

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 2021, and June 2022. It is based on an annual survey of businesses run by Statistics Jersey. During the first reference period a number of different government restrictions applied as a result of the Covid-19 pandemic. No such restrictions were present in June 2022.

Pay estimates are based on employees who received wages and salaries in June 2021 and June 2022 (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 during June 2021.

Summary - in June 2022**Change in average earnings**

- average weekly earnings¹ per full-time equivalent employee (FTE)² were 6.2³% higher than in June 2021
- the latest annual increase was 2.9 percentage points higher than that of the previous twelve-month period (3.3% to June 2021) and was the highest annual change recorded since June 2001
- over the twelve months to June 2022:
 - average earnings in the private sector increased by 6.7%
 - average earnings in the public sector increased by 3.1%
- the latest annual increase in average earnings in the private sector was the highest recorded for 21 years, since 2001
- within the private sector:
 - the lowest increase in average earnings was recorded by the manufacturing sector, essentially unchanged (up by 0.3%) on an annual basis
 - the agriculture sector saw the highest annual increase, up 21.1% on an annual basis; this increase should be viewed in the context of the sector seeing falls in average earnings in the prior two years, and a 10.8% increase in the minimum wage on 1 January 2022
 - for the other private sector industries, annual increases in earnings ranged between 3.0% and 11.9%

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 2022 Index measures changes in average earnings paid between June 2021 and June 2022, on a full-time equivalent (FTE) basis.

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.

³ Throughout the report monetary figures are rounded to the nearest £10, all percentages and indices are rounded to 1dp.

Real-term change in earnings (adjusting for inflation)

- the headline rate of inflation in Jersey in June 2022 was 7.9%⁴
- in real terms, all-sector average earnings in June 2022 were 1.6% lower than in June 2021, the largest fall since June 2011
 - average earnings in the private sector were 1.1% lower in real terms than in June 2021, the largest fall since June 2012
 - average earnings in the public sector were 4.4% lower in real terms than in June 2021, the largest fall since June 2002
- over the last 10 years, since 2012, all-sector average earnings have increased in real terms by 0.8%

Level of average earnings

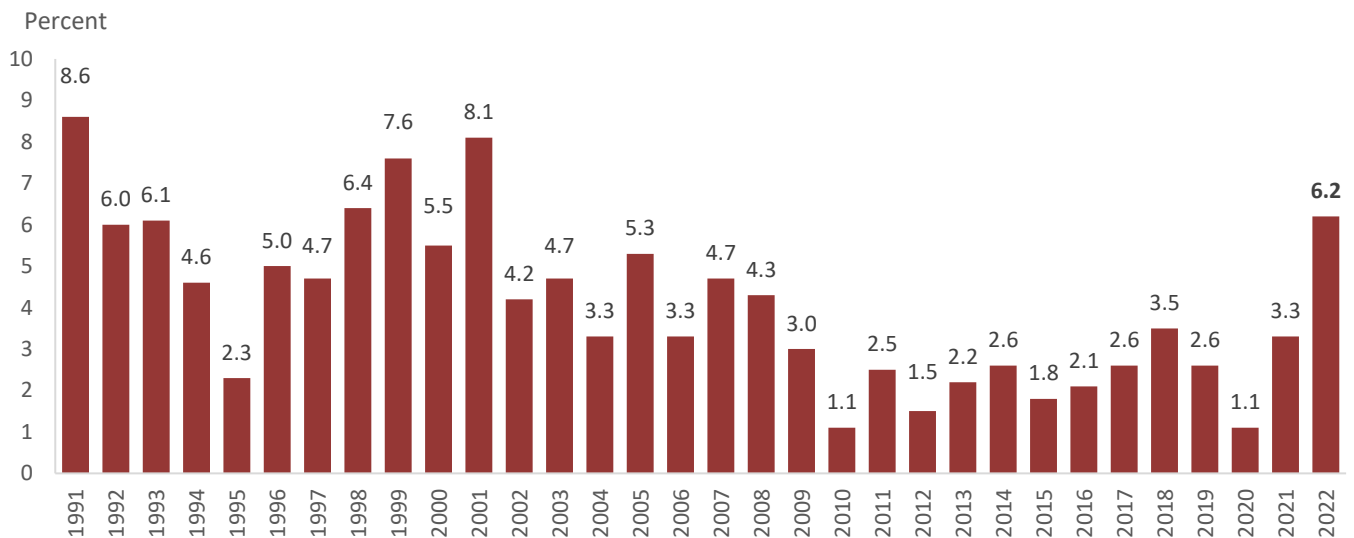
- **median** average weekly earnings of full-time equivalent employees was £750 per week
- **mean** average weekly earnings of full-time equivalent employees was £860 per week

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 2022 all-sector average earnings were 6.2% higher than in June 2021.

