

Experimental statistics

Due to the ongoing situation with regards the SARS-CoV-2 pandemic it is important to provide timely information as to the estimated economic impact to Jersey as a result of both the pandemic itself and the various government interventions implemented in response. Statistics Jersey have therefore produced new quarterly estimates of the primary national accounting measures used in Jersey, using administrative data sources supplemented by our existing annual business surveys.

This is the first time these measures have been produced and published on a quarterly basis, and the methodology is still subject to ongoing review and improvements. This report should, therefore, be viewed as preliminary and potentially subject to revision once additional data become available and the analysis refined. There is additional uncertainty around the most recent period estimates, whilst some GST and Social Security returns remain outstanding.

Summary

This report presents estimates for quarterly GVA, individual GVA components and revenue, for the non-finance sectors of Jersey's economy. The estimates presented represent approximately 40% of the total Jersey economy. Excluded are the following:

- finance sector
- public sector
- rental income of private households (real and imputed)

Future work by Statistics Jersey will attempt to also provide estimates for these areas so that monitoring of the entire economy can be presented on a quarterly basis.

Gross Value Added (GVA)

In the second quarter of 2020:

- GVA¹ for the non-finance sectors was 36% lower than in the same quarter of 2019
- most sectors experienced significant drops in GVA, both on an annual and quarterly basis
- the hotels, restaurants and bars sector experienced the largest annual drop in GVA, with GVA being 86% lower than in the same quarter of 2019

Revenue

In the second quarter of 2020:

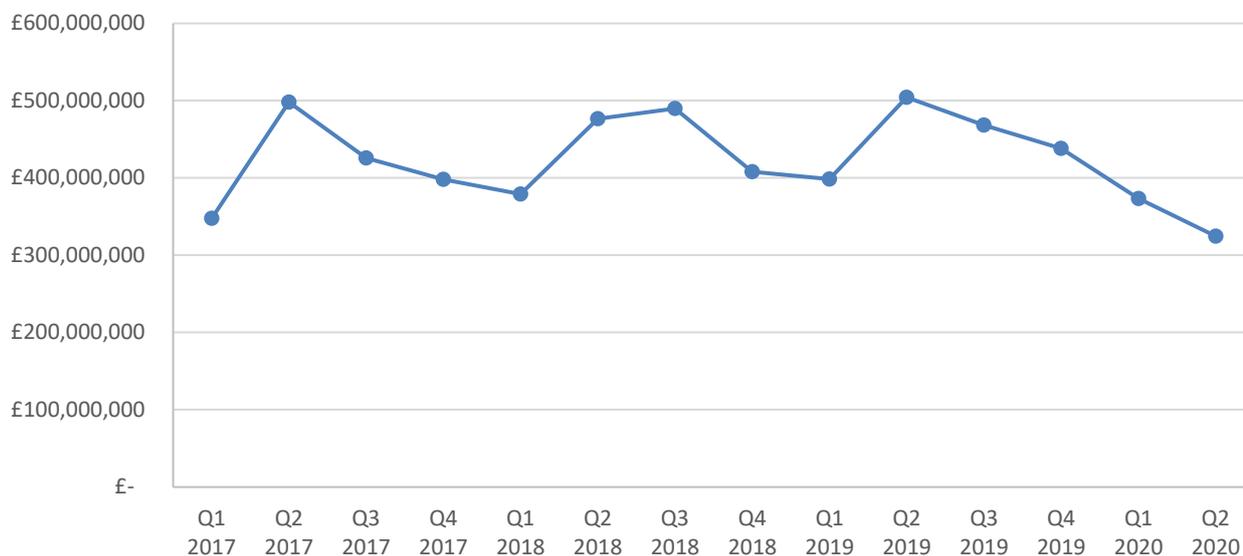
- revenue for the non-finance sectors was 30% lower than in the same quarter of 2019
- most sectors experienced significant drops in revenue, both on an annual and quarterly basis
 - hotels, restaurants and bars experienced the largest annual drop in revenue, with revenue being 70% lower than in the same quarter of 2019

¹ All figures presented in this report are on a nominal basis (i.e. not adjusted for inflation) and at basic prices (see notes)

Gross Value Added

Figure 1 shows the total GVA of Jersey's non-finance sectors for each quarter from Q1 2017 to Q2 2020. Total GVA (at basic prices – see notes) of these sectors in Q2 2020 was £325 million.

