



Analysis of Income from Employment 2011/12 to 2013/14

- In financial year 2013/14 the median income on St Helena from direct employment and social benefits was £6,670, an 11.1 percent increase from the previous financial year.
- The mean income from direct employment and social benefits increased by 11.2 per cent from £6,870 in 2012/13 to £7,640 in 2013/14
- Annual inflation of the retail price index average 1.2 per cent over the same period

Background

The figures presented in this report come from an analysis of anonymised Income Tax records for 2011/12, 2012/13 and 2013/14. This report is the second annual analysis of income from employment and social benefits on St Helena which is to be conducted annually following the introduction of an electronic information management system in November 2013. It is anticipated that data for each financial year will be available for analysis from the following November, that is to say the majority data for the analysis of income for the current financial year 2014/15 will be available in November 2015.

Excluding Income Outliers

The figures presented in this report exclude the income of technical cooperation (TC) officers unless explicitly stated. TC officers are remunerated in line with international pay scales and are not indicative of typical income from employment on St Helena.

At the lower extreme, the collated income figures are biased by income from part-time and occasional employment. We set a lower income threshold according to the poverty line specified in the February 2013 amendment to the St Helena Social Benefits Ordinance (2010). These figures are referred to as “Above benefits threshold” and represent the lowest possible income for an individual living alone. It must be assumed that any individuals in receipt of income below this threshold are in receipt of additional informal sources of income.

	2011/12	2012/13	2014/15
Poverty threshold (weekly income)	£47.22	£48.16	£51.64
Annual Income	£2,455	£2,504	£2,685

Table 1: Annual income in line with poverty threshold as specified in the Social Benefits Ordinance (2010).

Income Below/ Above Income Tax Threshold

The personal allowance for income tax on St Helena is £7,000. Any earnings above this threshold are subject to income tax at a rate of 25%.

	2011/12	2012/13	2013/14
Percentage of employees with gross income from employment below taxable income threshold	67.8%	62.1%	52.5%
Percentage change from previous financial year	N/A	-8.4%	-9.6%

Table 2: Percentage of people with income from employment or social benefits in receipt of gross income below the taxable income threshold of £7,000 for financial year 2011/12, 2013/14 and 2014/15.

In 2013/14 52.5 per cent of those with an income from employment or social benefits on St Helena were in a receipt of a declared income below the taxable income threshold. This is a 9.6% per cent decrease from the previous financial year. In 2012/13 the percentage of earners in receipt of gross income below the taxable income threshold decreased to 62.1%, a fall of 8.4% from 67.8 per cent in the previous financial year.

Average Income from Employment

Table 3a lists the average gross income from employment and social benefits on St Helena in financial years 2011/12 and 2012/13. The 25th and 75th centiles of gross income are also shown. The percentage change in these income figures from 2011/12 to 2012/13 and 2012/13 to 2013/14 is shown in table 3b.

	All			Income above Benefits Threshold		
	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Mean	£6,240	£6,870	£7,640	£7,210	£7,910	£8,560
Median	£5,610	£6,000	£6,670	£6,460	£6,760	£7,100
25th Percentile	£3,380	£3,540	£4,100	£4,690	£4,920	£5,310
75th Percentile	£7,950	£8,540	£9,420	£8,400	£9,390	£10,190

Table 3a: Average (mean and median), 25th and 75th centiles of income from employment and social benefits on St Helena, 2011/12 to 2013/14. Two sets of figures are presented- all income from employment and secondly those in receipt of gross income above the minimum income threshold specified in the social benefits ordinance (a.k.a. the Poverty Line on St Helena).

	All			Income above Benefits Threshold		
	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Mean	-	10.1%	11.2%	-	9.7%	8.2%
Median	-	7.0%	11.2%	-	4.6%	5.0%
25th Percentile	-	4.7%	15.8%	-	4.9%	7.9%
75th Percentile	-	7.4%	10.3%	-	11.8%	8.5%

Table 3b: Percentage change from previous financial year in average (mean and median), 25th and 75th centiles of income from employment and social benefits on St Helena, 2011/12 to 2013/14.

