

**Context: COVID-19**

This report presents the change in the average earnings paid to full-time equivalent (FTE) employees between the two points in time, June 2020, and June 2021, and is based on an annual survey of businesses run by Statistics Jersey. Part-way through the first reference period, on 12 June 2020, Jersey moved to Level 2 of the Government's Safe Exit Framework, whereby most businesses were permitted to open and trading restrictions were eased. Different government restrictions applied during the second reference period.

Pay estimates are based on employees who received wages and salaries in June 2020 and June 2021 (or the last week of June for weekly-paid employees) and include those who did not work but were still paid and those whose wages were partially refunded to businesses through the Government Co-Funded Payroll Scheme.

**Summary - in June 2021****Change in average earnings**

- average weekly earnings<sup>1</sup> per full-time equivalent employee (FTE)<sup>2</sup> were 3.3<sup>3</sup>% higher than in June 2020
- the latest annual increase was 2.2 percentage points higher than that of the previous twelve-month period (1.1% to June 2020) and was the highest annual change recorded since June 2018
- over the twelve months to June 2021:
  - average earnings in the private sector increased by 3.9%
  - average earnings in the public sector increased by 0.1%
- the latest annual increase in average earnings in the private sector was the highest recorded for 13 years, since 2008
- within the private sector:
  - a decrease in average earnings was recorded by the agriculture sector, down by 1% on an annual basis
  - the hotels, restaurants and bars sector saw the highest rate of annual increase, up 15.7% on an annual basis; this increase should be viewed in the context of the June 2020 figure being 10.2% lower than June 2019, which will have been influenced by the events of the COVID-19 pandemic
  - for the other private sector industries, annual changes in earnings ranged between increases of 1.1% and 7.0%

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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 2021 Index measures changes in average earnings paid between June 2020 and June 2021, on a full-time equivalent (FTE) basis.

<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.

<sup>3</sup> Throughout the report monetary figures are rounded to the nearest £10, all percentages and indices are rounded to 1d.p.

### Real-term change in earnings (adjusting for inflation)

- the headline rate of inflation in Jersey in June 2021 was 3.5%<sup>4</sup>
- in real terms, all-sector average earnings in June 2021 were 0.2% lower than in June 2020
  - average earnings in the private sector were 0.4% higher in real terms than in June 2020
  - average earnings in the public sector were 3.2% lower in real terms than in June 2020
- over the last 10 years, since 2011, all-sector average earnings have increased in real terms by 0.9%

### Level of average earnings

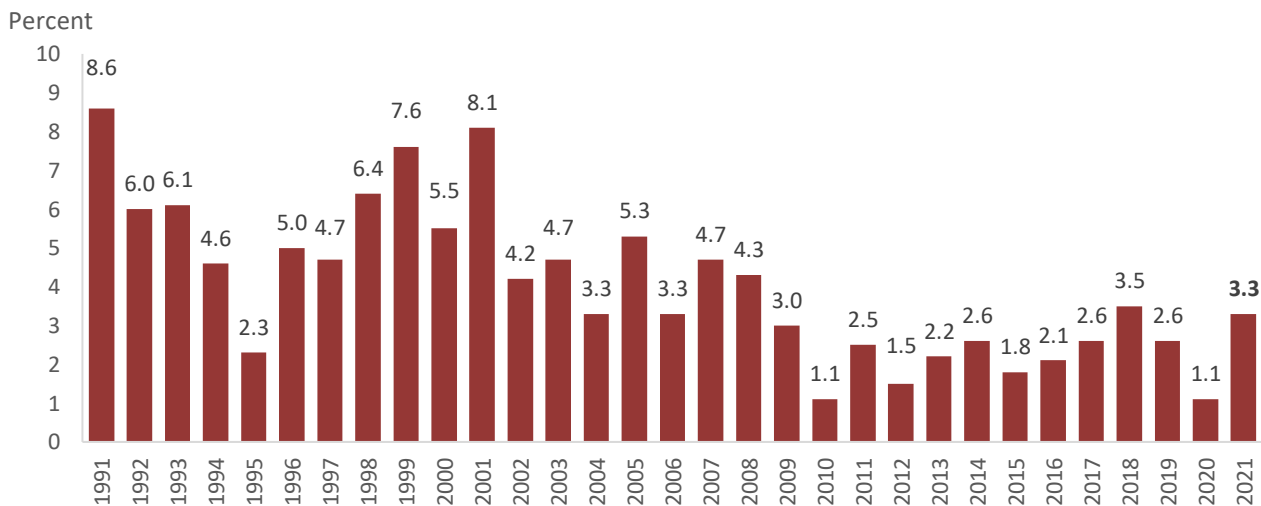
- **median** average weekly earnings of full-time equivalent (FTE) employees was £630 per week
- **mean** average weekly earnings of full-time equivalent employees was £820 per week

