average earnings in the public sector increased by 4.8%

### In real terms, adjusting for inflation

- all-sector average earnings were 0.2% lower in real terms than in June 2018, representing the second consecutive twelve-month period that average earnings have decreased in real terms:
  - average earnings in the private sector were 0.5% lower in real terms than in June 2018
  - average earnings in the public sector were 1.9% higher in real terms than in June 2018
- over the last 10 years, since 2009, all-sector average earnings have decreased in real terms by 3.0%

### Level of average earnings

- **median** average weekly earnings of full-time equivalent<sup>2</sup> (FTE) employees was £610 per week
- **mean** average weekly earnings of full-time equivalent employees was £770 per week

### Sectoral

- hotels, restaurants and bars saw the highest annual rate of increase (4.9%), the greatest increase recorded by this sector for more than 10 years
- the increase recorded by the public sector (4.8%) was the highest seen by this sector for more than 10 years and was driven by the timing of the implementation of 2018 and 2019 pay awards
- the lowest increase in average earnings was recorded by transport, storage & communications (1.2%)
- average earnings (excluding bonuses) in the financial services sector rose by 1.8%, representing the lowest annual increase recorded by this sector since 2010
- mean average weekly earnings (excluding bonuses) of full-time equivalent employees ranged from £460 per week in hotels, restaurant and bars to £1,050 per week in financial services

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<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 2019 Index measures changes in average earnings paid between June 2018 and June 2019.

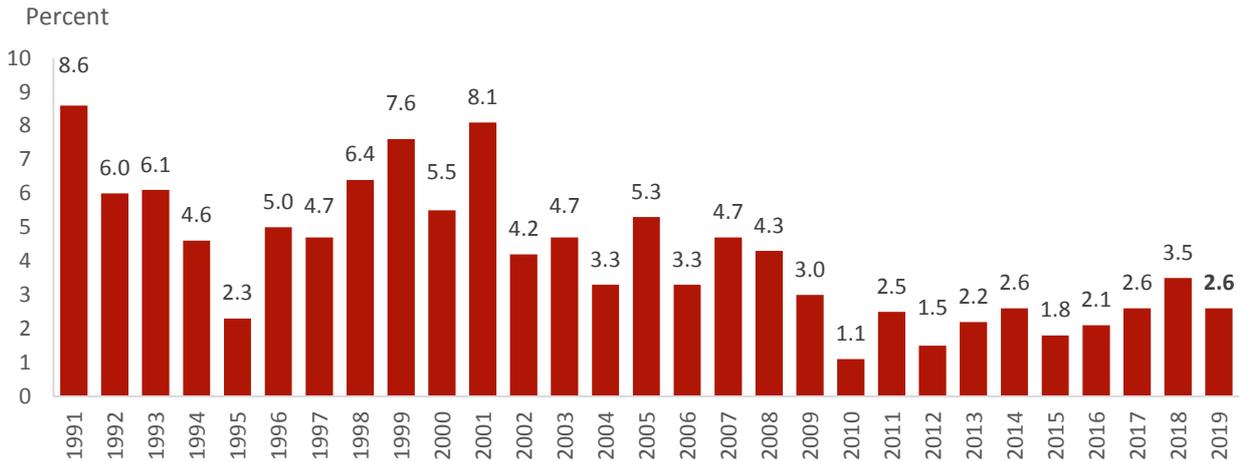
<sup>2</sup> Average earnings are calculated on the basis of a full-time equivalent (FTE) worker. Workers include full-time and part-time employees and also self-employed people. Part-time employees are weighted in the calculation of FTEs according to hours worked.

## Index of Average Earnings

Figure 1 shows annual percentage changes in the Index of Average Earnings since 1991 in June of each year. In June 2019 all-sector average earnings were 2.6% higher than in June 2018.

The latest annual increase is 0.9 percentage points lower than that recorded over the previous twelve-month period (3.5% to June 2018).

**Figure 1 – Annual percentage change in the Index of Average Earnings, 1991-2019**



The latest annual increase is at a similar level to the preceding five-year annual average of 2.5% per year, and below the long-term annual average of 4.2% per year since 1990.