The latest annual increase is 2.9 percentage points higher than that recorded over the previous twelve-month period (3.3% to June 2021).

Figure 1 – Annual percentage change in the Index of Average Earnings, 1991-2022



The latest annual increase is the highest recorded since June 2001.

The latest increase is higher than the preceding five-year annual average of 2.6% per year, and higher than the long-term annual average of 4.0% per year since 1990.

⁴ 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.

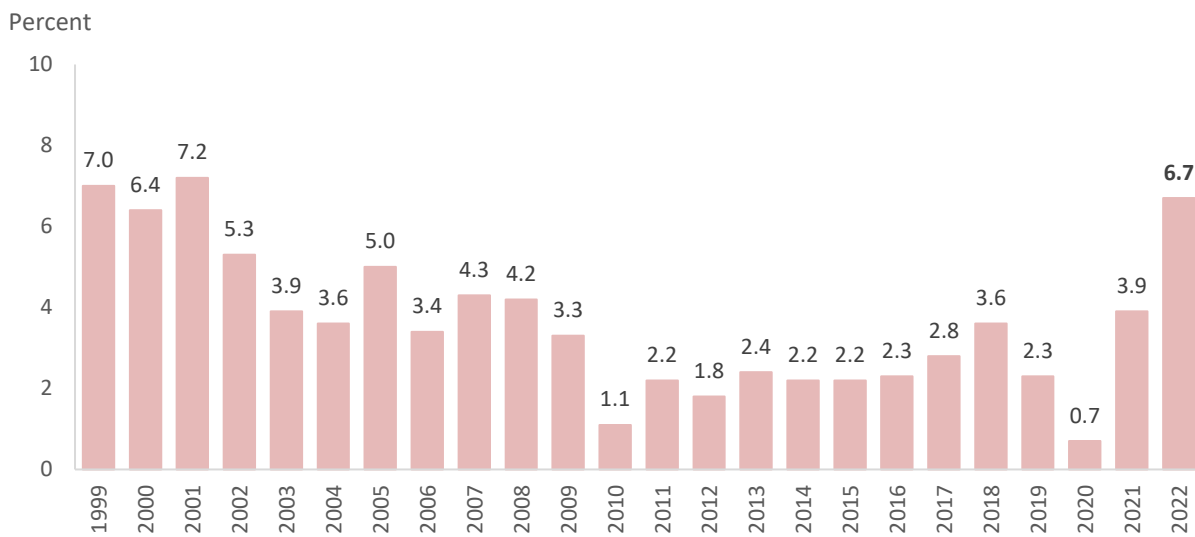
Private sector

Over the twelve months to June 2022, average earnings in the private sector, overall, rose by 6.7%. This latest annual increase was the highest since June 2001.

This latest annual increase is above the preceding five-year annual average of 2.7% per year and higher than the increase seen for the previous twelve-month period (3.9% to June 2021) – 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 12-year period, from 2009 to 2021, the average annual increase was 2.3% per year.

Figure 2 – Private sector annual percentage change in average earnings from 1999 to 2022