### 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 2021 all-sector average earnings were 3.3% higher than in June 2020.

The latest annual increase is 2.2 percentage points lower than that recorded over the previous twelve-month period (1.1% to June 2020).

Figure 1 – Annual percentage change in the Index of Average Earnings, 1991-2021



The latest annual increase is the highest recorded since June 2018.

The latest increase is higher than the preceding five-year annual average of 2.4% per year, and below the long-term annual average of 4.0% per year since 1990.

<sup>4</sup> As measured by the annual change in the Jersey Retail Prices Index (RPI). The real-term change in average earnings is calculated from the respective indices, which are published rounded to 1 decimal place.

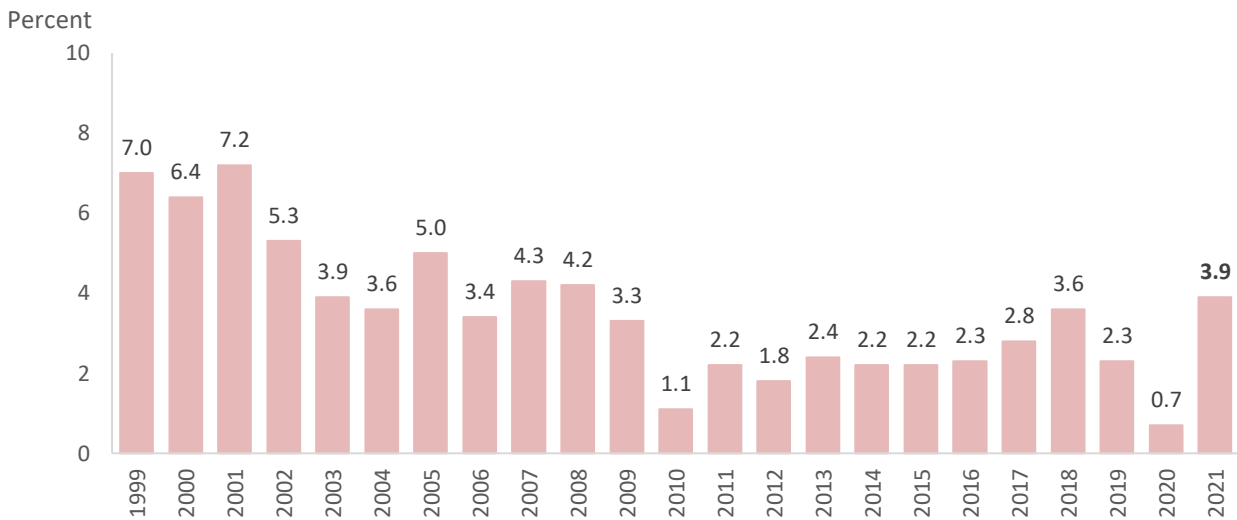
**Private sector**

Over the twelve months to June 2021, average earnings in the private sector, overall, rose by 3.9%. This latest annual increase was the highest since June 2008.

This latest annual increase is above the preceding five-year annual average of 2.3% per year and higher than the increase seen for the previous twelve-month period (0.7% to June 2020) – see Figure 2.

Between 1999 and 2008, earnings in the private sector had increased at an average annual rate of 4.8% per year. For the subsequent 11-year period, from 2009 to 2020, the average annual increase was 2.2% per year.

