

Index of Average Earnings June 2008

Statistics Unit: www.gov.je/statistics

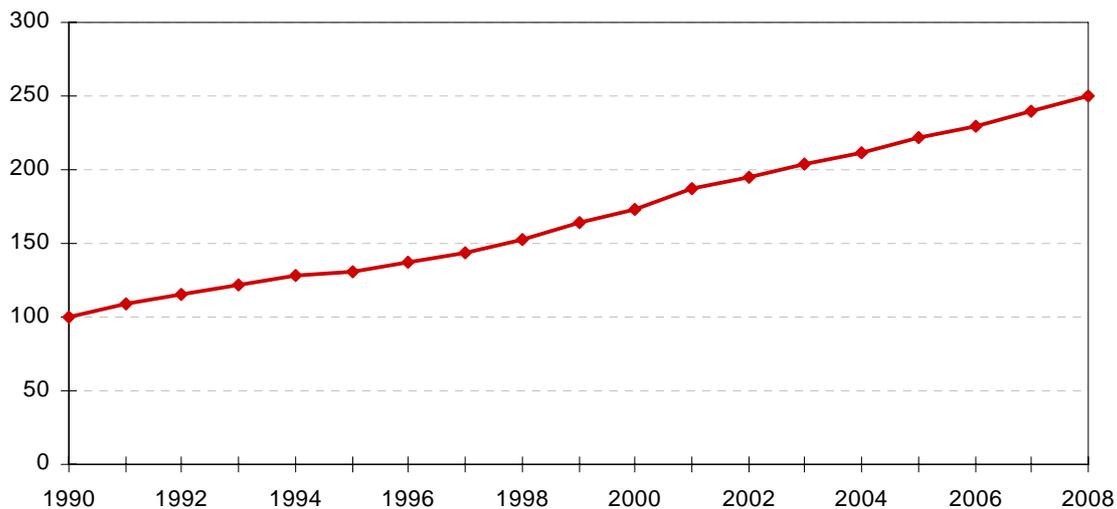
Headlines

- In June 2008 the average weekly earnings¹ of workers² in Jersey was 4.3% higher than in June 2007.
- The latest annual increase in average earnings is 0.4 percentage points lower than that reported for the previous twelve-month period (4.7% to June 2007), but is similar to the preceding five year's average annual increase (4.2%).
- Average earnings in the **private sector** increased by 4.2% over the year to June 2008, whilst the **public sector** saw average earnings increase by 4.9% largely due to annual pay awards (scheduled and retrospective) being implemented for the majority of public sector employees.
- The highest annual increases in average earnings were seen in Agriculture (6.5%) and Hotels, restaurants and bars (5.1%). The majority of the other sectors recorded increases of around three and four percent.
- The **average weekly earnings** of employees in Jersey in June 2008 was £600 per week per full-time equivalent worker (FTE), ranging from £340 for Hotels, restaurants and bars to £820 per week in Finance.

Index of Average Earnings

As Figure 1 shows, the Index of Average Earnings rose from 240.2 in June 2007 to 250.6 in June 2008 (on a basis of June 1990 = 100), an annual increase of 4.3%.

