



Corporate Policy and Planning Unit
July 2015



Introduction

Welcome to St Helena's first **State of the Island** report. This is intended to be an annual publication, providing a simple but balanced view of the key issues and challenges facing St Helena using statistics and analysis, including international comparisons where appropriate. The report seeks to be the single source for such information, replacing the various background summaries and analyses that have been included in numerous SHG strategies and plans, and to meet the needs of external stakeholders such as the UK's Department for International Development during the annual budget negotiations. We also hope it will enable residents, businesses and partners in understanding the context within which St Helena is developing, and challenging SHG on the objectives and priorities it chooses to pursue.

While we have sought to be comprehensive in terms of the areas of St Helena life covered, good quality data is a constant challenge and some areas are better covered than others. We have also sought to balance the high level of detail available in some areas with the need to keep the report concise and usable. We would welcome suggestions for new sources of data and analysis that would fill gaps or improve the insights in the report.

This report feeds directly into the strategic objectives and key focus areas contained in the Sustainable Development Plan. Each year, SHG will use this report as the starting point against which to review its priorities and agree its strategic plans for the year ahead.

The views and interpretations of the data expressed in this paper are solely the responsibility of the authors, as are all errors or omissions.

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St Helena is looking toward air access in 2016. By continually striving towards the National Goals, Government, businesses and the community are doing their best to prepare for the future and the biggest transformation in the island's history. But this report illustrates that the challenges beyond the immediate priority of achieving air access are significant.

A Vibrant Economy Providing Opportunities for all to Participate

With around a year to go before air access, many aspects of the St Helena economy are performing at or above expectations. The population is growing, bringing skills to the island, employment levels are high, the number of businesses is increasing and incomes have grown significantly, and this has been achieved without the inflationary impact on prices that would usually be expected in such circumstances – mainly due to external economic influences from South Africa and the UK. While figures are not yet available to confirm it, the overall economy is not thought to have grown substantially. This is in line with expectations, given that only a small proportion of the value of the airport contract is being injected directly into the St Helena economy, mainly through local jobs.

However, there is much still to do. Both domestic and inward investment are below the levels needed to ensure that significant economic growth can be realised when tourist numbers increase, making delivery of the Capital Programme, plans for hotel development and housing, and support for both local and international investors critical to achieving this Goal. Rising incomes appear to have been increasingly saved, with bank deposits doubling over the last five years. Higher levels of capital expenditure, particularly in the private sector, would result in significant increases in capacity, productivity and ability to deliver the services that tourists demand, including hospitality, transport and banking services. A particular area to highlight is telecommunications where, while significant progress has been made on both cost and quality particularly given the technological challenges of our isolated position, the island still lags behind other countries – a fact that is consistently highlighted by on-island businesses and potential international

investors as a major barrier to development.

Furthermore, the apparent economic successes so far also create additional risks and challenges:

- A growing population puts pressure on services, infrastructure and the environment;
- Low levels of unemployment have resulted in a lack of flexibility in the labour market, making recruitment to some critical public and private sector jobs difficult;
- A tight labour market can result in inflationary wage demands, unless matched by improvements in productivity. The balance between increasing wages to appropriately recognise skills, while keeping prices stable and not increasing inequality, is difficult to achieve;
- Increasing numbers of new businesses accentuates the predominance of small enterprises on the island, which are more vulnerable to seasonality and tourism trends; and
- Price inflation is likely to accelerate from current low levels.

Improving skills and education is critical and progress is positive, both in terms of improving educational attainment on island, opportunities to improve vocational skills and in attracting skilled Saints back to the island. But efforts need to continue as we aspire to achieve international benchmarks, and significant gaps persist at all levels and in all age groups.

The island's reliance on imports is both a weakness, with increased income levels leaking overseas, and an opportunity, with many business opportunities that would increase sustainability and retain wealth on the island that can be reinvested.

The environment, being a huge draw for visitors, underpins St Helena's potential economic growth. Not only does it present business opportunities in the tourism industry, but also in sustainable solutions to energy and waste that could reduce both cost and impact on the environment.