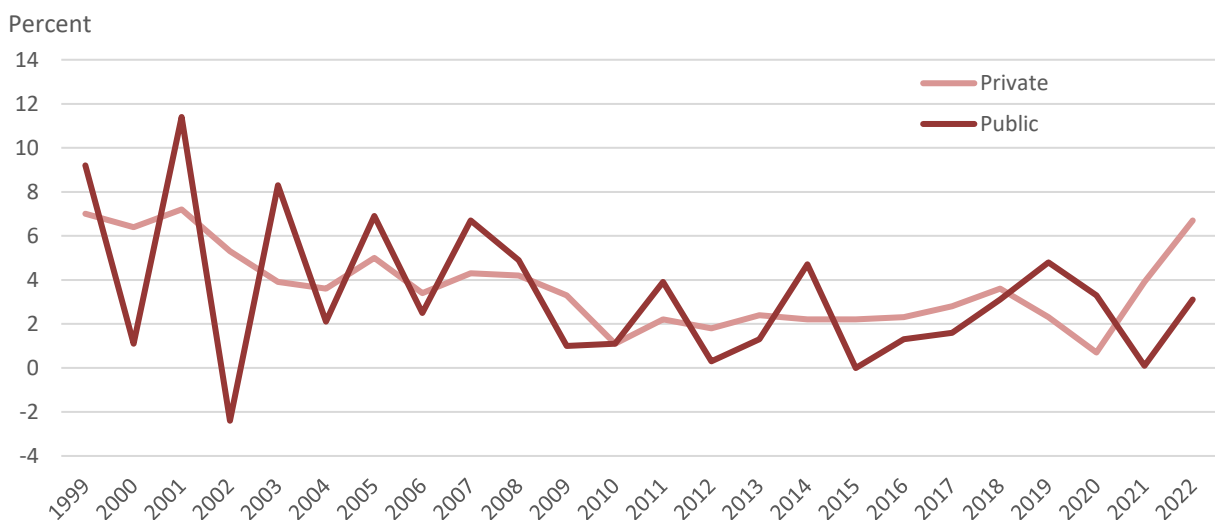


Public sector

Average earnings in the public sector increased by 3.1% over the twelve months to June 2022. Some pay groups in the public sector recorded significantly higher levels of overtime in 2022 compared to 2021. This was offset by some pay awards not having been implemented as of June, notably teachers. This resulted in the overall level of increase observed being close to that of the headline pay award (2.9%).

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.

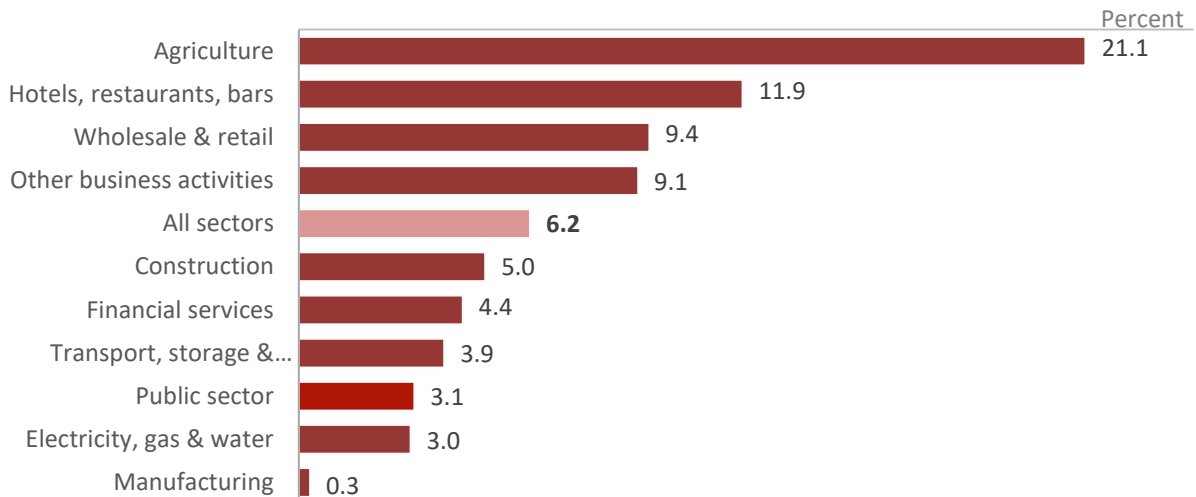
Figure 3 – Public and private sector annual percentage change in average earnings from 1999 to 2022



Individual business sectors

Figure 4 shows that the change in average earnings for the individual business sectors over the year to June 2022 ranged from an annual increase of 0.3% to 21.1%.

Figure 4 – Annual percentage change in average earnings by sector, June 2022



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 increased by 21.1% on an annual basis; hours worked in the sector were significantly higher in June 2022 compared to June 2021, and the increase in the minimum wage (10.8%) has contributed to the large increase in the sector after the prior two years have seen falls
- average earnings in hotels, restaurants and bars increased by 11.9% on an annual basis, partially attributable to the increase in the minimum wage of 10.8%; the other driving factor was some companies awarding substantial pay increases to staff
- average earnings in the wholesale and retail sector increased by 9.4% on an annual basis, the driving factor for this was some companies awarding substantial pay increases to staff
- average earnings in the other business activities sector rose by 9.1% on an annual basis; this sector includes a wide range of businesses and includes care homes, cleaning companies, private education and leisure services; this rise was driven by pay increases given to staff
- the construction sector recorded an increase of 5% in average earnings, this was driven by some companies awarding substantial pay increases to staff
- average earnings (excluding bonuses) in the finance sector rose by 4.4%; this was higher than the increase seen in the previous two years (2.9% and 2.1% in June 2021 and 2020 respectively) and above the preceding 5-year average of 2.5% per year
- average earnings in the public sector increased by 3.1%; this was higher than the previous annual increase (0.1% over the twelve months to June 2021) and was higher than the previous 5-year average of 2.6% per year for this sector
- manufacturing saw an increase of 0.3% in average earnings; this was due in part to pay increases being offset by less overtime being worked in this sector

Average earnings in real terms

The change in average earnings may be considered in ‘real terms’, adjusting for retail price inflation⁵.