Figure 2 – Private sector annual percentage change in average earnings from 1999 to 2021

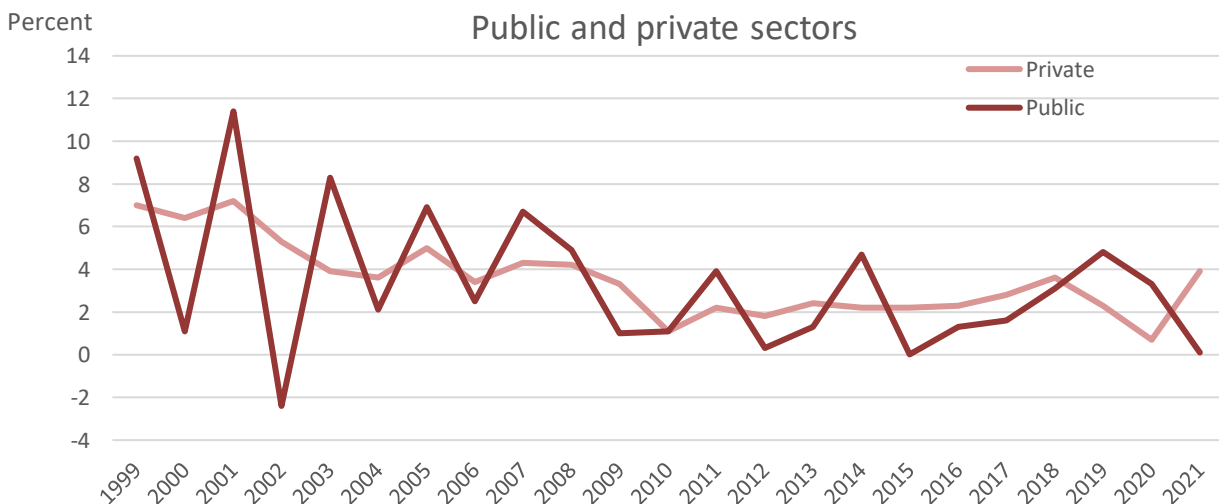


**Public sector**

Average earnings in the public sector increased by 0.1% over the twelve months to June 2021. Some pay groups in the public sector recorded lower levels of overtime and hours worked in 2021 compared to 2020. This, together with some pay awards not having yet been agreed, contributed to the overall level of increase observed being below that of the headline pay award (of 0.9%).

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, as is apparent in Figure 3.

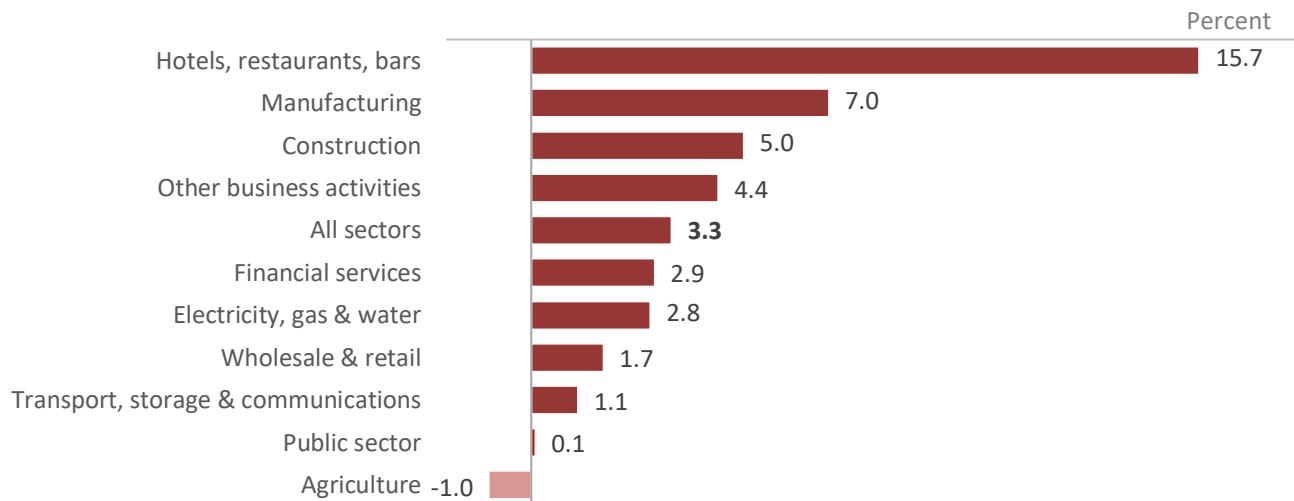
Figure 3 – Public and private sector annual percentage change in average earnings from 1999 to 2021



## Individual business sectors

Figure 4 shows that the change in average earnings for the individual business sectors over the year to June 2021 ranged from an annual increase of around 16% to a fall of 1%.