Strong Community and Family Life

Overall, living standards on St Helena are improving. Incomes are increasing, few are unemployed, overall crime is low and the vast majority of households achieve an acceptable basic standard of living. Nevertheless, living standards are still below those seen in developed countries. Incomes are low compared to the cost of living and many do not have access to vehicles, computers and the internet; things that are increasingly seen as essentials. There are also pockets of deprivation in our community and households affected by issues such as overcrowding. SHG has implemented policies such as the Minimum Income Standard (MIS) and the National Minimum Wage (NMW) that can help ensure that everyone benefits from economic growth and rising living standards. But, as general well-being increases, we need to ensure that we have the data that allows these issues to be identified and tackled through policies and services.

A number of important goods and services provided on St Helena, such as electricity, telecommunications and food, are significantly more expensive than in most other countries, both in absolute terms but especially relative to income levels. In most cases this is linked to the physical isolation of the island. But, nevertheless, this places a significant burden on low income households. Policies and initiatives, be they environmental, technological or agricultural, that mitigate these high costs will be key to boosting living standards as well as delivering economic prosperity.

There are emerging signs of rising income inequality. While the top 40% of earners enjoyed increases in income of more than 10%, some lower earners have seen their income decrease in real terms. Policies such as the NMW are critical to ensuring that this trend is not exacerbated as the economy grows. However, there is an inherent tension between ensuring those developing higher levels of skills and businesses willing to take financial risk are rewarded, whilst achieving an acceptable level of income equality. Using increasing tax revenues to improve the benefit system, and ensuring that education and training opportunities are available across the income scale, will be key to successfully addressing this tension.

Even where families have an income that allows a decent standard of living, many do not have the savings and resources to allow them to cope with unexpected costs and other crises. There is a clear need to ensure appropriate safety nets are in place, either to support families to become more resilient themselves or to put in place other publicly-funded support.

An aging population and rising age dependency is a significant challenge. Not only does it put pressure on Government finances, but it also puts pressure on families, and their ability to participate in the economy and community. The trend of Saints returning is positive in this regard, and relies on success under our first National Goal if it is to be sustained.

Many improvements are underway across health and social services, but they tend to be expensive and generally do not directly deliver the immediate priority of achieving air access. Beyond our obligation to provide for basic health needs and protect the most vulnerable in society, this poses a dilemma for SHG. On the one hand we can prioritise smaller but immediate improvements that can be made within our relatively limited current resources. On the other hand, there is the probability that much larger improvements will be possible if we successfully achieve our first National Goal, enabled by air access. Whatever the solution, Health's focus on better diagnosis, health promotion and prevention, and the Police and Safeguarding Directorates' focus on detecting and supporting the victims of the most serious crimes and abuses, means that ongoing upward pressure must be factored into budgets over the short to medium term.

Finally, the need for civil society and the wider community to be interested and involved in the activities of Government runs through many parts of the SDP. Not only are third sector organisations critical to delivering many initiatives, but the community plays an important role in determining priorities and holding Government to account. This report highlights that gaps still exist in how Government interacts with civil society and that some age groups are under-represented in the democratic process.

Effective Management of the Environment

At the heart of our approach to managing and protecting the natural environment and cultural heritage of St Helena lies a conundrum. Together they represent one of our biggest attractions for tourists and therefore, in many ways, are the foundation of economic growth. But economic growth will provide an enormous challenge to the island's environment and heritage.

Population growth will put pressure on the environment and infrastructure, exacerbated by the fact that, as incomes grow, people tend to consume more and produce more waste. Tourists will impose a similar burden, posing a threat to wildlife and tending to consume disproportionately more energy and fuel. This highlights the importance of pursuing policies and legislation that protect the environment and ensures that the 'polluter pays'.

The diversity and uniqueness of the island's flora and fauna provide business opportunities providing services to tourists wanting to walk, explore, dive and fish. Furthermore, demand for locally produced food will increase significantly. But businesses in all of these areas currently suffer from the lack of investment discussed earlier. Supporting these sectors, both financially and in developing relevant skills and knowledge, is critical to achieving our first National Goal.