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 over 257%. After adjusting for inflation, average earnings have increased by under 17% over this 32-year period.

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

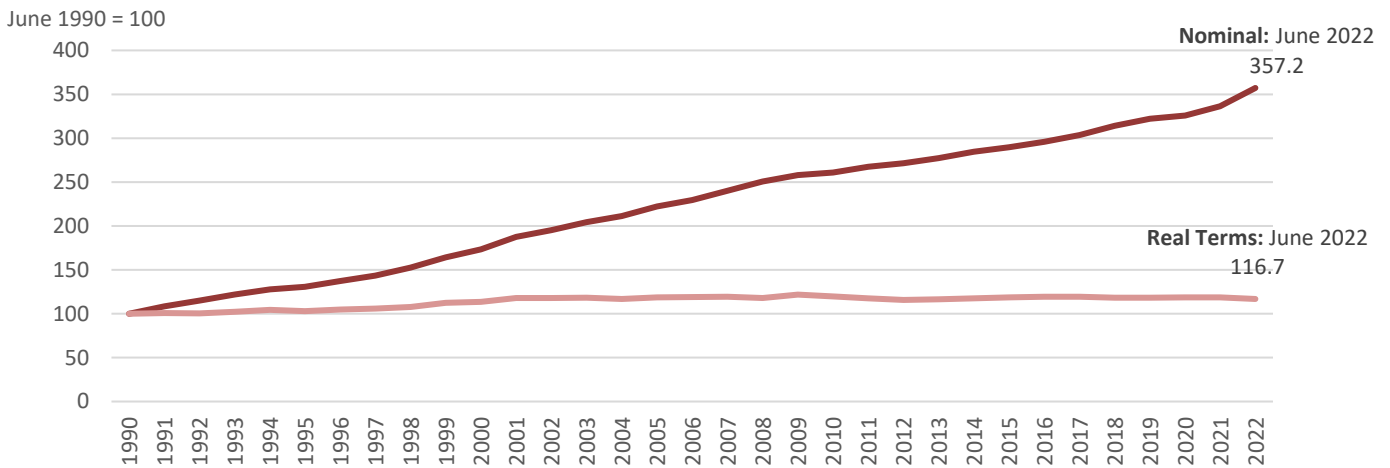
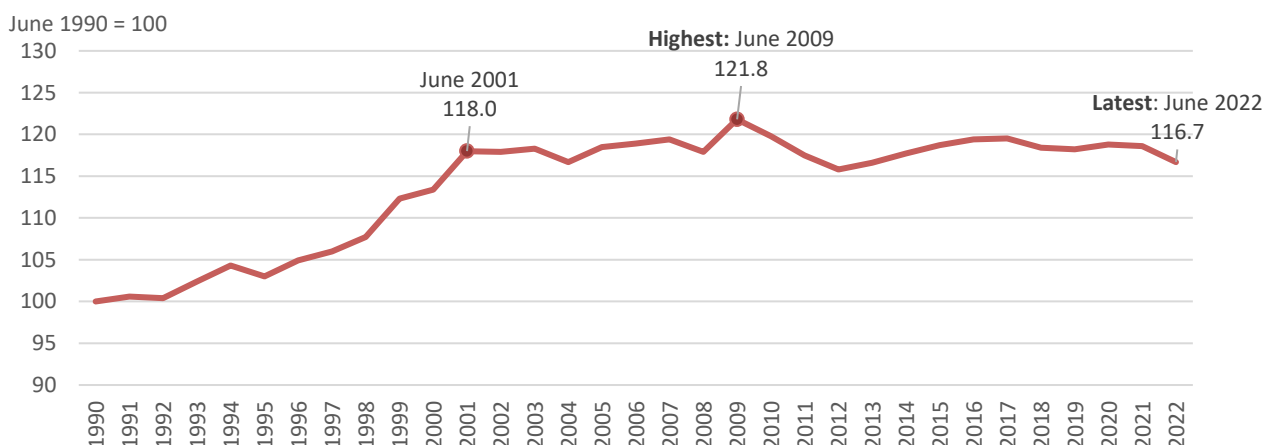


Figure 6 shows the Index of Average Earnings in real terms since 1990. It is apparent that there have been two periods of real-term change in average earnings in Jersey:

- 1990-2001 saw real-term growth in earnings of more than a sixth (18%) over the period
- 2001-2022 saw earnings remain essentially flat in real terms, decreasing by 1.1% over the 21-year period

