

**QUESTION TO BE ASKED OF THE PRESIDENT OF THE POLICY AND RESOURCES
COMMITTEE ON TUESDAY, 4th NOVEMBER 2003
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

Question

In response to a question on 21st October 2003, the Vice-President of the Finance and Economics Committee suggested that further work was required to enable proper comparison between the Jersey Income Distribution Study 2002 and UK figures. Can the President confirm to members -

- (a) that this work has been done and shows that pay per worker is around 10 per cent higher in Jersey than in the UK?
- (b) that the much higher figures produced when household incomes are compared are largely brought about by economic activity rates which are around 30 per cent higher in Jersey than in the UK?

Answer

In answering these questions let me point out that the Income Distribution Survey is the first comprehensive report of its kind. The Statistics Unit have taken great care to ensure that it presents a balanced picture across the Island in comparison with the U.K. It is, therefore, important that it is considered as a whole. The answers to the specific questions are as follows:-

- (a) The Statistics Unit has examined the appropriate statistical sources and can confirm, subject to the normal margins of uncertainty, that gross pay per full-time equivalent worker in 2002 was about 10 per cent higher in Jersey than in Great Britain. Net pay per worker, after deducting tax and social security contributions is estimated to be about 23 per cent higher in Jersey. Pensioner incomes in Jersey and income from investment are also believed to be higher than in the UK.
- (b) The average number of full-time equivalent workers per household in Great Britain, based on numbers of workers and households from the Labour Force Survey, is estimated at 0.96. The corresponding figure for Jersey, in both the Income Distribution Survey and the Census, was 1.24.

There are three factors contributing to the higher number of workers per household:

- Firstly, household structure: the average Jersey household, while it has exactly the same number of people as in the UK, has fewer children and pensioners and more adults of working age.
- Secondly, more working age adults in Jersey are in work – the Census showed that both men and women had higher economic activity rates and lower unemployment rates than in the UK.
- Thirdly, our ratio of full-time to part-time workers is higher than in the UK.

On a simple comparison of households, gross cash income from all sources, including pensions, benefits and investment income is estimated to be 37 per cent higher in Jersey. After deducting income tax and social security contributions, household disposable income is some 54 per cent higher, averaging £685 per week in Jersey and £444 per week in Great Britain.

When we 'equivalise' these figures to take account of the different household structures in the two jurisdictions and reflect relative standards of living within them, we arrive at average equivalised personal incomes, before taking housing costs into account, some 75 per cent higher in Jersey. After deducting housing costs, the difference falls to 62 per cent.

All the figures I have quoted so far are based on simple averages, which can be distorted by a few very

high incomes. For many purposes statisticians prefer to use the median, where half of the population lie above and half below, because it is not subject to the same distortion. Median equivalised personal incomes were 68 per cent higher in Jersey than in Great Britain before deducting housing costs and 46 per cent higher after deducting housing costs. It is these lower median figures which were used by the Statistics Unit as the basis for their comments.

The report stated that this relationship is reflected right across the income distribution.