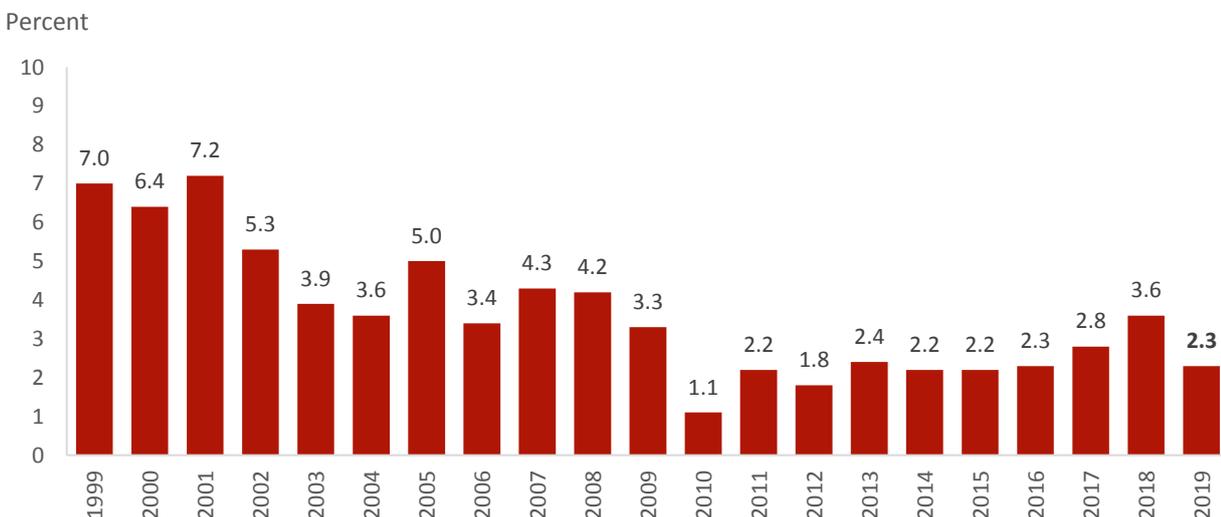
### Private Sector

Over the twelve months to June 2019 average earnings in the private sector rose by 2.3%.

This latest annual increase is below the preceding five-year annual average of 2.6% per year and lower than the increase seen for the previous twelve-month period (3.6% to June 2018) – see Figure 2.

Between 1999 and 2008, earnings in the private sector had increased at an average annual rate of 4.8% per year. Over the last ten years, since 2009, the average annual increase has been 2.3% per year.

**Figure 2 - Private sector annual percentage change in average earnings from 1999 to 2019**

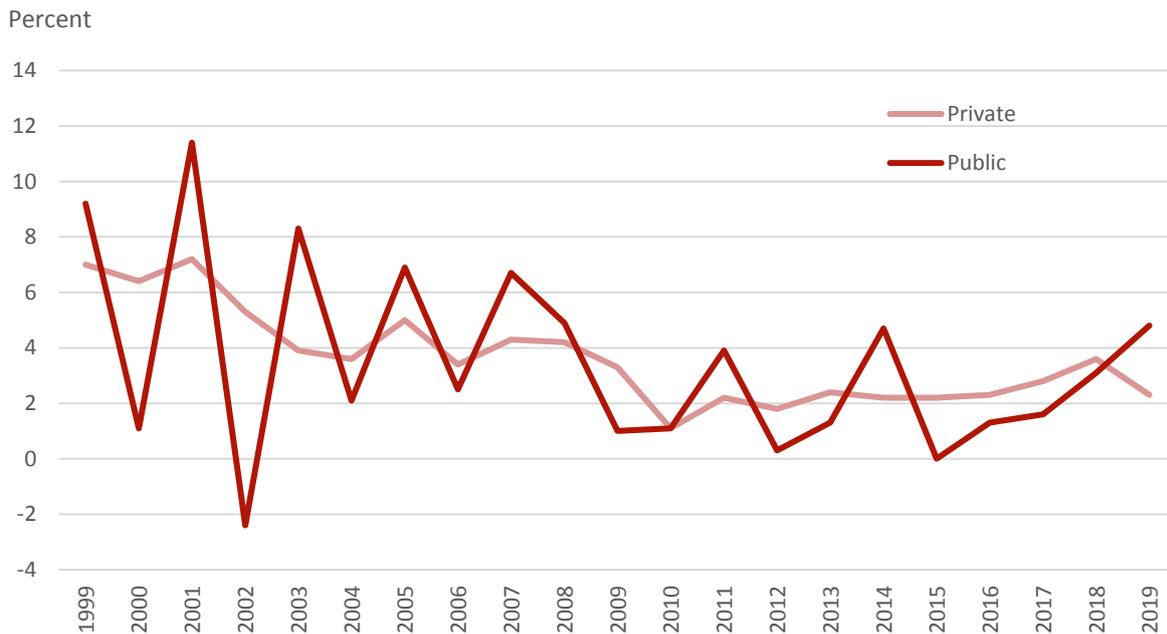


**Public sector**

Average earnings in the public sector increased by 4.8% over the twelve months to June 2019. This increase was predominantly due to the implementation during this period of compounded pay awards relating to both 2018 (retrospectively) and 2019 for the majority of pay groups<sup>3</sup>.

Comparison of the rate of growth of earnings in the public and private sectors is complicated by lags in the implementation of pay awards for some public sector pay groups (see Figure 3). It is therefore informative to compare the rates of increase of average earnings in the public and private sectors over a longer time period in order to smooth out the effects of such factors, as shown in Table 1.