Figure 4 – Annual percentage change in average earnings by sector, June 2021



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.

Changes in average earnings for the individual sectors included:

- average earnings in agriculture fell by 1% on an annual basis. Hours worked in the sector were slightly lower in June 2021 compared to June 2020
- average earnings in hotels, restaurants and bars increased by 15.7% on an annual basis, partially attributable to a return to more regular hours worked, in June 2020 substantially fewer hours and less overtime were worked as a result of the COVID-19 restrictions which drove a 10.2% decrease from June 2019 to June 2020. The other driving factor was some companies reported awarding substantial pay increases in order to retain staff
- manufacturing saw an increase of 7% in average earnings; this was the highest annual increase recorded for this sector since 2001, this was driven by pay increases and significantly more overtime worked in the sector
- the construction sector recorded an increase of 5% in average earnings, this was driven by increased hours worked in the sector and some companies reported awarding substantial pay increases in order to retain staff
- average earnings (excluding bonuses) in the finance sector rose by 2.9%; this was higher than the increase seen in the previous two years (2.1% and 1.8% in June 2020 and 2019 respectively) and above the preceding 5-year average of 2.4% per year
- average earnings in the other business activities sector rose by 4.4% on an annual basis; this sector includes a wide range of businesses and includes care homes, cleaning companies, private education and leisure services
- average earnings in the public sector increased by 0.1%; this was lower than the previous annual increase (3.3% over the twelve months to June 2020) and was lower than the previous 5-year average of 2.8% per year for this sector

### Average earnings in real terms

The change in average earnings may be considered 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 in 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 almost 237%. After adjusting for inflation, average earnings have increased by 19% over this 31-year period.

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

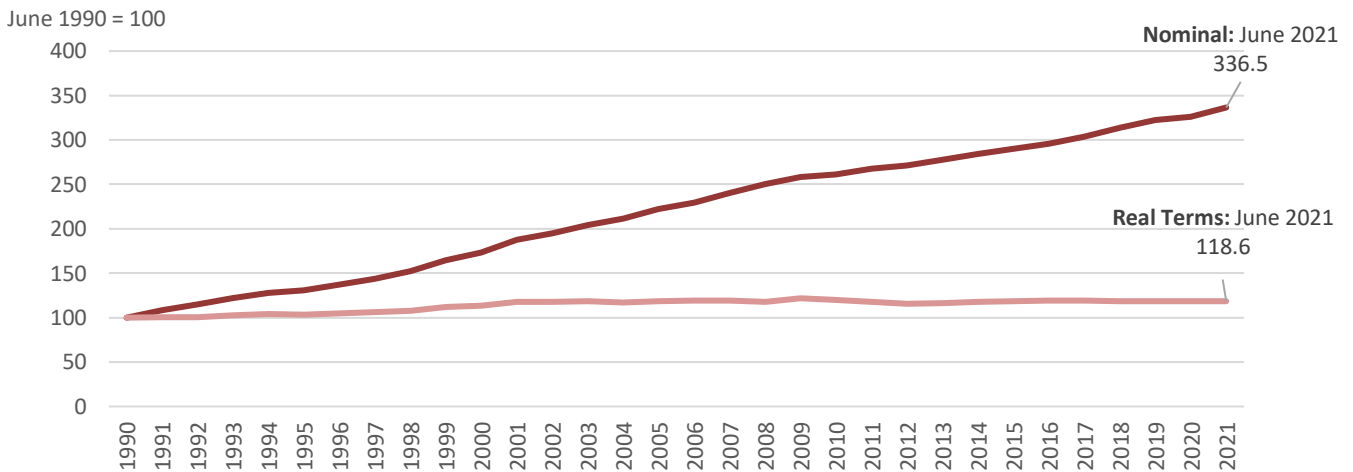
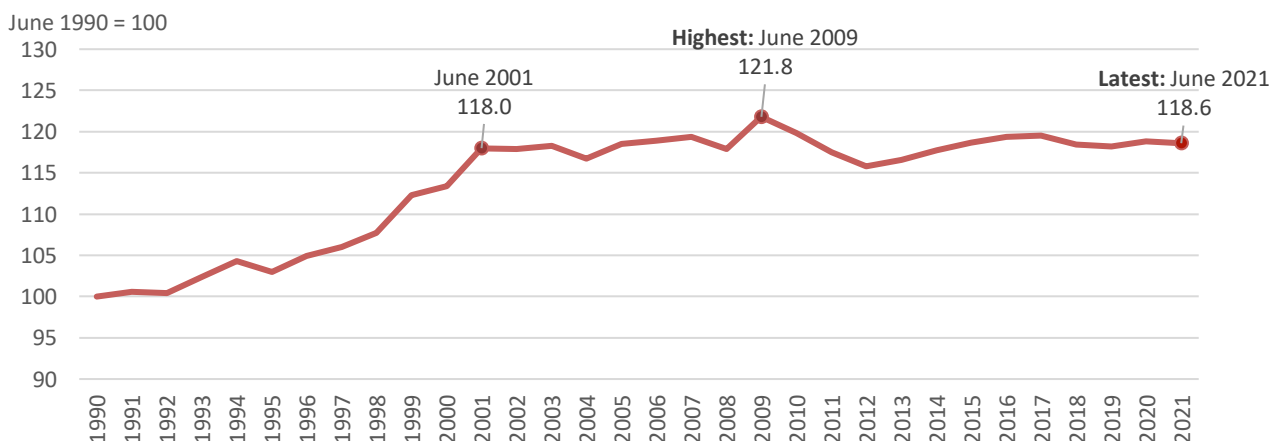