The average income from employment and social benefits on St Helena has increased each financial year from 2011/12 to 2013/14. The rate of increase is dependent upon the way we look at income figures but is consistently higher than the annual rate inflation of the retail price index which averaged 4.1 per cent in 2012/13 and 1.2 per cent in 2013/14.

The figures included in table 3a are also shown in figure 1.

- The mean is the income which all of those in receipt of income from employment would have if the total earners were spread out evenly.
- The median is the income of the “middle person”, half of those in receipt of income from employment earn above median and half below.
- The 25th centile is the bottom of the grey boxes in the figure, 25 per cent of persons in the data are in receipt of income below this threshold.
- The 75th centile is the top of the grey boxes in the figure, 25 per cent of persons in the data are in receipt of income above this threshold.

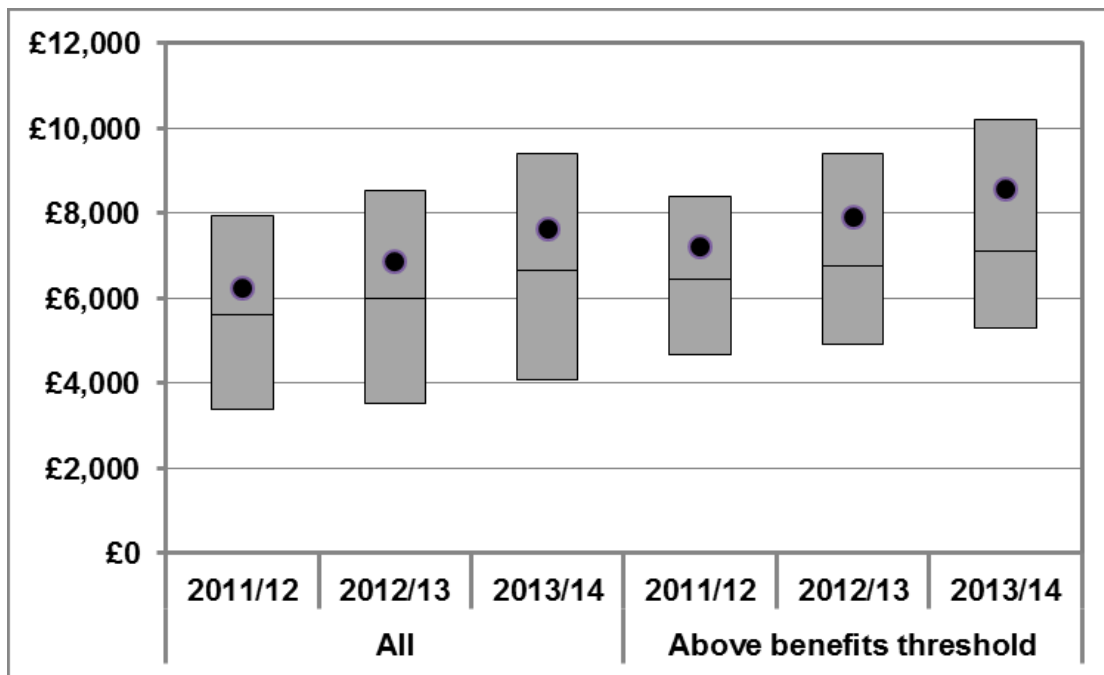


Figure 1: Distribution of income in financial year 11/12 and 12/13. Grey boxes show the 25th, 50th (median) and 75th centiles of the income distribution. Solid dots indicate mean income. The income distribution is shown for “All” (all with income from employment or social benefits) and separately for those in receipt of income above the appropriate social benefits threshold for the year.

The greatest increase in income has been for the high-end earners. The discrepancy between median and mean income grew from approximately 11.2 per cent in 2011/12 to 14.5 per cent in 2012/13 and 2013/14.

Median Income by Decile

Table 4a shows the median income by decile. To obtain these figures incomes are arranged in rank order from lowest to highest and divided into 10 equally sized groups. Each group is called a decile and represents 10% of the population. The 1st decile represents the lowest 10% of incomes. The 10th decile represents the highest 10% of incomes. The overall mean and median income figures are included for reference. Table 4b shows the percentage change in the median income of each of these deciles.