**Figure 3 - Public and private sector annual percentage change in average earnings from 1999 to 2019<sup>4</sup>**



**Table 1 – Longer-term changes in public and private sector average earnings**

Period	Years	Overall change, %		Average annual change, %	
		Public	Private	Public	Private
20 years	1999-2019	87	98	3.2	3.5
10 years	2009-2019	24	25	2.2	2.3
5 years	2014-2019	11	14	2.2	2.6

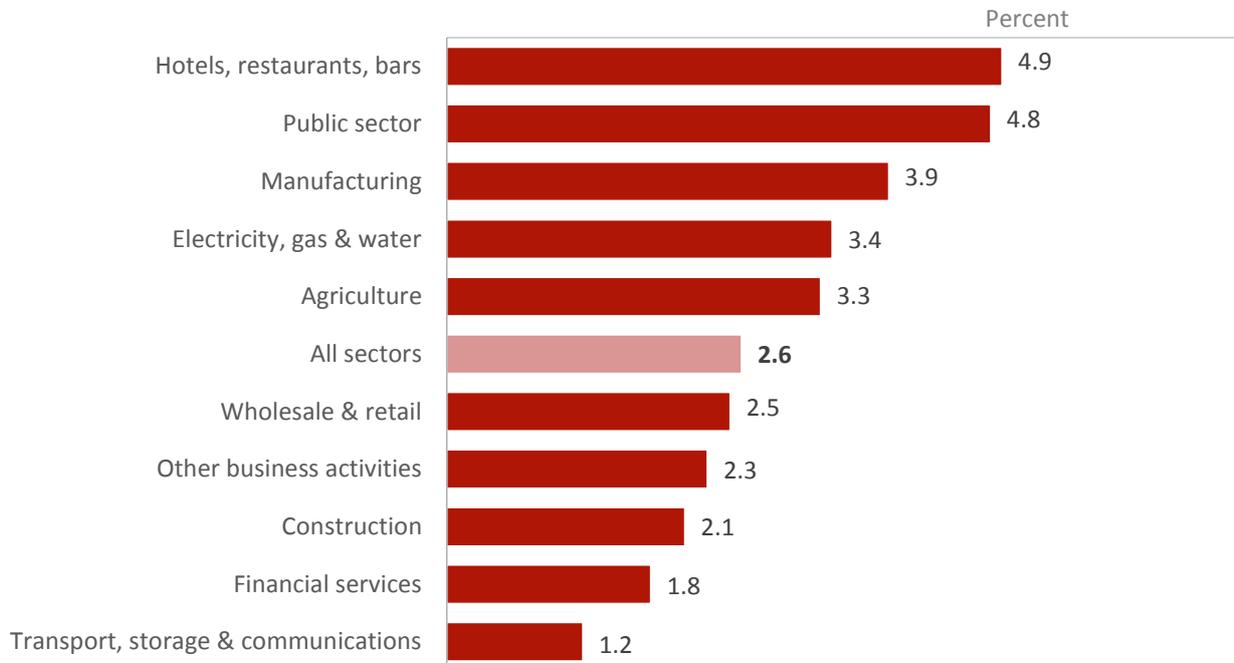
<sup>3</sup> Most of the pay awards for 2018 appeared in salaries after June 2018; the pay awards for 2019 were implemented in salaries before June 2019. Changes in overtime and incremental pay scale awards were additional factors for some staff.

<sup>4</sup> 1999 is the earliest year that public and private sector comparisons can be made on a consistent basis.

## Individual business sectors

Figure 4 shows that the change in average earnings for the individual business sectors over the year to June 2019 ranged from between one and five per cent

**Figure 4 - Annual percentage change in average earnings by sector, June 2019**



Transport, storage and communications includes Ports of Jersey, Jersey Post and JT Global.

Other business activities includes businesses servicing other businesses/households, private sector education, health, Family Nursing and Home Care, Andium Homes Ltd. and other services.

Notable movements for the individual sectors include:

- average earnings in hotels, restaurants and bars increased by 4.9%, representing the largest annual increase seen by this sector for more than 10 years (5.1% in June 2008)
- average earnings in the public sector increased by 4.8%, the highest annual increase seen by this sector for more than 10 years (4.9% in June 2008) and was driven by the timing of the implementation of 2018 and 2019 pay awards.
- the lowest increase in average earnings was recorded by the transport, storage & communications sector of 1.2%
- average earnings (excluding bonuses) in the finance sector rose by 1.8%; the lowest increase recorded by this sector since 2010 (1.0%)

### Average earnings in real terms

It is informative to consider the change in average earnings in ‘real terms’, adjusting for retail price inflation<sup>5</sup>.

Figure 5 shows the Index of Average Earnings since 1990 in nominal (not adjusted for inflation) and real terms (adjusted by the Jersey Retail Prices Index, RPI).

In nominal terms, since 1990 average earnings in Jersey have more than tripled, increasing by 222%. However, after adjusting for inflation, average earnings have increased by 18% over this period.