Figure 6 – Index of Average Earnings in real terms from 1990 to 2022 (June 1990=100)

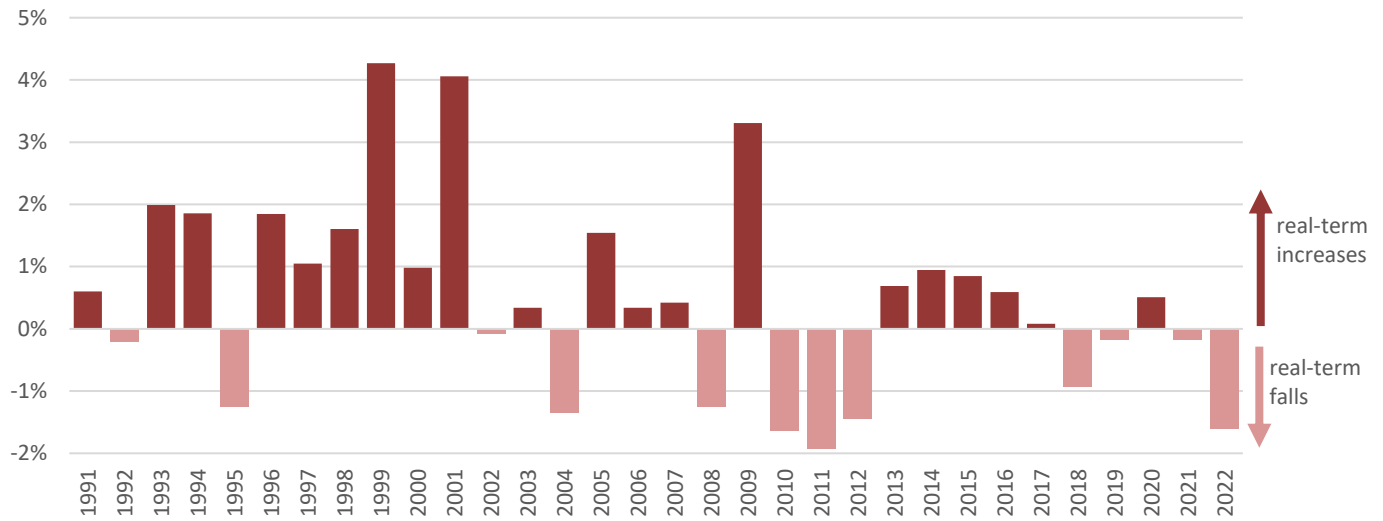


Average earnings in real terms in June 2022 remain below the level seen in June 2009.

⁵ 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 2022: <https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Latest%20RPI%2020180518%20SI.pdf>

Figure 7 shows the real-term annual percentage change in average earnings for each year from 1991 to 2022.

Figure 7 – Real-term annual percentage change in the Index of Average Earnings, 1991 to 2022



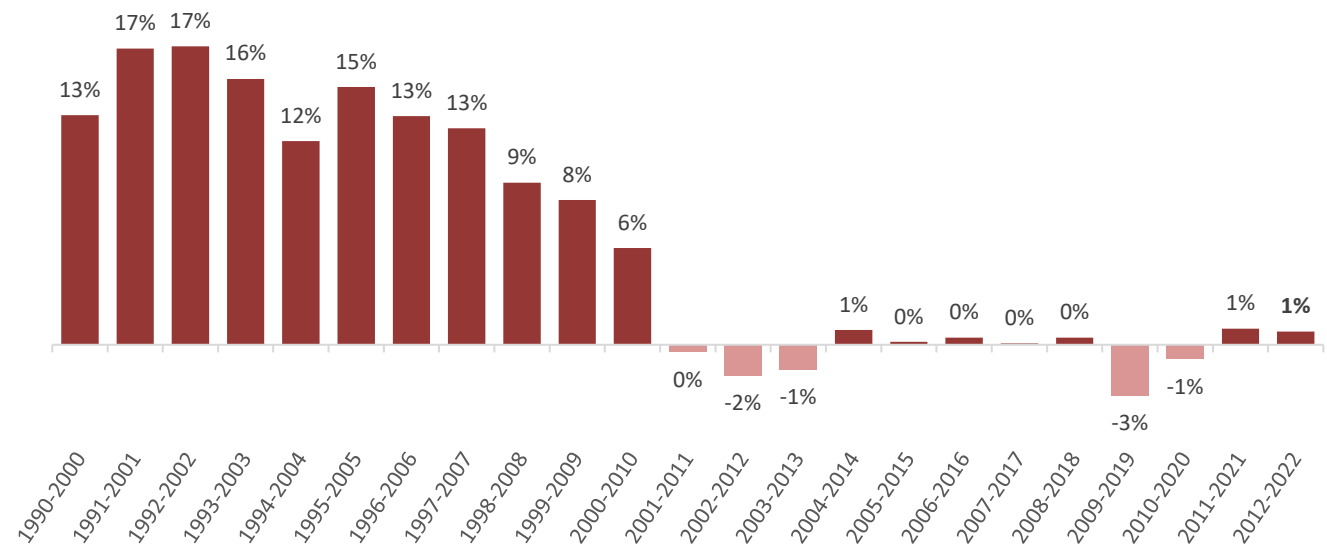
During the twelve months to June 2022 the Jersey RPI increased by 7.9%, representing the highest headline rate of inflation since September 1991. Over the same period, average earnings increased by 6.2%, meaning that earnings decreased by 1.6% in real terms.