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

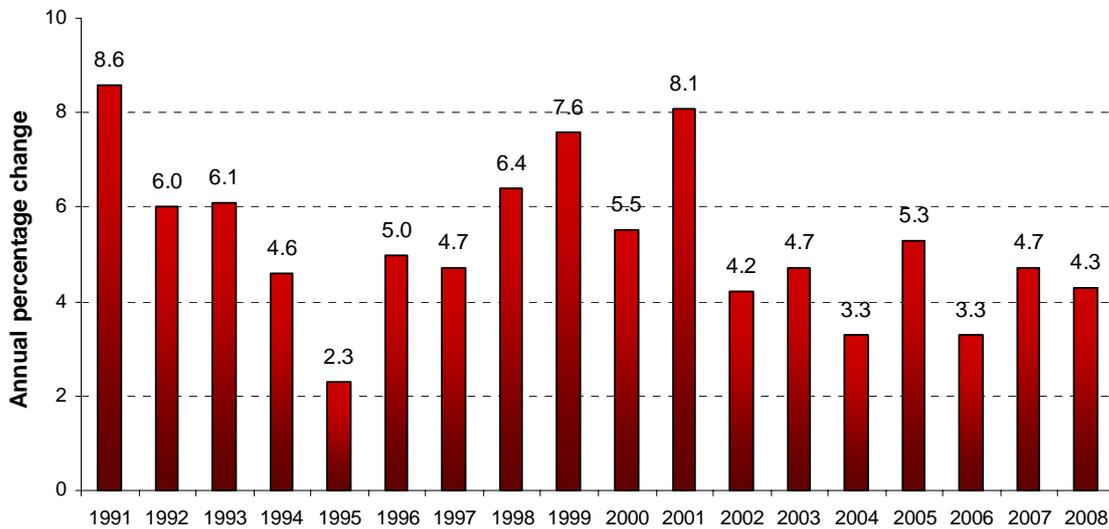


¹ The Index of Average Earnings measures changes in average earnings (gross wages and salaries) that have occurred, and been paid, to workers in Jersey. It includes overtime payments, but excludes bonuses, employers' insurance contributions, holiday pay and benefits in kind (e.g. free accommodation or meals). The 2008 Index measures changes in average earnings received between the last weeks of June 2007 and June 2008.

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.

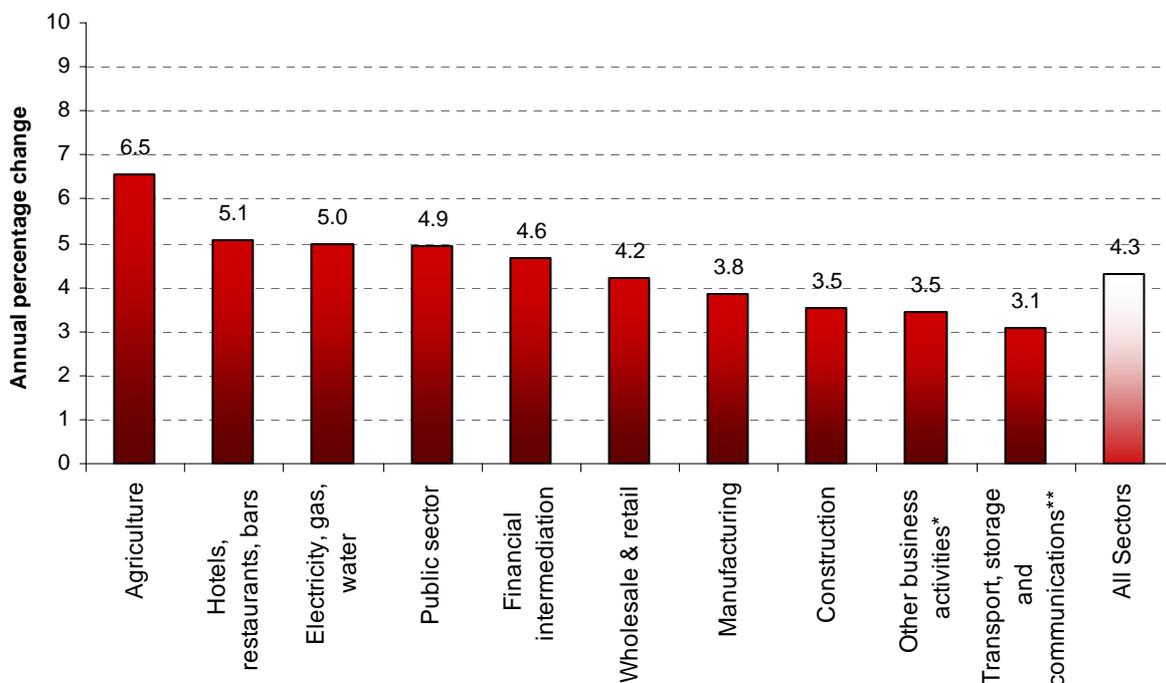
The annual percentage changes in average earnings since 1991 (over the twelve months to June of each year) are shown in Figure 2. The rate of increase for 2008 was below the long term annual average (5.3% per annum since 1991), but was similar to the preceding five-year average of 4.2% per annum.

Figure 2 - Annual Percentage Change in Average Earnings



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 communication' includes Jersey Airport, Harbours, Postal Administration and Jersey Telecom.