**Figure 5 – Index of Average Earnings in nominal and real terms (June 1990=100)**

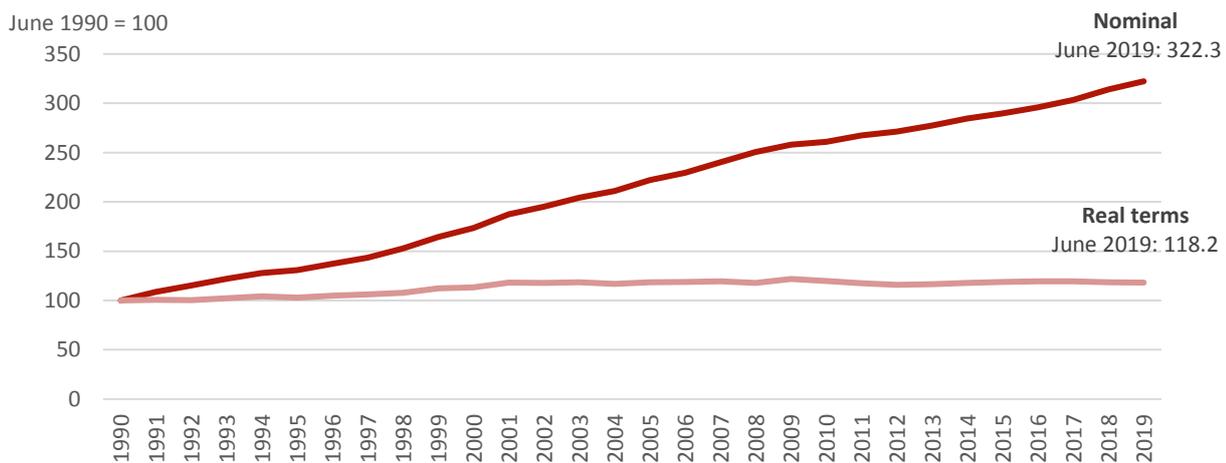
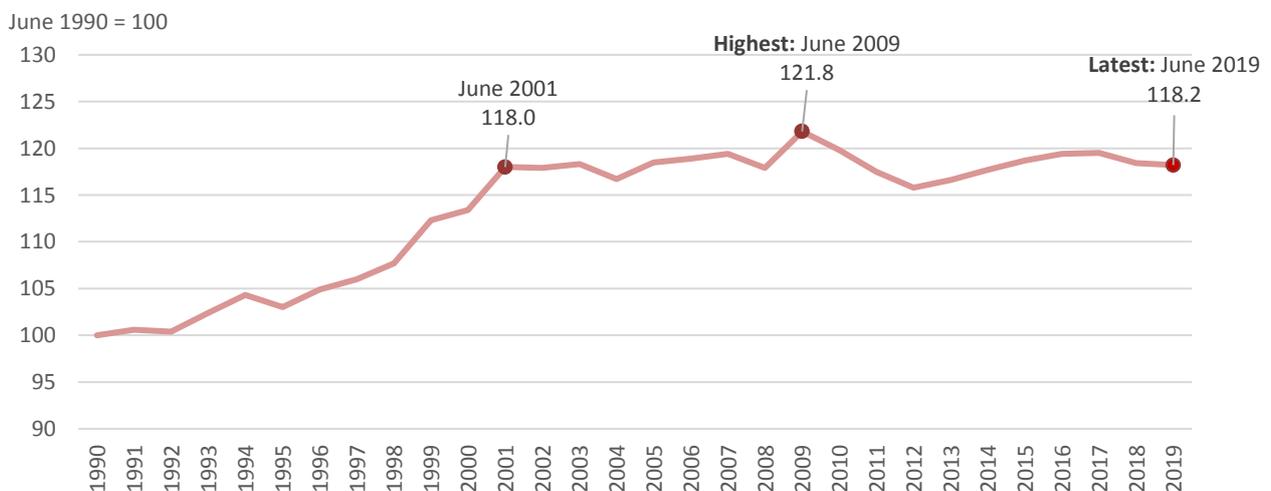


Figure 6 shows the Index of Average Earnings in real terms since 1990. It is apparent that there have been two periods of real-term change in average earnings in Jersey:

- 1990-2001 saw real-term growth in earnings of more than a sixth (18%) over the period
- 2001-2019 saw earnings remain essentially flat in real terms, increasing by 0.2% over the 18-year period