Figure 1 Nominal non-finance GVA (basic)



It should be noted that on a quarterly basis the GVA of these sectors is seasonal in nature, with certain sectors (particularly agriculture and hotels, restaurants and bars) observing increased levels of GVA during the summer quarters, and reduced activity throughout winter. Comparisons of a non-seasonally adjusted series are therefore made annually between corresponding quarters.

In the second quarter of 2020, GVA for the non-finance sectors was 36% lower than in the corresponding quarter of 2019.

Table 1 shows the GVA for each of the non-finance sectors of the economy in Q2 2019 and Q2 2020 together with the annual change.

Table 1 GVA (basic) in nominal values: £ million and percentages

	Q2 2019	Q2 2020	Annual change
Agriculture and fisheries	44.3	31.0	-30%
Manufacturing	11.2	10.0	-11%
Electricity, gas and water supply	14.3	15.0	5%
Construction and quarrying	93.7	52.5	-44%
Wholesale and retail trades	79.3	69.2	-13%
Hotels, restaurants and bars	62.1	8.6	-86%
Transport, communication and storage	47.8	33.2	-31%
Other business activities	151.5	105.2	-31%
Total non-finance GVA	504.3	324.6	-36%

Most sectors experienced significant annual falls in GVA during Q2 2020. The hotels, restaurants and bars sector experienced the largest annual fall, with GVA being 86% lower than in the same quarter of 2019.

Components of GVA

The two components of GVA, as measured through the income approach, are gross operating surplus (GOS) and compensation of employees (CoE), in essence “profits” and “earnings”, respectively. Figures 2 and 3 show the total GOS and CoE for the non-finance sectors for each quarter from Q1 2017 to Q2 2020.

Figure 2 Nominal non-finance gross operating surplus

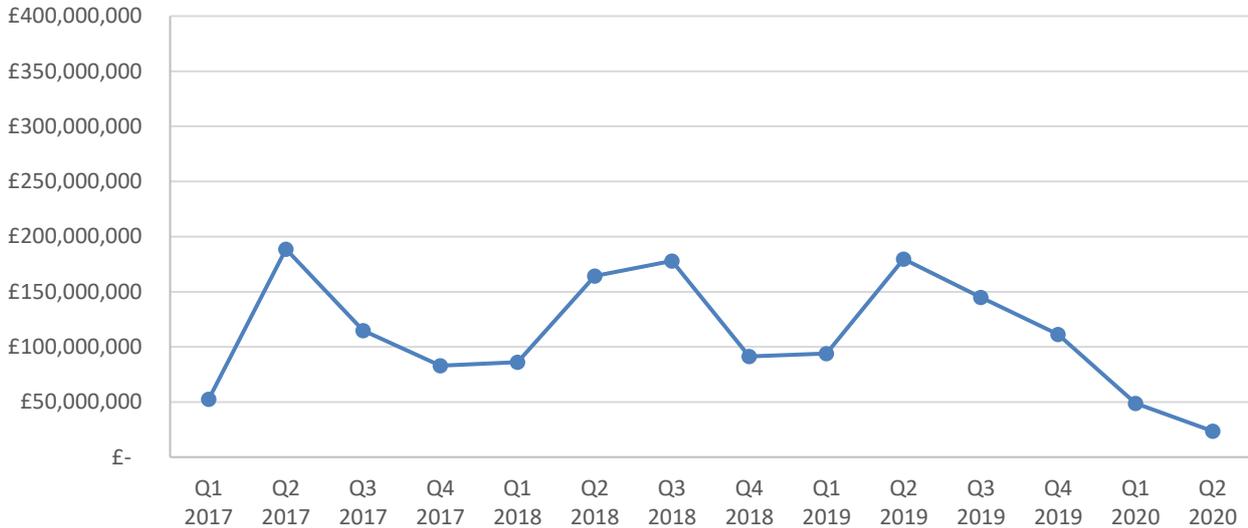
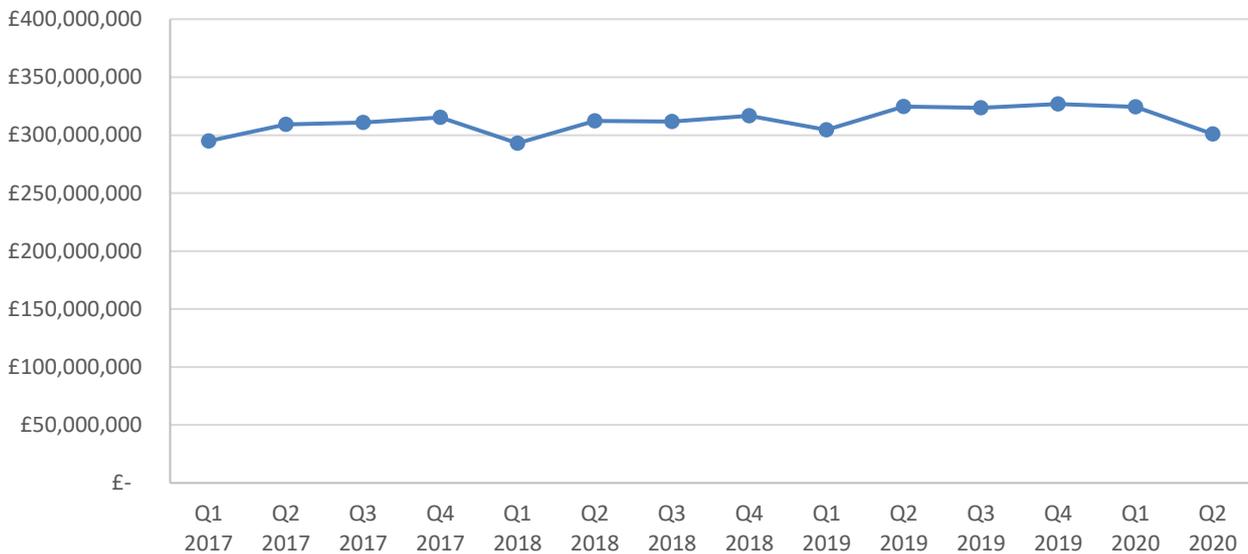


