

Index of Average Earnings June 2009

Statistics Unit: www.gov.je/statistics

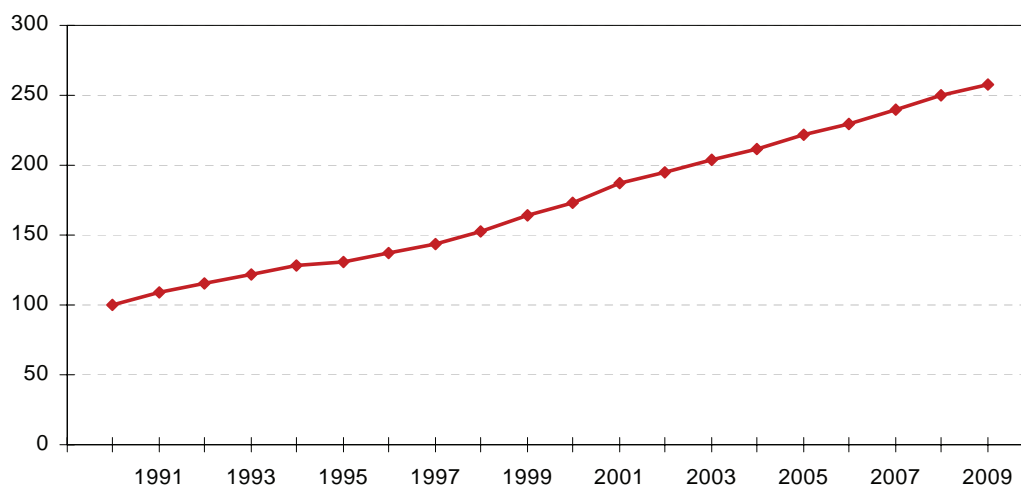
Summary

- In June 2009 the average weekly earnings¹ of workers² in Jersey was 3.0% higher than in June 2008.
- The latest annual increase in average earnings is the lowest since 1995 and is 1.3 percentage points lower than that for the previous twelve-month period (4.3% to June 2008).
- Average earnings in the **private sector overall** increased by 3.3% over the year to June 2009, the lowest annual increase since 1995.
- Increases in average earnings ranged from 0.6% in Manufacturing to 5.9% in Agriculture. Earnings in the Finance sector rose by 3.5%
- The **public sector** saw average earnings increase by 1.0% over the year to June 2009.
- The **average weekly earnings** of full-time equivalent employees (FTE) in Jersey in June 2009 was £620 per week, ranging from £360 per week in Hotels, restaurants and bars to £860 per week in Finance.

Index of Average Earnings

As Figure 1 shows, the Index of Average Earnings rose from 250.6 in June 2008 to 258.0 in June 2009 (on a basis of June 1990 = 100), an annual increase of 3.0%.