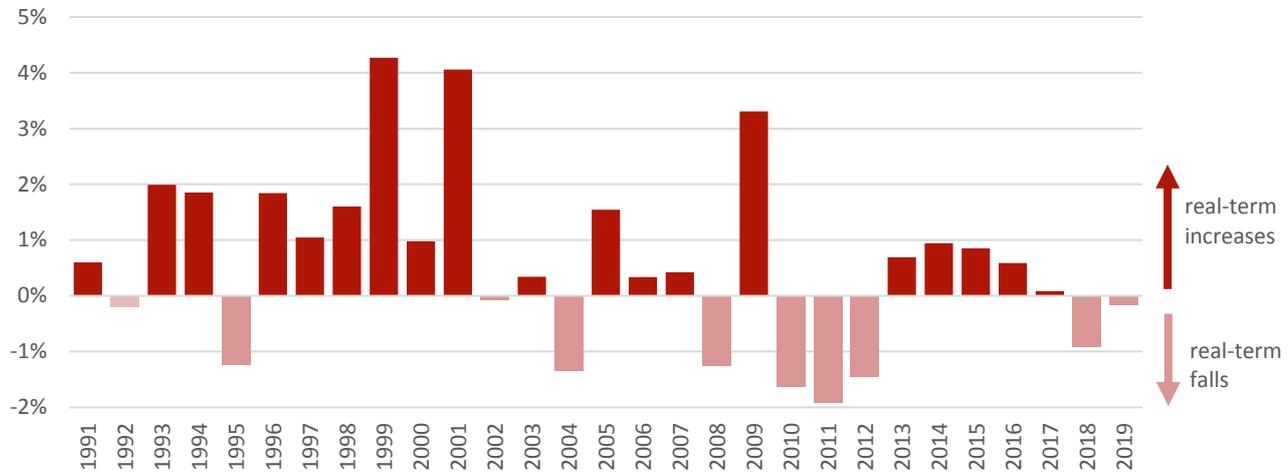
**Figure 6 – Index of Average Earnings in real terms from 1990 to 2019 (June 1990=100)**



<sup>5</sup> The increases in retail prices used in this analysis are based on the indices in June of each year.

Figure 7 shows the real-term annual percentage change in average earnings for each year from 1991 to 2019.

**Figure 7 – Real-term annual percentage change in the Index of Average Earnings, 1991 to 2019**



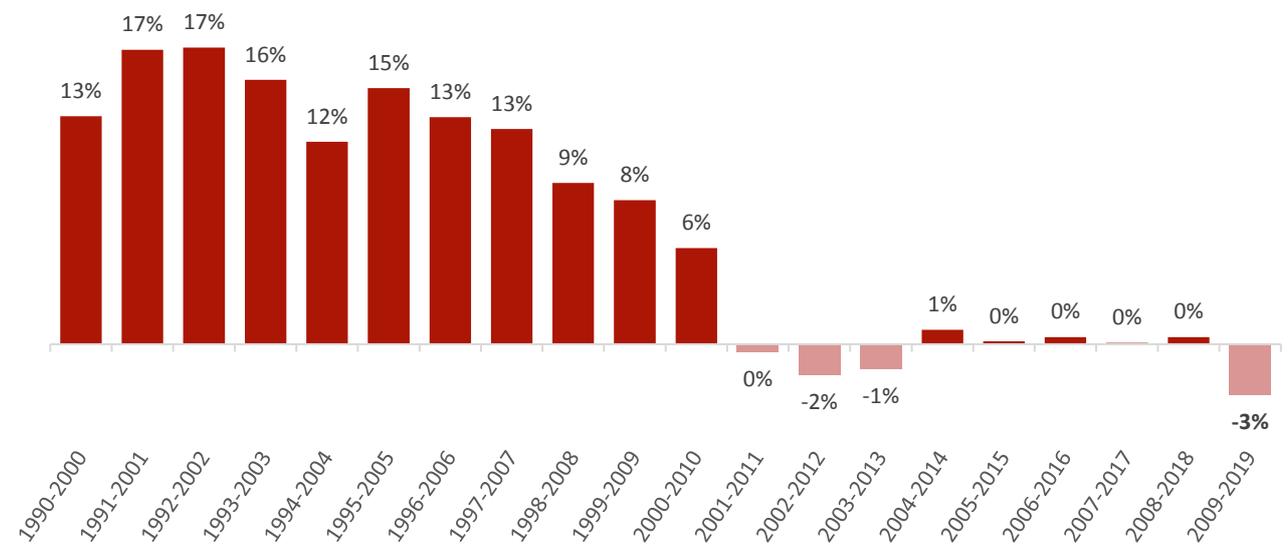
During the twelve months to June 2019 the Jersey RPI increased by 2.8%. Average earnings increased by 2.6% over the same period, meaning that earnings decreased by 0.2% in real terms.

The latest twelve months represents the second consecutive twelve-month period that average earnings have decreased in real terms, following five years of real-term increases (from June 2012 to June 2017).

It is also informative to look at real-term earnings over a longer time period than simply the annual change.

Figure 8 shows 10-year total changes in real-term earnings since the decade ending 2000; the two distinct periods of earnings growth are apparent. Prior to the decade ending 2010, the average 10-year real-term increase in average earnings was around 13%. Since 2011, there has been essentially no improvement in real-term earnings in each of the subsequent 10-year periods.

**Figure 8 - Rolling 10-year total change in average earnings, in real terms**



Percentage changes are presented rounded to the nearest integer.