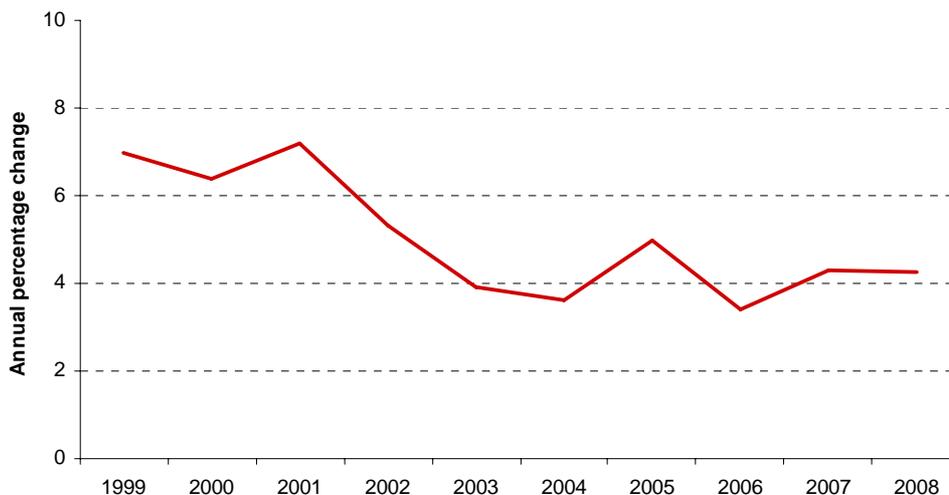
As indicated in Figure 3, some of the principle movements in earnings of individual business sectors over the twelve months to June 2008 included:

- The Agriculture sector recorded an average increase of 6.5% in earnings, driven predominantly by the 7.4% increase in the minimum wage³ implemented in April 2008.
- Earnings in the Hotels, restaurants and bars sector increased by 5.1%, with the latest increase in the minimum wage being a key factor.
- Average earnings in Financial services rose by 4.6%, a rate of increase slightly below that seen in 2007 (4.9%).
- The majority of the remaining private sectors saw similar annual rates of increase in earnings, of around three to four percent.

Private Sector

In recent years the annual level of increase has been below those seen between 1999 and 2001 (see Figure 4), with the latest increase (4.2%) being similar to the preceding five-year average of 4.0% per annum.

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



Public sector

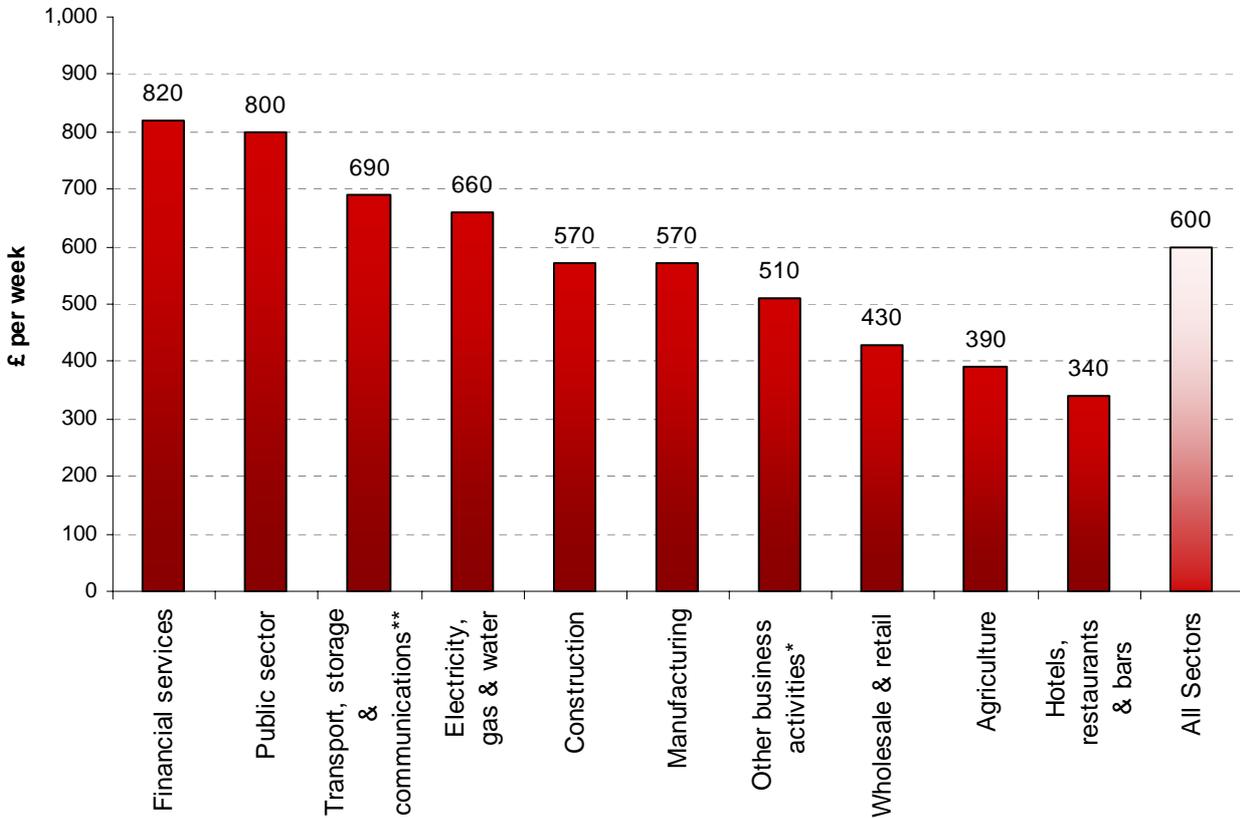
The most recent increase in public sector earnings (4.9%) was due to the implementation of annual pay awards (both retrospective and scheduled) for the majority of public sector employees, as well as increased overtime and some departmental restructuring for a small number of pay groups.