Figure 3 Nominal non-finance compensation of employees



As with the overall level of GVA, these components are also seasonal in nature, with certain sectors (notably agriculture and hotels, restaurants and bars) observing increased levels of GOS during the summer quarters, and reduced GOS throughout winter.

In the second quarter of 2020 GOS for the non-finance sectors was 87% lower than in the corresponding quarter of 2019, whilst CoE was 7% lower over the same period.

Tables 2 and 3 show the contributions of each of these components to GVA in Q2 2019 and Q2 2020 together with the annual change for each of the non-finance sectors.

Table 2 Gross operating surplus in nominal values: £ million and percentages

	Q2 2019	Q2 2020	Annual change
Agriculture and fisheries	33.2	20.4	-39%
Manufacturing	1.1	1.1	0%
Electricity, gas and water supply	7.5	8.2	9%
Construction and quarrying	30.4	-5.1	-117%
Wholesale and retail trades	29.1	21.5	-26%
Hotels, restaurants and bars	25.4	-15.1	-159%
Transport, communication and storage	16.3	2.7	-83%
Other business activities	36.7	-10.1	-128%
Total non-finance GOS	179.6	23.6	-87%

Table 3 Compensation of employees in nominal values: £ million and percentages

	Q2 2019	Q2 2020	Annual change
Agriculture and fisheries	11.1	10.6	-5%
Manufacturing	10.1	8.9	-12%
Electricity, gas and water supply	6.8	6.8	0%
Construction and quarrying	63.3	57.6	-9%
Wholesale and retail trades	50.1	47.7	-5%
Hotels, restaurants and bars	36.8	23.7	-36%
Transport, communication and storage	31.6	30.5	-3%
Other business activities	114.8	115.3	0%
Total non-finance CoE	324.7	301.1	-7%