Decile	2011/12	2012/13	2013/14
1 (lowest 10% of income from employment/ benefits)	£2,920	£3,190	£3,360
2	£3,930	£3,950	£4,200
3	£4,690	£4,920	£5,306
4	£5,260	£5,570	£6,120
5	£6,030	£6,520	£6,800
6	£6,630	£7,030	£7,530
7	£7,270	£8,100	£8,520
8	£8,410	£9,390	£10,190
9	£10,300	£11,600	£12,400
10 (highest 10% of income from employment/ benefits)	£14,000	£16,500	£21,870
<i>Mean (all income from employment/ benefits)</i>	<i>£7,210</i>	<i>£7,910</i>	<i>£8,560</i>
<i>Median (all income from employment/ benefits)</i>	<i>£6,460</i>	<i>£6,760</i>	<i>£7,100</i>

Table 4a: Average (median) incomes within deciles of income from direct employment on St Helena in 2011/12 and 2012/13.

Decile	Nominal (Actual)		Real (above annual inflation of the RPI)	
	2012/13	2013/14	2012/13	2013/14
1 (lowest 10% of income from employment/ benefits)	9.2%	5.3%	5.1%	4.1%
2	0.5%	6.3%	-3.6%	5.1%
3	4.9%	7.8%	0.8%	6.6%
4	5.9%	9.9%	1.8%	8.6%
5	8.1%	4.3%	4.0%	3.1%
6	6.0%	7.1%	1.9%	5.9%
7	11.4%	5.2%	7.3%	4.0%
8	11.7%	8.5%	7.6%	7.3%
9	12.6%	6.9%	8.5%	5.7%
10 (highest 10% of income from employment/ benefits)	17.9%	32.5%	13.8%	31.3%
<i>Mean (all income from employment/ benefits)</i>	<i>9.7%</i>	<i>8.2%</i>	<i>5.6%</i>	<i>7.0%</i>
<i>Median (all income from employment/ benefits)</i>	<i>4.6%</i>	<i>5.0%</i>	<i>0.5%</i>	<i>3.8%</i>

Table 4b: Percentage increase in the average (median) incomes within deciles of income from direct employment on St Helena.

All incomes in table 4 are from direct employment and social benefits. The bottom decile contains the people with the lowest income from employment and social benefits, both income related benefits and basic island pension. The minimum wage for employment on St Helena is £2.30 per hour, introduced from June 2013. This equates to a minimum income from full-time employment of £86.25 per week or £4,485 per year, assuming a paid working week of 37.5 hours. In 2012/13 the income from full-time employment on the minimum wage fell in to the third income decile, in 2013/14 this income fell in the second income decile.

The largest increases are observed in the top income decile in both 2012/13 and 2013/14. In 2011/12 the income of the top decile was a little under 5 times greater than the income of the lowest income decile. In 2013/14 the inequality has increased to a factor of 6.5. The 20:20 ratio, the measure of income inequality used in the United Nations Development Programme Human Development Index (UNDP HDI) stood at 3.6 in 2011/12, 3.7 in 2012/13 and increased to 4.4 in 2013/14. In comparison the 20:20 ratio stands at 7 in the UK and 8 in the US¹.

Conclusion

The figures presented in this report are taken from an analysis of anonymised earnings obtained from income tax records. TC officers who are paid locally but at international rates are excluded from all analysis.

The average income from direct employment or social benefits has increased from 2011/12 to 2013/14 and this increase is above the rate of inflation of the St Helena Retail Price Index. The inequality of income on St Helena is only briefly addressed in these figures. From 2011/12 to 2013/14 income inequality grew as high-end income grew at a substantially higher rate than low- to mid-range income.

Further Updates

Work is on-going to complete the income tax dataset. Most notable is an anticipated completion of information regarding nature of employment which will allow a far more detailed analysis of the income by industry sector, job type, and also to allow income from social benefits to be split from income from employment. It is anticipated that the next update will be available in November 2015. In the meantime please contact the Statistics Office if you require further information.

Contact: Dr Paula McLeod
statistician@sainthelena.gov.sh or Tel: (+290) 22138

¹source: <http://www.equalitytrust.org.uk/research/methods>