³ Minimum Wage legislation came into effect in Jersey on 1 July 2005 with the minimum hourly rate set at £5.08, increasing to £5.24 on 1 April 2006, £5.40 on 1 April 2007 and £5.80 on 1 April 2008.

Level of Earnings by Sector

The average weekly earnings for full-time equivalent (FTE) employees in Jersey in June 2008 was £600 per week⁴. Average earnings by sector ranged from £820 per week in Financial services and £800 in the Public sector to £340 per week in Hotels, restaurants & bars (see Figure 6).

Figure 5 - Average weekly earnings by sector, June 2008 (£ per week)



Based on data recorded for the 2007 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

Increases in earnings in Jersey are generally linked to the RPI, in that a company or organisation will implement a pay increase which is linked in some way to a published figure for the change in the RPI. Since the Index of Average Earnings covers the period June to June, different companies will have based pay increases on different published changes in the RPI depending on their particular annual cycle. For example, a company implementing a pay rise in February may look at the December RPI as a reference point, whilst another doing so in May might consider the March RPI. As such, five quarterly publications of the Jersey RPI are relevant within an entire June to June period⁵.

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 6 should be considered as reasonable approximations with an uncertainty of approximately £20. The levels of earnings determined for June 2007 using 2008 data are consistent at this degree of uncertainty for all sectors, and overall, with those published in 2007.

⁵ For changes in earnings over the 12 months to June 2008 the relevant RPI figures are those of March 2007 to March 2008 inclusive. The annual changes and publication dates were: 4.4% for March 2007 published on 25 April 2007; 4.3% for June 2007 published on 18 July 2007; 3.9% for September 2007 published on 24 October 2007; 4.5% for December 2007 published on 23 January 2008; and 3.2% for March 2008 published on 16 April 2008.

It is, therefore, more informative to compare changes in average earnings which occurred throughout the period June to June with the average of the annual changes in the RPI published between each June⁶. On this basis, the time-weighted average change in the RPI was 4.1%. Thus, average earnings over the twelve months to June 2008 increased by 0.2 percentage points more than the average annual changes in the RPI published during this period.

The corresponding increase in the underlying rate of inflation (the change in the Retail Prices Index excluding house purchase costs, RPI (X)) was 2.6%. The Index of Average Earnings thus increased by 1.7 percentage points more than the average annual changes in RPI(X) published during the twelve months to June 2008.

The long-term growth of earnings in Jersey remains above the increase in retail prices; since 1990 earnings have increased by an average of almost one percentage point above the corresponding increase in the RPI (5.2% and 4.3% per annum for earnings and retail prices respectively).

Comparison with the UK

The annual change in average earnings in Jersey to June 2008 was greater than in the UK, overall and for both the public and private sectors (Table 1). The overall rate of increase of earnings was 0.6 percentage points greater in Jersey, 0.5 percentage points for the private sector and 1.1 percentage points for the public sector.

**Table 1 - Annual percentage changes in Average Earnings and Retail Prices:
June 2007 to June 2008**

	Jersey	UK
Average Earnings		
All Sectors	4.3	3.7
Private Sector	4.2	3.7
Public Sector	4.9	3.8
Retail Prices (time weighted average)		
RPI	4.1	4.1
RPI(X)	2.6	3.3

Compared with retail prices, the increase in average earnings in the UK (all sectors) was 0.4 percentage points below that of the UK RPI, in contrast to Jersey where the increase in earnings was 0.2 percentage points above the Jersey RPI.

With respect to the underlying rate of inflation, the difference between the rates of increase of average earnings and RPI(X) was also higher in Jersey than in the UK, 1.7 and 0.4 percentage points respectively.

⁶ For any organisation on an annual pay cycle who wishes to reference an RPI figure it is correct to look at a single twelve-month change.

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 over half (57%) 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, 85% (covering 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

Appendix 2

Annual percentage change in average earnings by sector: 2002 – 2008

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