The latest twelve months represents the fourth time in five 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



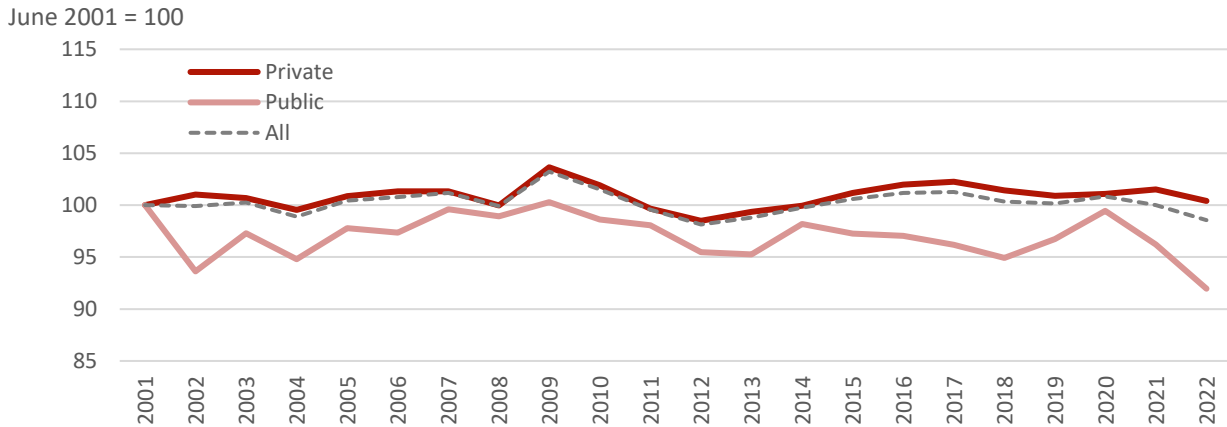
Percentage changes are presented rounded to the nearest integer.

In the most recent 10-year period (2012-2022) average earnings have increased by 0.8% 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 2022 (June 2001 = 100)



All-sector earnings have decreased 1.4% in real terms since 2001, private sector earnings have marginally increased in real terms (up 0.4%) whereas public sector earnings have fallen (down 8%) over the 20-year period.

During the latest twelve-month period, average earnings in the public sector decreased by 4.4%⁶ in real terms and decreased by 1.1% 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.