Figure 6 shows the Index of Average Earnings in real terms since 1990. It is apparent that there have been two periods of real-term change in average earnings in Jersey:

- 1990-2001 saw real-term growth in earnings of more than a sixth (18%) over the period
- 2001-2021 saw earnings remain essentially flat in real terms, increasing by 0.5% over the 20-year period

Figure 6 – Index of Average Earnings in real terms from 1990 to 2021 (June 1990=100)

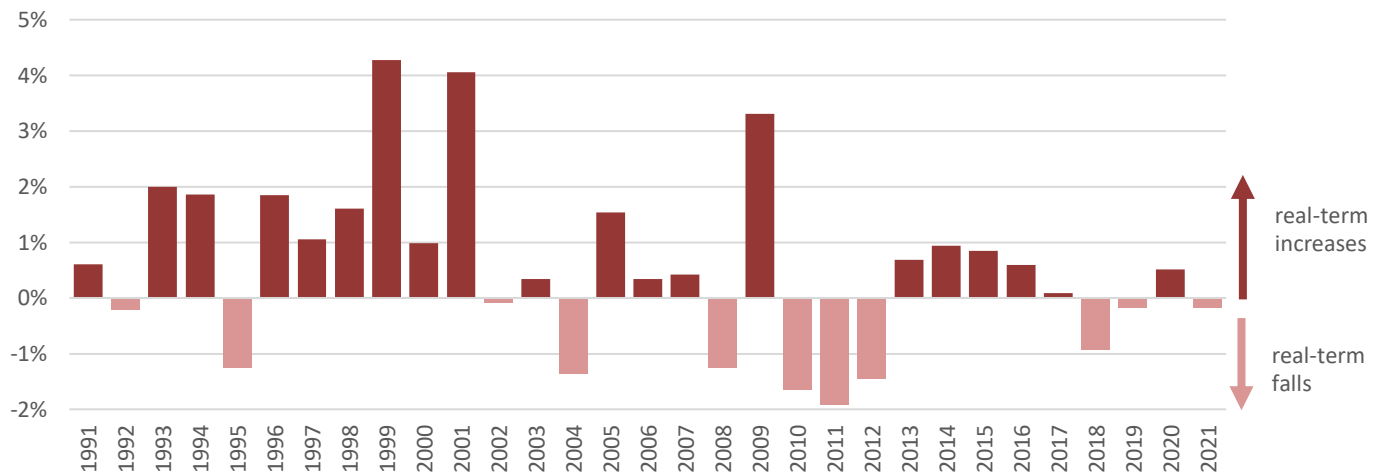


Average earnings in real terms in June 2021 remain below the level seen in June 2009.