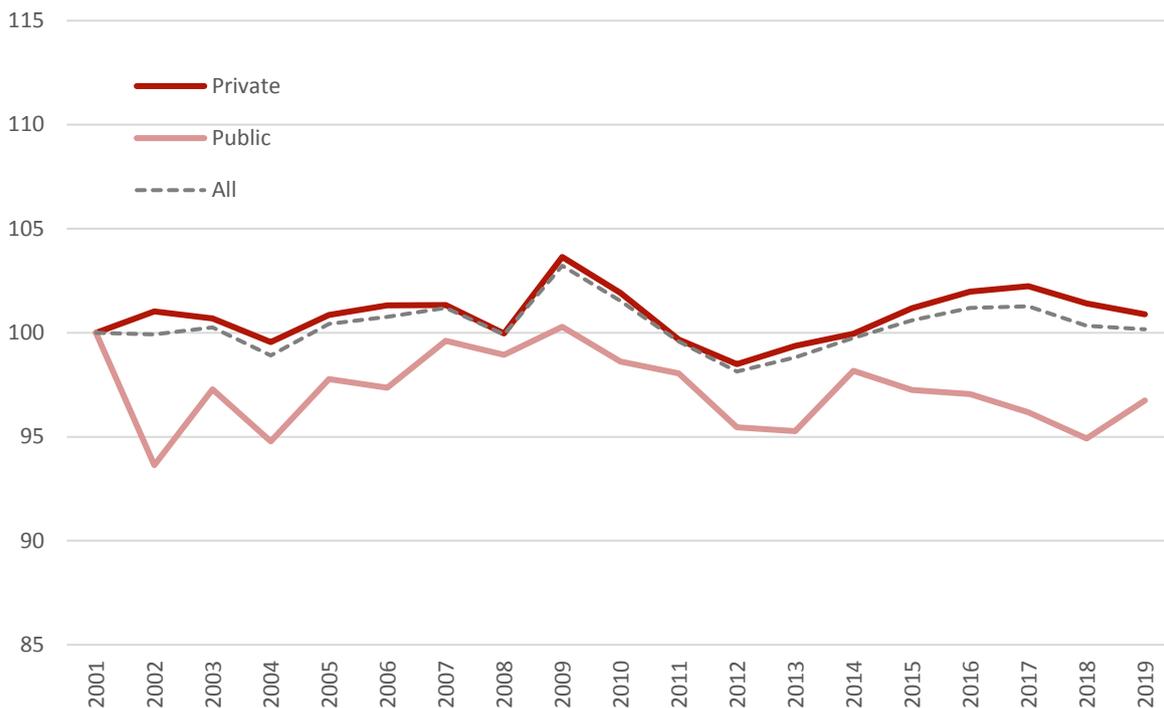
In the most recent 10-year period (2009-2019) average earnings have decreased by 3.0% in real terms.

### Public and private sectors in real terms

Figure 9 shows the real-term average earnings for the public and private sectors separately since 2001, expressed as indices.

**Figure 9 – Index of Average Earnings in real terms for the public and private sectors from 2001 to 2019 (June 2001 = 100)**

June 2001 = 100



Although all-sector earnings have been essentially flat in real terms since 2001, private sector earnings have marginally increased in real terms (up 0.9%) whereas public sector earnings have fallen (down 3.3%) over the 18-year period.

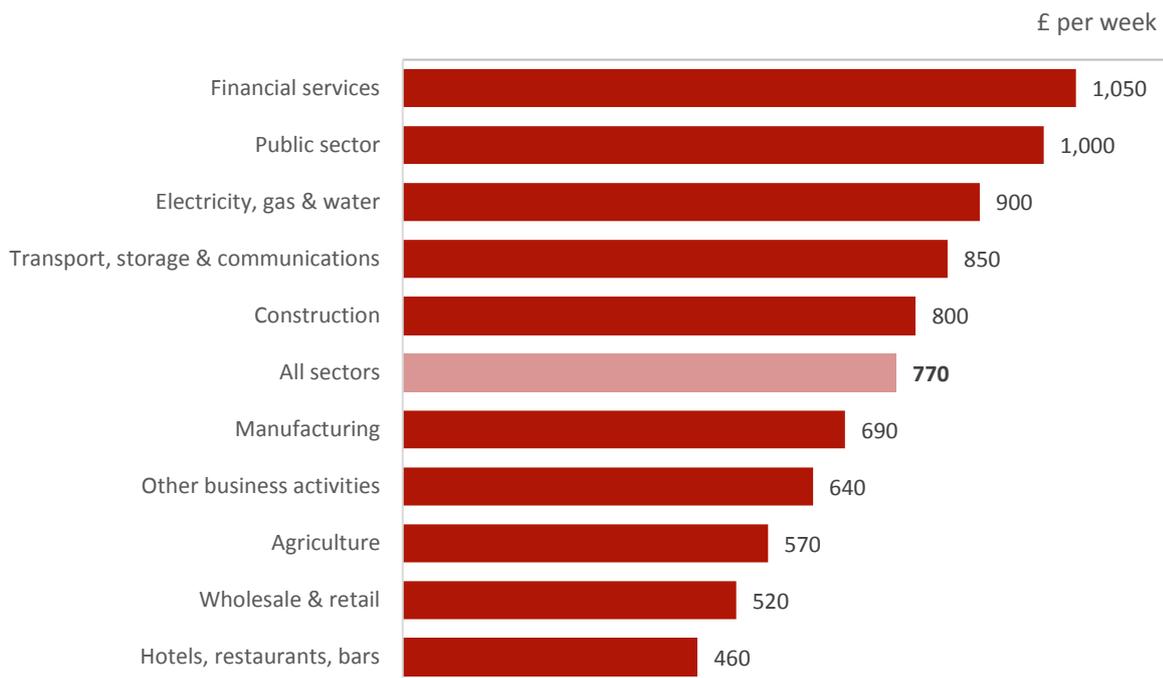
During the latest twelve-month period, average earnings decreased in real terms in the private sector (down 0.5%) and increased in real terms in the public sector (up 1.9%).