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

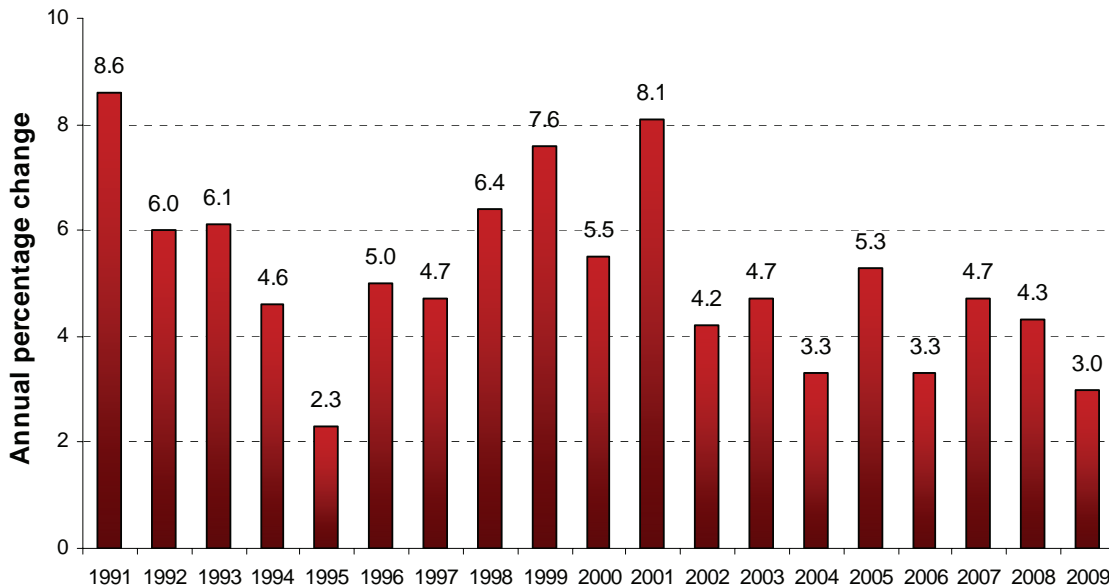


¹ The Index of Average Earnings measures changes in average earnings (gross wages and salaries) that have occurred, and been paid, to workers in Jersey. It includes overtime payments, but excludes bonuses, employers' insurance contributions, holiday pay and benefits in kind (e.g. free accommodation or meals). The 2009 Index measures changes in average earnings received between the last weeks of June 2008 and June 2009.

² 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 rate of increase for 2009 was the lowest annual increase since 1995.

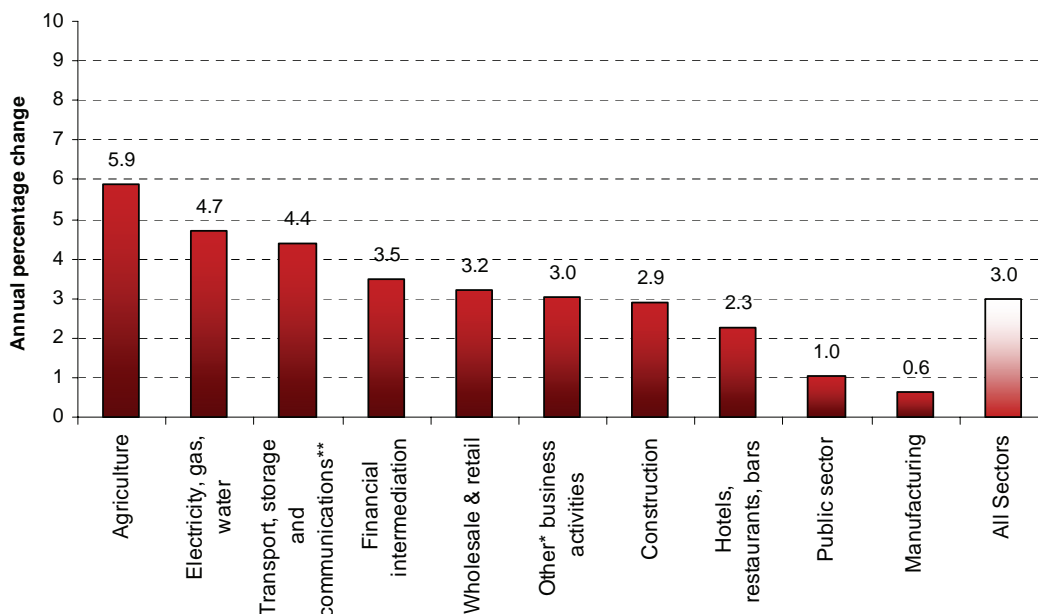
Figure 2 - Annual Percentage Change in Average Earnings



The latest increase is below the long term annual average (5.2% per annum since 1991), and below the preceding five-year average of 4.2% per annum.

Individual Business Sectors

Figure 3 - Annual percentage change in average earnings by sector



* 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, some of the notable movements in earnings of individual business sectors over the twelve months to June 2009 were:

- The Agriculture sector recorded an average increase of 5.9% in earnings, driven predominantly by the 4.8% increase in the minimum wage³ implemented in April 2009.
- The smallest annual increases were seen in Manufacturing (0.6%), the Public sector (1.0%) and Hotels, restaurants and bars (2.3%).
- Average earnings in Financial services rose by 3.5%, which is below the previous five-year average for this sector (4.3% per annum).
- The remaining private sectors saw annual earnings increase by rates of between 3 and 5 percent.