<sup>5</sup> The increases in retail prices used in this analysis are based on the indices in June of each year and can be found in the following report for June 2021: <https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Latest%20RPI%2020180518%20SJ.pdf>

Figure 7 shows the real-term annual percentage change in average earnings for each year from 1991 to 2021.

Figure 7 – Real-term annual percentage change in the Index of Average Earnings, 1991 to 2021



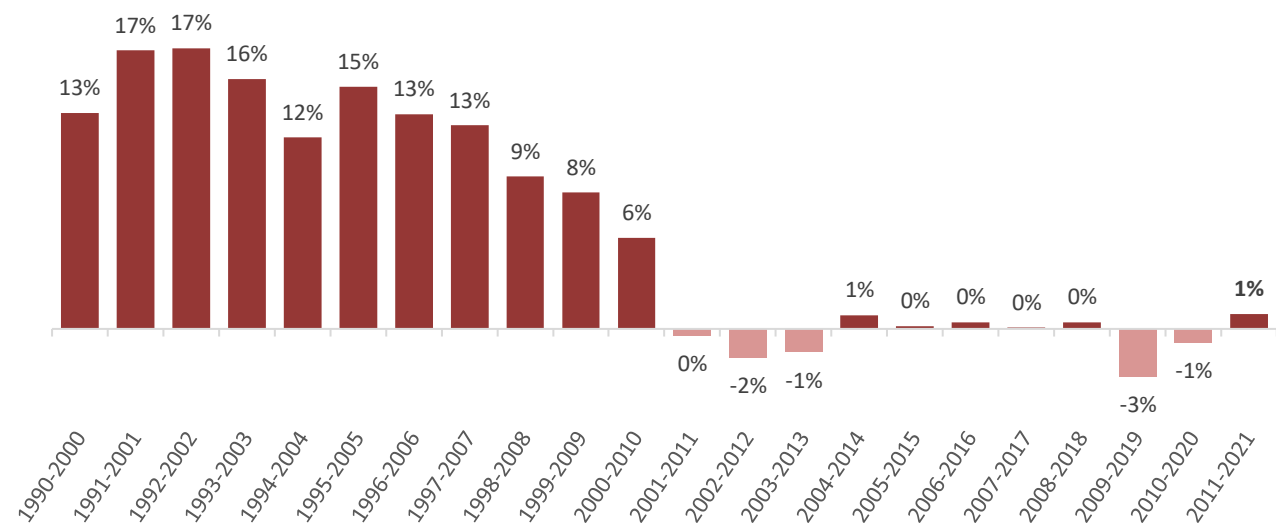
During the twelve months to June 2021 the Jersey RPI increased by 3.5%, representing the highest headline rate of inflation since 2018. Over the same period, average earnings increased by 3.3%, meaning that earnings decreased by 0.2% in real terms.

The latest twelve months represents the third time in four years that earnings have decreased in real terms.

The real-term earnings may also be considered 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



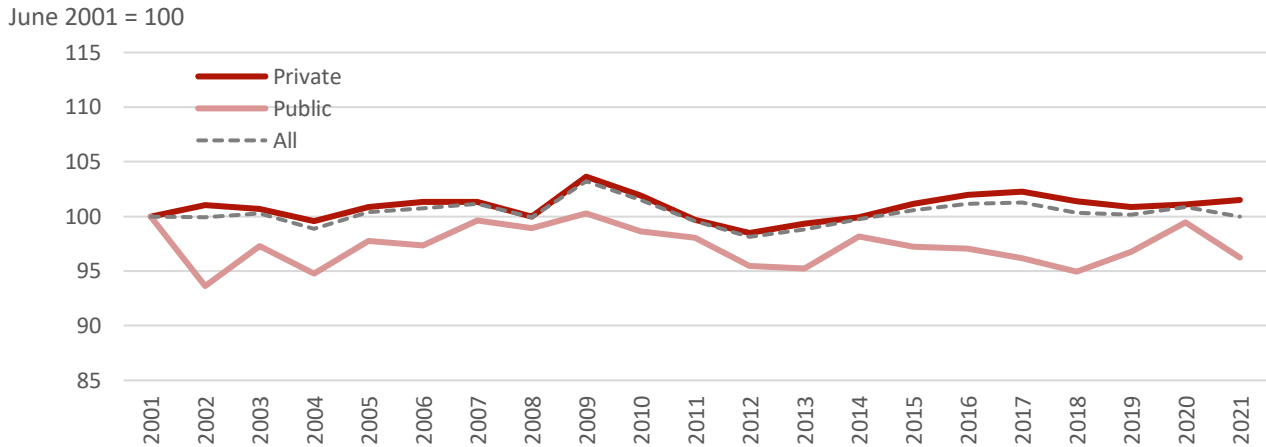
Percentage changes are presented rounded to the nearest integer.