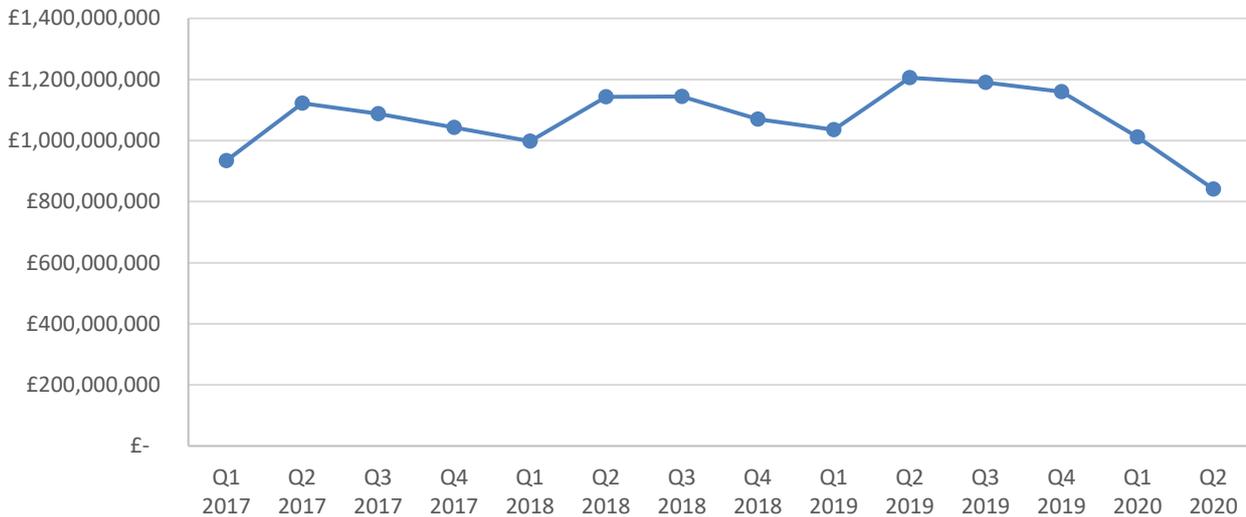
Most sectors experienced significant annual falls in GOS during Q2 2020. The hotels, restaurants and bars sector experienced the largest annual fall, with GOS being 159% lower than in the corresponding quarter of 2019.

In addition, most sectors experienced annual falls in CoE during Q2 2020, although the decreases were generally lower than the corresponding decreases in GOS. The hotels, restaurants and bars sector experienced the largest annual fall, with CoE being 36% lower than in the corresponding quarter of 2019.

Revenue

Figure 4 shows the total revenue of Jersey's non-finance sectors for each quarter from Q1 2017 to Q2 2020. Total revenue of these sectors in Q2 2020 was £841 million.

Figure 4 Total nominal revenue, non-finance sectors



Similar to GVA it should be noted that on a quarterly basis the revenue generated by the non-finance sectors is seasonal in nature, with certain sectors (notably agriculture and hotels, restaurants and bars) observing increased levels of revenue during the summer quarters, and reduced activity throughout winter. Comparisons of a non-seasonally adjusted series are therefore made annually between corresponding quarters.

In the second quarter of 2020 revenue for the non-finance sectors was 30% lower than in the same quarter of 2019.

Table 1 shows the revenue for each of the non-finance sectors of the economy in Q2 2019 and Q2 2020 together with the annual change.

Table 4 Revenue in nominal values: £ million and percentages

	Q2 2019	Q2 2020	Annual change
Agriculture and fisheries	76.7	72.4	-6%
Manufacturing	31.8	24.8	-22%
Electricity, gas and water supply	44.8	43.0	-4%
Construction and quarrying	252.8	168.0	-34%
Wholesale and retail trades	314.8	250.8	-20%
Hotels, restaurants and bars	115.0	34.9	-70%
Transport, communication and storage	110.6	57.1	-48%
Other business activities	259.3	190.4	-27%
Total non-finance revenue	1,205.8	841.5	-30%

Most sectors experienced considerable annual falls in revenue during Q2 2020 with the hotels, restaurants and bars sector experiencing the largest annual fall in revenue, with revenue being 70% lower than in the same quarter of 2019.

Notes

1. Definition of terms

The size of an economy can be measured through three approaches: income (the sum of profits and earnings); output (the difference between output and intermediate purchases); expenditure (the sum of all final expenditure in the economy e.g. consumer and government spending, capital investment, imports and exports). The income and output measures both derive estimates of value added. At present, data exists in Jersey to enable calculation of the income measure only. Under this approach GVA is defined as:

GVA the sum of gross operating surplus (including the “mixed income” of sole traders) and compensation of employees. GVA is evaluated separately for each sector of the economy and is specified in terms of basic prices, i.e. excluding taxes on products and production (GST and impôts) and including subsidies.

2. Standard Industrial Classification

This report uses the UK standard industrial classification (SIC) 2003 system in order to classify businesses into relevant sectors. Starting with the December 2018 Labour Market report, Statistics Jersey is in the process of updating these classifications in line with the revised 2007 classification system, which provides a more up to date and comprehensive structure. At the same time businesses have also been classified to a greater level of detail, potentially allowing more granular sub-sector analysis.