As can be seen, there is a role for everyone - government, residents, visitors, businesses and the voluntary sector - in achieving this Goal. Action by SHG alone will not be adequate. This means that, beyond the immediate needs of air accreditation, priority needs to be given to initiatives and measures that 'mainstream' the environment into all areas of society. This will not only ensure the delivery of this National Goal, but will also play an important role in delivering a vibrant economy.

Population Trends

At the end of 2014, the resident population of St Helena stood at approximately 4,800. This is a 5.5% increase over the previous 12 months and continues the trend of population growth since the 2008 Census. Since 2008, the annual rate of growth of the total population has averaged 2.4%.

The total population includes overseas workers and their families who are living on island for an extended period whilst employed on the Air Access project and by St Helena Government under the UK Technical Cooperation agreement.

The resident **St Helenian** population stood at approximately 4,300 at the end of 2014. This was a 3% increase from 2013 and continues the trend of an increasing St Helenian population. The major driver for the increasing St Helenian population is inward migration and the return of Saints to live and work on Island after an extended period overseas.

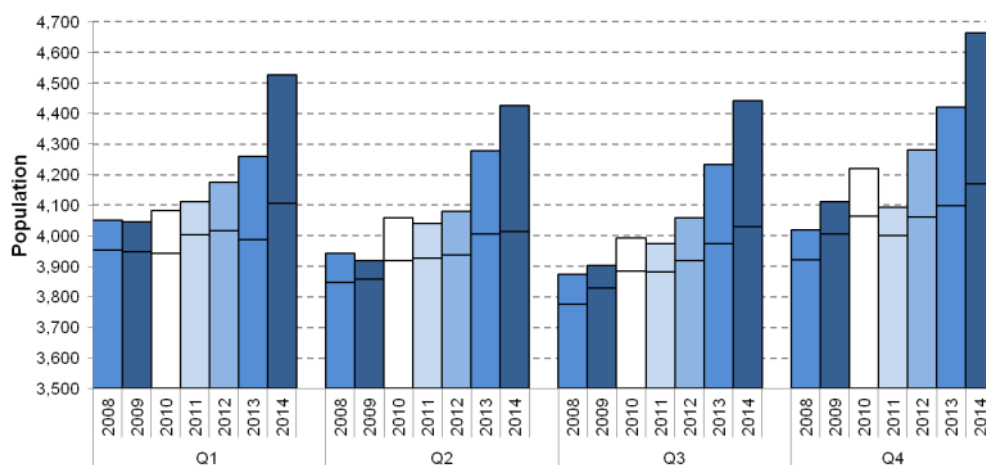


Figure 1: Estimated (de facto) population of St Helena, 2008 -2014.
Top of bar = total population, second line down = St Helenian population

		% of population (2008 Census)
Estimated population as of March 2014	4,595	
Of which: 0-3	152	3%
4-16	681	15%
17-18	188	4%
19-64	2,762	60%
65 and over	812	18%

Table 1: Estimated population using 2008 Census age distribution

Note: Pupil numbers suggest population aged 4-16 is 557.

Natural population change has been negative since 2004 as the island has seen approximately three births for every five deaths. In 2014, there were 50 births, the highest birth rate since 2000, but there were also a total of 61 deaths, the second highest number seen since 1980.

	Births	Deaths	Migration of St Helenians	
			In (of which aged 20-60)	Out (of which aged 20-60)
2010	34	53	..	7 (6)
2011	34	49	..	16 (9)
2012	32	62	199 (149, 75%)	20 (9)
2013	35	55	188 (134, 71%)	30 (14)
2014	50	61	116 (79, 68%)	45 (28)

Table 2: Births, deaths and migration of St Helenians

Population Implications

The 2008 Population Census revealed stark evidence of the declining population of St Helena (figure 2). The resident St Helenian population had declined by approximately 20 per cent from 4,913 in the 1998 Census to 3,981 in 2008, with significant reductions in virtually all age brackets below 55, but significantly more people in older age groups.