## Level of earnings

The methodology used to compile the Index of Average Earnings is specifically designed to measure the change in earnings. However, the data collected also provides information on the level of earnings in June: 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. Part-time workers will, therefore, actually earn a fraction of the weekly averages presented, depending on the proportion of a full-time week worked.

**Figure 10 - Average weekly earnings in June 2019, by sector (£ per week per FTE)**



Based on data recorded for the 2018 Survey of Financial Institutions, bonus payments increase the average earnings of employees in the Finance sector by £130 per week per FTE employee.

Figure 10 shows that mean average weekly earnings for full-time equivalent (FTE) employees in Jersey in June 2019 was £770 per week<sup>6</sup>.

At a sectoral level, average earnings per FTE (excluding bonuses) ranged from £460 per week in hotels, restaurants and bars to £1,050 per week in financial services.

It should be noted when interpreting these results that as a consequence of the earnings distribution being asymmetric (i.e. skewed towards higher values) the mean provides a greater measure of “average” earnings than the median. Analysis of the distribution of incomes from the Jersey Income Distribution Survey (IDS) indicates that around two-thirds of workers earn less than the mean earnings.

The level of average earnings derived from this survey should therefore be considered as an informative measure, particularly for comparisons between sectors.

<sup>6</sup> The figures for the levels of weekly earnings shown in Figure 10 should be considered as estimates with a 95% confidence interval of approximately  $\pm£20$ . See appendix for notes on uncertainty levels for individual sectors.

## Median earnings

A median average cannot be calculated from the company-level data collected for the Index of Average Earnings, since this requires earnings at an individual employee level.

The Jersey Income Distribution Survey (IDS) carried out in 2014/15 collected information on individual employment earnings, enabling an estimate of median employment earnings to be estimated. The results derived from the IDS data have been up-rated from the survey period using the Index of Average Earnings to provide an estimate of median earnings in June 2019 of £610 per week per FTE employee (see the appendix for methodology).

## Comparison with the UK

The earnings measures for the two jurisdictions are not strictly comparable due to differing methodologies<sup>7</sup>; however, it can be inferred that overall average earnings in the UK increased at a higher rate than in Jersey over the year to June 2019 (see Table 2).

Private sector earnings increased at a greater rate in the UK than in Jersey over the twelve months to June 2019, whilst public sector earnings increased at a greater rate in Jersey than in the UK over this period.

**Table 2 – Annual increases in average earnings in Jersey and the UK, June 2019**

	All-sector	Public	Private
Jersey	2.6	4.8	2.3
UK	3.9	3.3	4.0

<sup>7</sup> The Average Earnings Index (AEI) in the UK has been replaced as the headline measure of average earnings by the Average Weekly Earnings (AWE) statistic. The AWE measure uses headcount rather than FTE; furthermore, unlike the AEI, the AWE does not require application of the matched pair approach for respondent companies (see appendix for notes).

## Appendix - 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 Government 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 a “matched pair” of earnings for the current and previous years are included in the final calculation 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.

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 should be considered as estimates with a 95% confidence interval of approximately  $\pm£20$ . The levels of earnings determined for June 2018 using 2019 data are consistent at this level of uncertainty for all sectors.

An estimate of median employment earnings has been produced using data from the 2014/15 Jersey Income Distribution Survey. This approach uses gross earnings of employees and the self-employed (excluding bonuses) to derive an hourly rate, which is then uprated to a full-time equivalent. Earnings data are weighted according to industry, to ensure the sample of jobs is representative of employment in Jersey.

### Response rate and coverage

- 520 firms in the private sector were sent a survey questionnaire and over 360 completed questionnaires were received back, representing a response rate of 72%.
- Of the returned questionnaires, nearly three-quarters 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 half (47%) of all workers in Jersey.