It is intended that in addition to labour market statistics being produced using the 2007 classification system, future national accounts measures, such as GVA, will also be published using this system. It is anticipated that revised estimates, based on the 2007 classification system will be published in the near future. These results will be subject to update and revision in future publications.

Methodology

Two new data sources have been utilised to produce these quarterly estimates:

GST returns: provided by Revenue Jersey. All undertakings registered for GST purposes in Jersey are required to submit quarterly returns. These returns include details of both sales and purchases made by those undertakings in the return period.

Social Security contribution schedules: provided by the Customer and Local Services (CLS) Department. All undertakings that employ staff are required to submit quarterly schedules. These schedules detail who is employed and how much each employee has been paid.

Access to both data sources has been facilitated by the provisions contained within the Statistics and Census (Jersey) Law 2018, with data sharing agreements now being in place between Revenue Jersey, CLS and Statistics Jersey in order to provide regular access to these sources.

These two sources were then manually matched to Statistics Jersey's existing business register (populated primarily from the 6-monthly manpower returns). This produced a combined mapping between all three data sources and the assignment of the reported figures to the standard industry sectors used by Statistics Jersey.

Due to the manual nature of the matching not all entities that reported within the two sources were able to be matched. In addition, due to the nature of the GST system, not all undertakings that would form part of these sectors are required to provide a GST return (those which are not GST registered). Sectoral estimates were therefore produced by weighting the successfully matched entities to produce an estimate for the sectors as a whole.

Overall, coverage was good, with matched GST returns covering approximately 70% of the total FTE of the sectors, with matched Social Security contribution schedules covering approximately 90%.

These two data sources provide proxy indicators for Revenue, Compensation of Employees, overall GVA (and therefore, by extension, the Gross Operating Surplus). They are however imperfect, as these national accounting definitions differ from the measures that businesses are required to report under these sources. Therefore, these quarterly measures were adjusted to reflect the findings of Statistics Jersey's annual business surveys which form the basis of our annual national accounts estimates. For the most recent two periods, encompassing the first half of 2020, adjustments based on previous years surveys were used.

This methodology has been used to provide estimates for the non-finance sectors of Jersey's economy. Currently the majority of undertakings that form part of the finance sector are not required to be registered for GST purposes, and therefore do not provide a GST return. This limits the ability to expand this methodology to include that sector. Statistics Jersey continue to explore additional sources of administrative data as well as survey options to see if quarterly estimates could also be produced.

Appendix – Data tables

Table 5 – Quarterly GVA (basic) in nominal values: £ million

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2017	2017	2017	2017	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020
Agriculture and fisheries	0.1	44.2	8.8	3.7	3.2	39.2	12.0	2.7	3.1	44.3	9.7	1.6	1.9	31.0
Manufacturing	9.9	12.8	13.4	10.0	10.7	12.3	12.0	13.1	9.3	11.2	16.1	13.5	11.6	10.0
Electricity, gas and water supply	19.7	19.1	12.2	11.8	22.4	14.4	13.3	12.6	18.0	14.3	14.3	18.5	17.6	15.0
Construction and quarrying	65.1	99.9	65.1	98.1	75.8	89.0	100.0	81.6	90.1	93.7	73.1	93.2	55.8	52.5
Wholesale and retail trades	76.6	84.4	75.3	68.8	78.5	78.9	79.0	77.6	74.7	79.3	79.9	85.0	83.1	69.2
Hotels, restaurants and bars	21.6	58.3	80.1	34.6	21.6	54.6	82.9	41.0	25.6	62.1	82.7	39.9	22.6	8.6
Transport, communication and storage	41.7	46.5	45.3	40.8	42.5	45.2	47.0	44.3	38.8	47.8	46.9	42.0	38.8	33.2
Other business activities	112.8	132.8	125.5	130.3	124.4	142.8	143.7	135.2	138.7	151.5	145.7	144.2	141.8	105.2
Total non-finance GVA	347.5	498.0	425.7	398.1	379.1	476.4	489.8	408.1	398.3	504.3	468.3	438.1	373.2	324.6