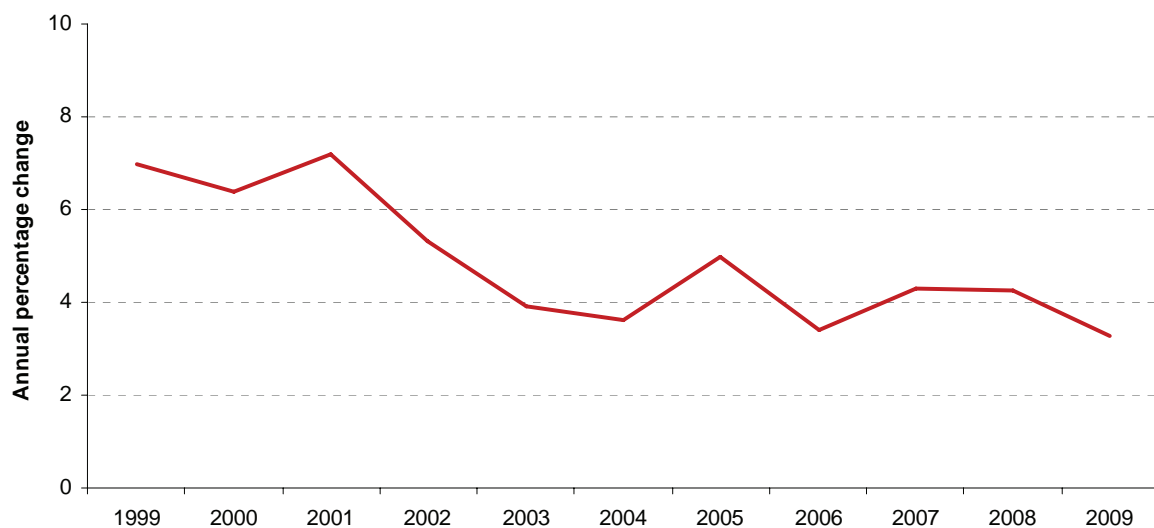
Public sector

In the twelve months to June 2009 public sector earnings rose by 1.0%. No pay award has been implemented for 2009 in this sector. The overall annual rise was due to retrospective pay awards for some pay groups (including teachers and manual workers) and incremental increases.

Private Sector

In recent years the annual rate of increase has been below the levels seen between 1999 and 2001 (see Figure 4). The latest increase (3.3%) is below the preceding five-year average of 4.1% per annum and is the lowest rise since 1995.