In the most recent 10-year period (2011-2021) average earnings have increased by 0.9% in real terms.

## Public and private sectors in real terms

Figure 9 shows 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 2021 (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 1.5%) whereas public sector earnings have fallen (down 3.8%) over the 20-year period.

During the latest twelve-month period, average earnings in the public sector decreased by 3.2%<sup>6</sup> in real terms and increased by 0.4% in real terms in the private sector.

## Level of earnings

The methodology used to compile the Index of Average Earnings is specifically designed to measure the change in average 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.

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 higher measure of “average” earnings than the median.

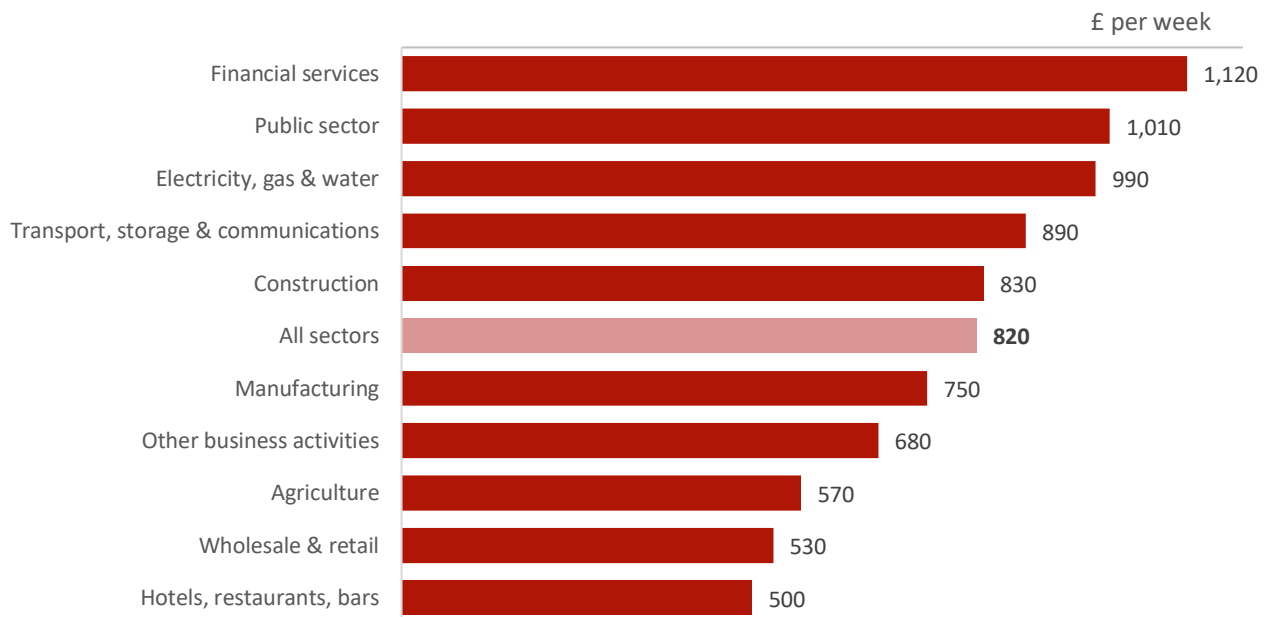
Analysis of the distribution of incomes from the Jersey Income Distribution Survey (IDS) indicates that around two-thirds of workers earn less than the mean earnings. The level of average earnings derived from this survey should therefore be considered as an indicative measure, particularly for comparisons between sectors.