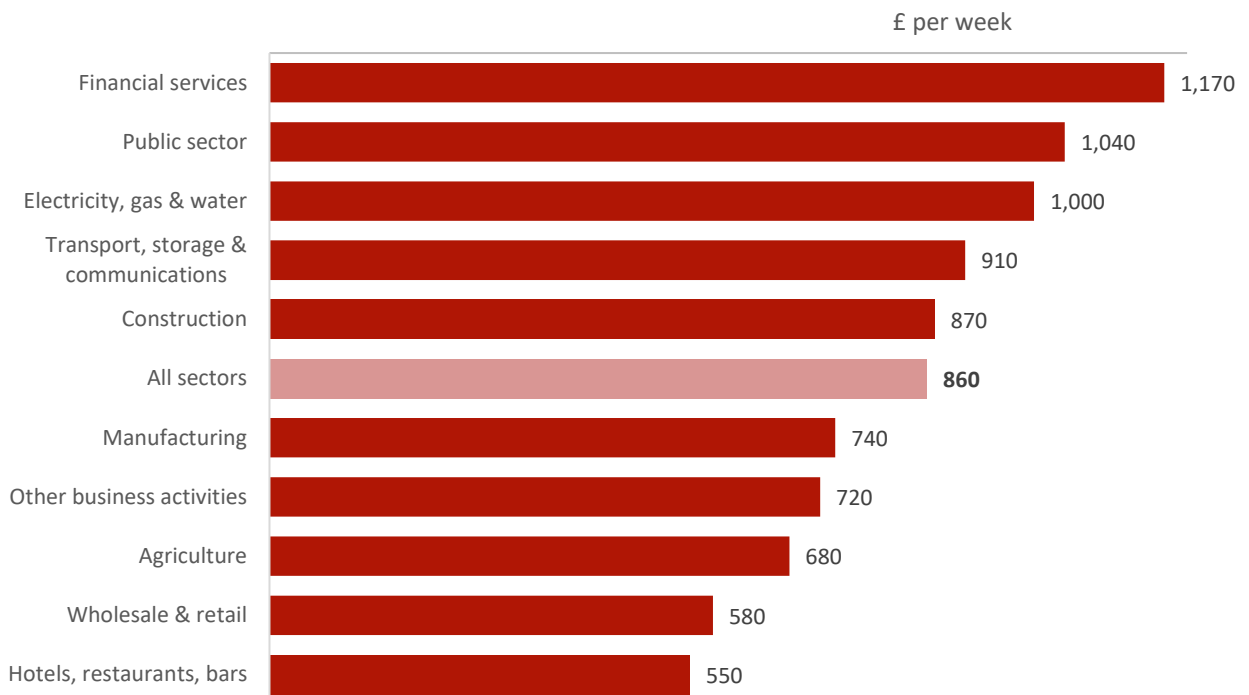
Analysis of the distribution of incomes from the Jersey Income Distribution Survey (IDS) indicates that around two-thirds of workers earn less than the mean earnings. The level of average earnings derived from this survey should therefore be considered as an indicative measure, particularly for comparisons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

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

Figure 10 shows that mean average weekly earnings for full-time equivalent (FTE) employees in Jersey in June 2022 was £860 per week⁷.

At a sectoral level, average earnings per FTE (excluding bonuses) ranged from £550 per week in hotels, restaurants and bars to £1,170 per week in financial services.

Figure 10 – Average weekly earnings in June 2022, by sector (£ per week per FTE)



Transport, storage & communications includes 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 Living Costs and Household Income Survey (LCHIS) carried out in 2021/22 collected information on individual employment earnings, enabling an estimate of median employment earnings to be determined. The preliminary findings of this survey were published on 26 August 2022 with a value of £730 for December 2021.

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 2022 of £750 per week per FTE employee (see the [appendix](#) for methodology).

⁷ 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 methodologies⁸. However, it can be inferred that overall average earnings in both the UK and Jersey increased over the year to June 2022 (see Table 1).

Table 1 – Annual increases in average earnings in Jersey and the UK⁹, June 2022

	All-sector	Public	Private
Jersey	6.2	3.1	6.7
UK	5.0	1.8	5.8

Private sector earnings increased in the UK (5.8%) and increased in Jersey (6.7%) over the twelve months to June 2022.

Within the individual UK private sectors¹⁰, annual increases were seen in all SIC 2007 sectors, except the arts, entertainment and recreation sector. The following increases were seen in accommodation and food service activities (8.2%), retail trade and repairs¹¹ (7.0%), construction (5.6%) and manufacturing (4.5%). The finance and business services sector in the UK recorded an increase of 6.1%.

Public sector earnings increased at a higher rate in Jersey than in UK over the twelve months to June 2022 (up by 3.1% and 1.8% respectively).

Minimum wage

Every three years the survey includes additional questions in regard to employees on the minimum wage or near the minimum wage. Respondents to the survey were asked about the number of employees near to the minimum wage (equivalent to minimum wage + 5%, £9.68 an hour or less) and the number of employees on exactly the minimum wage.

The headcount of employees at or near the minimum wage are then totalled for each sector and are scaled up within each sector to provide labour market sectoral and overall estimates for both the measures.

This is compared with the total headcount for each sector from the June 2021 Labour Market to produce an estimated proportion of each sector which are at or near to the minimum wage.

A question in regard to the number of staff receiving exactly the statutory minimum amount of annual leave was also asked. But the responses to this question were not seen to be reliable in a number of instances and as such it has not been possible to produce results.

⁸ 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).

⁹ Non-seasonally adjusted figures

¹⁰ 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.

¹¹ The wholesale trade sector increased by 7.7%

Table 2 – Proportion of each sector on low pay¹², June 2022 and June 2019.

	June 2022		June 2019	
	Headcount	Proportion of Sector low paid	Headcount	Proportion of Sector low paid, %
Agriculture and fishing	1,650	25%	1,690	41%
Manufacturing	1,210	~	1,000	~
Electricity gas and water supply	500	~	460	~
Construction and quarrying	6,250	1%	5,190	12%
Wholesale and retail trades	7,540	2%	7,160	7%
Hotels, restaurants & bars	5,390	16%	6,320	32%
Transport, storage and communication	2,620	~	2,680	4%
Financial and legal activities	13,370	~	13,110	~
Other business activities	15,220	3%	12,560	10%
Total	53,750	4%	50,170	11%

~ signifies where less than 1% of the sector are on low pay.