Figure 4 - Private Sector: Annual Percentage Change in Average Earnings

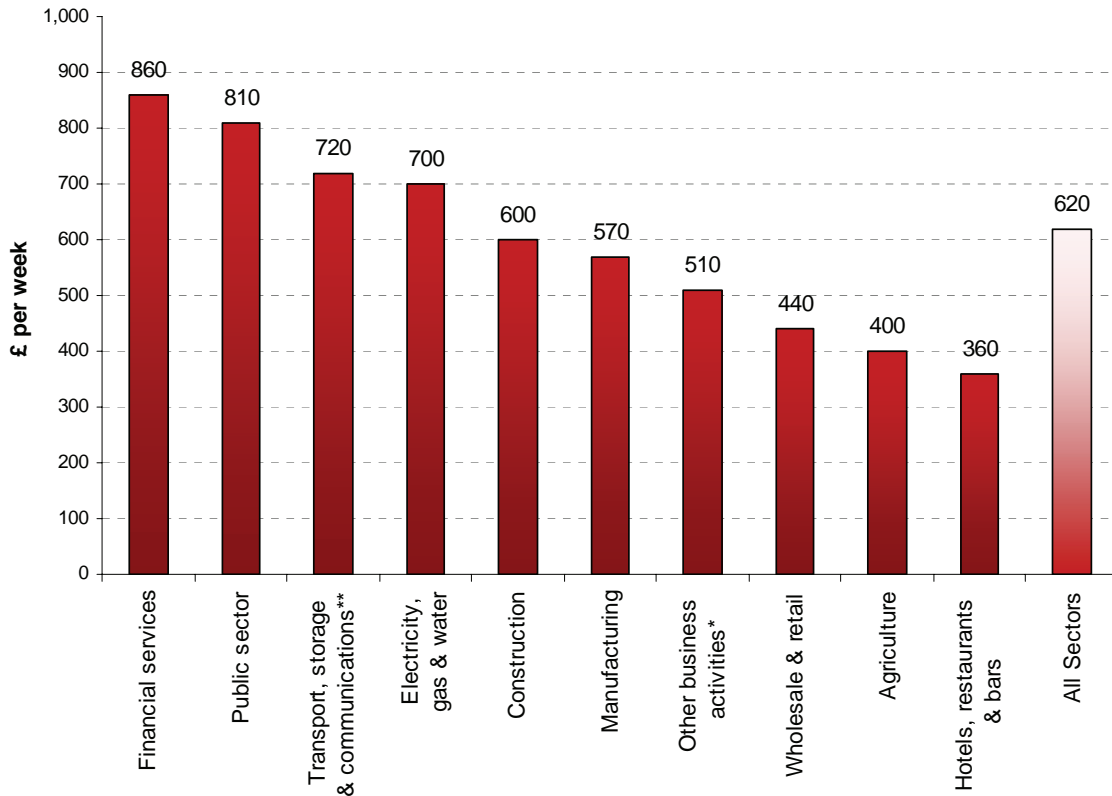


³ Minimum Wage legislation came into effect in Jersey on 1 July 2005, when the minimum hourly rate was set at £5.08. This figure is updated on 1 April each year and in 2009 was set at £6.08 per hour.

Level of Earnings by Sector

The average weekly earnings for full-time equivalent (FTE) employees in Jersey in June 2009 was £620 per week⁴. Average earnings by sector ranged from £360 per week in Hotels, restaurants & bars to £810 per week in the Public sector and £860 per week in Financial services. (Figure 5).

Figure 5 - Average weekly earnings by sector, June 2009 (£ per week)



Based on data recorded for the 2008 Survey of Financial Institutions, bonus payments increase the average earnings of FTE workers in the Finance sector by around £110 per week.

Comparison with the Retail Prices Index

Historically, the long-term growth of earnings in Jersey has increased at a faster rate than retail prices; since 1990 the Jersey RPI has more than doubled, i.e. the index has increased by 112%, whilst earnings have increased by 158% over the same period.

This behaviour is also reflected in the long-term annual averages over the period 1990 to 2009, with earnings increasing by almost one percentage point per annum more than the corresponding increase in the RPI (5.1% and 4.0% per annum for earnings and retail prices, respectively).

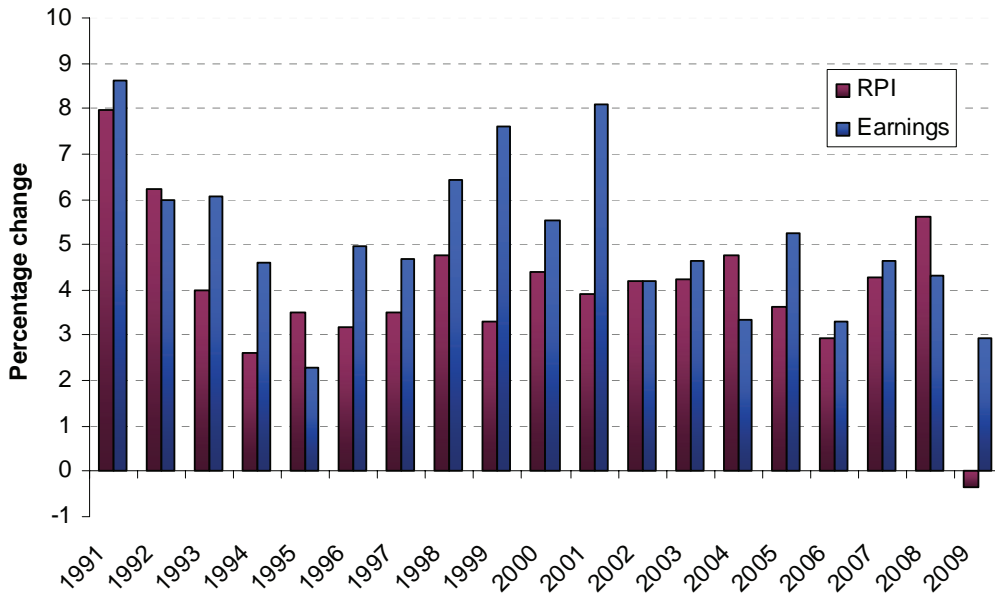
In the twelve months to June 2009 the All-Items RPI fell by -0.4%, driven largely by the cuts in the Bank of England base rate. Average earnings increased by 3.4 percentage points more than prices⁵ over the same period.