*Statistics Jersey*  
*23 August 2019*

## Appendix – data tables

**Table A1: Index of Average Earnings for Jersey in nominal (headline) and real terms  
- index values and annual percentage changes (at June of each year).**

	Nominal (headline)		Real terms*	
	Index	% Change	Index	% Change
<b>1990</b>	100.0		100.0	
<b>1991</b>	108.6	8.6	100.6	0.6
<b>1992</b>	115.1	6.0	100.4	-0.2
<b>1993</b>	122.1	6.1	102.4	2.0
<b>1994</b>	127.7	4.6	104.3	1.9
<b>1995</b>	130.6	2.3	103.0	-1.2
<b>1996</b>	137.1	5.0	104.9	1.8
<b>1997</b>	143.5	4.7	106.0	1.0
<b>1998</b>	152.7	6.4	107.7	1.6
<b>1999</b>	164.3	7.6	112.3	4.3
<b>2000</b>	173.4	5.5	113.4	1.0
<b>2001</b>	187.4	8.1	118.0	4.1
<b>2002</b>	195.2	4.2	117.9	-0.1
<b>2003</b>	204.3	4.7	118.3	0.3
<b>2004</b>	211.1	3.3	116.7	-1.4
<b>2005</b>	222.2	5.3	118.5	1.5
<b>2006</b>	229.5	3.3	118.9	0.3
<b>2007</b>	240.2	4.7	119.4	0.4
<b>2008</b>	250.6	4.3	117.9	-1.3
<b>2009</b>	258.0	3.0	121.8	3.3
<b>2010</b>	260.9	1.1	119.8	-1.6
<b>2011</b>	267.3	2.5	117.5	-1.9
<b>2012</b>	271.4	1.5	115.8	-1.4
<b>2013</b>	277.4	2.2	116.6	0.7
<b>2014</b>	284.5	2.6	117.7	0.9
<b>2015</b>	289.7	1.8	118.7	0.8
<b>2016</b>	295.8	2.1	119.4	0.6
<b>2017</b>	303.4	2.6	119.5	0.1
<b>2018</b>	314.0	3.5	118.4	-0.9
<b>2019</b>	322.3	2.6	118.2	-0.2

\* The real terms Index of Average Earnings is calculated as the nominal (headline) Index of Average Earnings divided by the Jersey All Items Retail Prices Index (RPI) at June each year.

**Table A2: Annual percentage change in average earnings by sector: 2000 – 2019**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Agriculture</b>	6.0	7.7	-3.3	-2.5	0.6	8.2	6.1	0.0	6.5	5.9	3.3	-10.1	-3.1	12.7	4.5	0.5	1.9	3.0	5.7	3.3
<b>Manufacturing</b>	5.6	7.0	0.2	5.5	3.3	6.5	2.1	3.2	3.8	0.6	1.9	2.3	3.0	2.2	3.7	0.5	2.0	2.9	2.4	3.9
<b>Electricity, gas &amp; water</b>	4.3	4.9	5.1	4.8	4.0	8.7	2.3	3.8	5.0	4.7	2.0	3.3	3.0	3.2	1.4	1.7	2.5	1.7	2.4	3.4
<b>Construction</b>	3.8	4.6	8.3	-1.1	4.4	5.7	2.2	6.7	3.5	2.9	0.2	2.6	1.6	5.2	1.3	1.4	4.1	3.2	6.7	2.1
<b>Wholesale &amp; retail</b>	6.7	4.6	5.0	3.4	3.5	5.5	1.9	3.8	4.2	3.2	1.6	2.8	3.3	0.7	1.4	1.9	2.0	1.9	2.6	2.5
<b>Hotels, restaurants &amp; bars</b>	4.0	10.7	1.8	4.2	3.2	3.2	4.0	2.3	5.1	2.3	1.8	1.5	1.5	1.5	1.6	1.7	3.5	3.5	4.3	4.9
<b>Transport, storage &amp; communications</b>	5.1	7.3	2.3	7.0	3.8	4.6	6.3	4.3	3.1	4.4	1.3	3.3	1.0	0.1	3.1	2.9	1.7	2.2	3.6	1.2
<b>Financial services</b>	7.0	8.4	7.5	5.6	3.4	4.5	3.9	4.9	4.6	3.5	1.0	2.4	2.1	2.6	2.4	3.2	2.5	2.9	2.9	1.8
<b>Other business activities</b>	8.4	8.3	5.6	5.3	3.9	5.0	2.6	3.5	3.5	3.0	1.0	3.1	0.6	1.0	1.8	1.3	1.0	2.8	3.1	2.3
<b>All private sectors</b>	<b>6.4</b>	<b>7.2</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>2.2</b>	<b>1.8</b>	<b>2.4</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>	<b>2.8</b>	<b>3.6</b>	<b>2.3</b>
<b>Public sector</b>	<b>1.1</b>	<b>11.5</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>	<b>3.9</b>	<b>0.3</b>	<b>1.3</b>	<b>4.7</b>	<b>0.0</b>	<b>1.3</b>	<b>1.6</b>	<b>3.1</b>	<b>4.8</b>