<sup>6</sup> Real term change is calculated using published, rounded indices for the AEI and RPI. As such it is not directly calculable from rounded the percentage changes of these indices.

Figure 10 shows that mean average weekly earnings for full-time equivalent (FTE) employees in Jersey in June 2021 was £820 per week<sup>7</sup>.

At a sectoral level, average earnings per FTE (excluding bonuses) ranged from £500 per week in hotels, restaurants and bars to £1,120 per week in financial services.

Figure 10 – Average weekly earnings in June 2021, by sector (£ per week per FTE)



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

Other business activities includes the miscellaneous business activities sector and private sector Education, health and other services

### 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 determined.

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 2021 of £630 per week per FTE employee (see the [appendix](#) for methodology).

<sup>7</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 ±£20. See [appendix](#) for notes on uncertainty levels for individual sectors.



## Comparison with the UK

The earnings measures for the two jurisdictions are not strictly comparable due to differing methodologies<sup>8</sup>. However, it can be inferred that overall average earnings in the UK increased whilst earnings in Jersey increased over the year to June 2021 (see Table 1).

Table 1 – Annual increases in average earnings in Jersey and the UK<sup>9</sup>, June 2021

	All-sector	Public	Private
Jersey	3.3	0.1	3.9
UK	7.2	2.3	8.3

Private sector earnings increased in the UK (8.3%) and increased in Jersey (3.9%) over the twelve months to June 2021.

Within the individual UK private sectors<sup>10</sup>, annual increases were seen in all SIC 2007 sectors, accommodation and food service activities (16.2%), construction (11.5%), retail trade and repairs<sup>11</sup> (1.8%) and manufacturing (6%). The finance and business services sector in the UK recorded an increase of 10.4%.

Public sector earnings increased at a lower rate in Jersey than in UK over the twelve months to June 2021 (up by 0.1% and 2.3% respectively).

<sup>8</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).

<sup>9</sup> Non-seasonally adjusted figures

<sup>10</sup> UK industries are classified using the 2007 Standard Industrial Classification (SIC) whereas this report uses the 2003 SIC classification for Jersey. The UK industries are published at differing levels of disaggregation to those for Jersey, therefore industries for the two jurisdictions should only be considered as broadly comparable.

<sup>11</sup> The wholesale trade sector increased by 10.4%

## 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 tax, 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 2020 using 2021 data are consistent at this level of uncertainty for all sectors except construction, hotels, restaurants and bars, other business activities, transport storage and communication. The variation is due to revisions in the 2020 data to ensure comparison on a like-for-like basis with the current year. However, the change in average earnings for these sectors, and overall, are unaffected by the changes in level.

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

- 490 eligible firms in the private sector were sent a survey questionnaire and around 330 completed questionnaires were received back, representing a response rate of 67%.
- Of the returned questionnaires, over four-fifths 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 around half (50%) of all workers in Jersey.

*Statistics Jersey, 27 August 2021*

## Appendix – data tables<sup>12</sup>

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
<b>2020</b>	325.8	1.1	118.8	0.5
<b>2021</b>	336.5	3.3	118.6	-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.

<sup>12</sup> Data tables can be downloaded from <https://opendata.gov.je/dataset/average-earnings-index>

Table A2: Annual percentage change in average earnings by sector: 2001-2021

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Agriculture</b>	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	-11.9	-1.0
<b>Manufacturing</b>	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	2.0	7.0
<b>Electricity, gas &amp; water</b>	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	0.0	2.8
<b>Construction</b>	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	0.6	5.0
<b>Wholesale &amp; retail</b>	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	0.6	1.7
<b>Hotels, restaurants &amp; bars</b>	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	-10.2	15.7
<b>Transport, storage &amp; communications</b>	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	1.9	1.1
<b>Financial services</b>	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	2.1	2.9
<b>Other business activities</b>	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	3.2	4.4
<b>All private sectors</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>0.7</b>	<b>3.9</b>
<b>Public sector</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>	<b>3.3</b>	<b>0.1</b>