Table 6 – Gross Operating Surplus in nominal values: £ million

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Agriculture and fisheries	-8.8	32.8	0.4	-4.9	-5.4	27.9	3.1	-5.8	-5.8	33.2	0.9	-6.9	-7.1	20.4
Manufacturing	0.6	3.0	3.7	0.1	1.7	2.7	2.1	2.9	-0.5	1.1	5.7	3.1	1.3	1.1
Electricity, gas and water supply	12.8	12.5	5.6	3.8	15.7	7.8	6.5	4.6	11.2	7.5	7.5	10.7	10.6	8.2
Construction and quarrying	7.2	38.8	2.9	33.3	17.7	27.3	38.3	17.2	30.2	30.4	8.8	26.7	-7.5	-5.1
Wholesale and retail trades	29	37.3	28.9	21.3	32.5	30.0	32.5	30.4	28.1	29.1	32.9	37.5	35.0	21.5
Hotels, restaurants and bars	-7.9	23.6	43.1	0.4	-7.8	19.6	45.7	7.2	-5.8	25.4	43.8	4.6	-9.0	-15.1
Transport, communication and storage	11.1	16.2	15.0	11.0	11.5	13.7	16.4	13.1	7.5	16.3	16.0	10.2	5.9	2.7
Other business activities	8.4	24.6	15.3	17.8	20.1	35.3	33.5	21.9	28.9	36.7	29.2	25.4	19.5	-10.1
Total non-finance GOS	52.6	188.7	114.8	82.8	86.1	164.2	178.0	91.5	93.9	179.6	144.8	111.2	48.7	23.6

Table 7 – Compensation of Employees in nominal values: £ million

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2017	2017	2017	2017	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020
Agriculture and fisheries	8.9	11.5	8.4	8.5	8.6	11.4	8.9	8.5	8.9	11.1	8.8	8.6	9.1	10.6
Manufacturing	9.3	9.8	9.8	9.9	9.0	9.6	10.0	10.2	9.8	10.1	10.3	10.4	10.3	8.9
Electricity, gas and water supply	6.9	6.7	6.6	8.0	6.7	6.6	6.8	8.1	6.8	6.8	6.8	7.9	7.0	6.8
Construction and quarrying	57.8	61.0	62.2	64.8	58.1	61.7	61.7	64.4	59.9	63.3	64.3	66.5	63.3	57.6
Wholesale and retail trades	47.6	47.1	46.4	47.5	46.0	48.9	46.5	47.2	46.6	50.1	47.0	47.5	48.1	47.7
Hotels, restaurants and bars	29.5	34.7	37.0	34.2	29.4	35.0	37.2	33.8	31.4	36.8	38.9	35.4	31.6	23.7
Transport, communication and storage	30.5	30.3	30.3	29.8	31.0	31.5	30.6	31.2	31.3	31.6	31.0	31.8	32.9	30.5
Other business activities	104.4	108.2	110.2	112.5	104.2	107.5	110.2	113.2	109.8	114.8	116.5	118.8	122.2	115.3
Total non-finance CoE	294.9	309.3	310.9	315.2	293.0	312.2	311.7	316.6	304.5	324.7	323.5	326.8	324.4	301.1

Table 8 - Revenue in nominal values: £ million

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Agriculture and fisheries	20.3	81.8	32.6	24.8	24.1	75.7	38.0	24.6	21.7	76.7	35.4	22.1	20.6	72.4
Manufacturing	29.1	30.5	32.6	29.3	26.1	29.4	30.1	30.0	28.8	31.8	34.6	32.2	29.5	24.8
Electricity, gas and water supply	52.4	44.6	40.0	43.6	53.9	41.7	38.4	42.7	51.3	44.8	44.3	47.0	55.5	43.0
Construction and quarrying	175.5	216.9	188.4	219.4	205.6	216.1	228.4	222.7	238.3	252.8	246.8	266.8	197.6	168.0
Wholesale and retail trades	299.4	310.7	304.8	317.6	304.3	319.6	311.7	322.9	302.1	314.8	312.1	321.1	299.2	250.8
Hotels, restaurants and bars	73.8	117.4	141.9	94.5	80.0	124.3	148.5	99.5	70.0	115.0	140.9	95.6	69.9	34.9
Transport, communication and storage	84.6	110.1	105.2	89.2	88.8	99.5	111.7	94.0	83.5	110.6	122.9	104.0	80.1	57.1
Other business activities	199.2	210.0	242.3	224.5	214.9	236.6	237.7	233.4	239.6	259.3	253.1	270.9	258.4	190.4
Total non-finance revenue	934.2	1,121.9	1,087.8	1,043.0	997.7	1,142.8	1,144.6	1,069.8	1,035.4	1,205.8	1,190.1	1,159.8	1,010.9	841.5