Table 3 – Proportion of each sector on the minimum wage¹³, June 2022 and June 2019.

	June 2022		June 2019	
	Headcount	Proportion of sector on minimum wage	Headcount	Proportion of sector on minimum wage
Agriculture and fishing	1,650	14%	1,690	24%
Manufacturing	1,210	~	1,000	~
Electricity gas and water supply	500	~	460	~
Construction and quarrying	6,250	~	5,190	~
Wholesale and retail trades	7,540	1%	7,160	1%
Hotels, restaurants & bars	5,390	9%	6,320	13%
Transport, storage and communication	2,620	~	2,680	4%
Financial and legal activities	13,370	~	13,110	~
Other business activities	15,220	2%	12,560	7%
Total	53,750	2%	50,170	5%

~ signifies where less than 1% of the sector are on the minimum wage.

¹² Defined as the minimum wage +5%, £9.68 or less in June 2022 and £8.25 or less in June 2019.

¹³ £9.22 in June 2022 and £7.88 in June 2019.

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 June if paid monthly, or in the final week of June if paid weekly: 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 2021 using 2022 data are consistent at this level of uncertainty for all sectors. The variation is due to revisions in the 2021 data to ensure comparison on a like-for-like basis with the current year. However, the change in average earnings for sectors, and overall, are unaffected by the changes in level.

An estimate of median employment earnings has been produced using data from the 2021/22 Jersey Living Costs and Household Income 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 eligible firms in the private sector were sent a survey questionnaire and around 280 completed questionnaires were received back, representing a response rate of 54%.
- Of the returned questionnaires, over 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 around two-fifths (42%) of all workers in Jersey.

Statistics Jersey, 26 August 2022

Appendix – data tables¹⁴

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
1990	100.0		100.0	
1991	108.6	8.6	100.6	0.6
1992	115.1	6.0	100.4	-0.2
1993	122.1	6.1	102.4	2.0
1994	127.7	4.6	104.3	1.9
1995	130.6	2.3	103.0	-1.2
1996	137.1	5.0	104.9	1.8
1997	143.5	4.7	106.0	1.0
1998	152.7	6.4	107.7	1.6
1999	164.3	7.6	112.3	4.3
2000	173.4	5.5	113.4	1.0
2001	187.4	8.1	118.0	4.1
2002	195.2	4.2	117.9	-0.1
2003	204.3	4.7	118.3	0.3
2004	211.1	3.3	116.7	-1.4
2005	222.2	5.3	118.5	1.5
2006	229.5	3.3	118.9	0.3
2007	240.2	4.7	119.4	0.4
2008	250.6	4.3	117.9	-1.3
2009	258.0	3.0	121.8	3.3
2010	260.9	1.1	119.8	-1.6
2011	267.3	2.5	117.5	-1.9
2012	271.4	1.5	115.8	-1.4
2013	277.4	2.2	116.6	0.7
2014	284.5	2.6	117.7	0.9
2015	289.7	1.8	118.7	0.8
2016	295.8	2.1	119.4	0.6
2017	303.4	2.6	119.5	0.1
2018	314.0	3.5	118.4	-0.9
2019	322.3	2.6	118.2	-0.2
2020	325.8	1.1	118.8	0.5
2021	336.5	3.3	118.6	-0.2
2022	357.2	6.2	116.7	-1.6

* 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.

¹⁴ Data tables can be downloaded from <https://opendata.gov.je/dataset/average-earnings-index>

Table A2: Annual percentage change in average earnings by sector: 2001-2022

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Agriculture	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	21.1
Manufacturing	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	0.3
Electricity, gas & water	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	3.0
Construction	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	5.0
Wholesale & retail	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	9.4
Hotels, restaurants & bars	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	11.9
Transport, storage & communications	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	3.9
Financial services	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	4.4
Other business activities	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	9.1
All private sectors	7.2	5.3	3.9	3.6	5.0	3.4	4.3	4.2	3.3	1.1	2.2	1.8	2.4	2.2	2.2	2.3	2.8	3.6	2.3	0.7	3.9	6.7
Public sector	11.5	-2.4	8.3	2.1	6.9	2.5	6.7	4.9	1.0	1.1	3.9	0.3	1.3	4.7	0.0	1.3	1.6	3.1	4.8	3.3	0.1	3.1