⁴ It should be noted that 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 2008 using 2009 data are consistent at this degree of uncertainty for all sectors, and overall, with those published in 2008.

⁵ Wage negotiations are often linked in some way to the Jersey RPI. The published RPI figures over the corresponding period (June 2008 to June 2009) are:
 March 2008, 3.2%; June 2008, 5.6%; September 2008, 6.4%; December 2008, 3.3%; and March 2009, 2.1%.

In 14 out of the last 19 years since 1991, earnings have increased at a greater rate than prices. (See Figure 6)

Figure 6 – Annual percentage changes in Average Earnings and the RPI at June each year



Over the twelve months to June 2009, average earnings in Jersey increased by slightly more than the underlying rates of inflation as measured by RPI(X) and RPI(Y), which saw annual increases of 2.8% and 2.9%, respectively⁶. Earnings over the period, therefore, increased by 0.2 percentage points more than RPI(X) and by 0.1 percentage points more than RPI(Y).

Earnings in Jersey have increased at a faster rate than underlying inflation in seven out of the ten years since RPI(X) was introduced.

Comparison with the UK

The annual change in average earnings to June 2009 was greater in Jersey than in the UK (Table 1), the overall rate of increase of earnings being 0.9 percentage points greater in Jersey.

Private sector earnings also saw a larger annual change in Jersey, increasing by 1.7 percentage points more than in the UK. In contrast, the annual change in public sector earnings was 2.7 percentage points lower in Jersey than the UK.

In both jurisdictions the annual increase in average earnings was greater than that of retail prices. Earnings rose by 3.4 percentage points more than the RPI in Jersey and by 3.7 percentage points more than the RPI in the UK.

With respect to the underlying rate of inflation, the difference between the rates of increase of average earnings and RPI(X) was higher in the UK than in Jersey, by 1.1 and 0.2 percentage points respectively.

⁶ RPI(X) excludes mortgage interest payments; RPI(Y) excludes mortgage interest payments and indirect taxes (such as GST and impôts).

However, in light of the reduction in the rate of VAT in the UK in December 2008, the most direct comparison of earnings with respect to underlying inflation in the two jurisdictions is afforded by RPI(Y). From this perspective, earnings increased by more than prices by similar margins, by 0.1 percentage points in Jersey and by 0.2 percentage points in the UK.

**Table 1 - Annual percentage changes in Average Earnings and Retail Prices:
June 2008 to June 2009**

	Jersey	UK⁷
Average Earnings		
All Sectors	3.0	2.1
Private Sector	3.3	1.6
Public Sector	1.0	3.7
Retail Prices (Annual change to June 2009)		
RPI	-0.4	-1.6
RPI(X)	2.8	1.0
RPI(Y)	2.9	1.9

⁷ Non-seasonally adjusted, single-month percentage changes, 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 for all States of Jersey Departments and a large representative sample of firms in the private sector. The number of employees whose earnings are used to calculate the Index of Average Earnings represents nearly two-thirds (59%) of all workers in Jersey.
- Some 450 firms in the private sector were sent a survey questionnaire; 382 completed questionnaires were received back, representing an overall response rate of 85%.
- Of the returned forms, 93% (covering over 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.
- In the analysis leading to determination of the Index, full- and part-time staff are aggregated as full-time equivalents (FTEs). The average earnings for each sector 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.

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.

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Statistics Unit

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Appendix 1

Index of Average Earnings for Jersey

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

		% Change
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

Appendix 2

Annual percentage change in average earnings by sector: 2002 – 2009

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