This trend has three significant implications:

- Less people of working age to fill the jobs created by the airport project and wider economic growth
- A declining birth rate with fewer children to meet the future skills needs of the island
- A greater number and proportion of older people

A few key statistics highlight the problem:

- The median age of the St Helena population increased from 33 in 1998 to 44 in 2008. (The median age in the UK increased from 37 to 39 in the 10 years to 2011).
- In 2008, there were just 22 children per 100 working age adults, compared to 44 in 1987 and 32 in 1998.
- However, while child dependency had halved, aged dependency had nearly doubled. There were 14 people aged over 64 years per 100 working age adults in 1987. By 1998 this had risen by 24% to 17, and then risen by a further 53% in the subsequent 10 years. By 2008, there were 26 people aged over 64 years per 100 working age adults.

Figure 2: St Helena resident population, 1998 (dashed) and 2008 (solid bars)

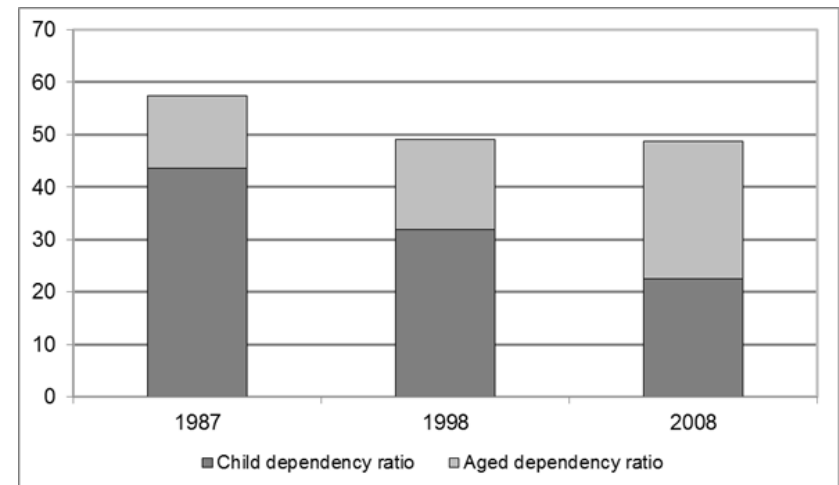
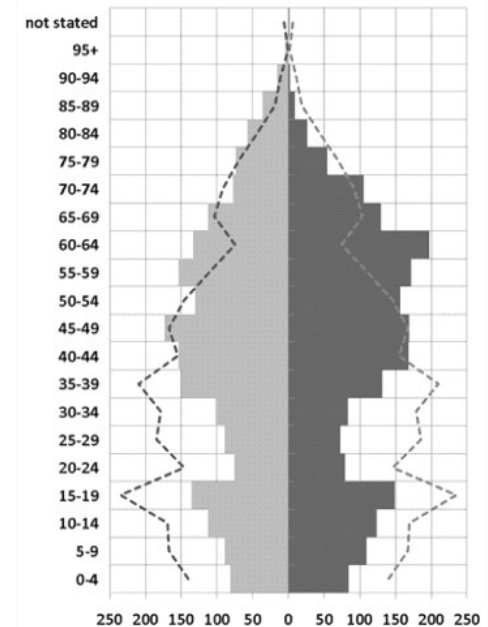


Figure 3: Age dependency ratio

Note: the age dependency ratio can only be calculated in Census years when the age distribution of the population is known.

During Q1 2015 the rate of annual inflation of the St Helena Retail Price Index (RPI) stood at 2.8 per cent. The rate of annual inflation has increased by 2 percentage points since the same period in 2014.

The main upwards pressure on inflation of the RPI include

- Annual increases in utility (water and electricity) tariffs;
- Vehicle purchase prices, a result of an increase in the shipping costs;
- Various increases in food prices

Downwards pressure on inflation of the RPI are smaller and include

- Reduction in petrol and diesel prices; and
- Reduction in prices for some household goods.

Annual inflation of the RPI increased in 2014/15 but remains low compared to recent years. The effect of policy decisions on the price of local fish and the “soda tax” are notable upwards pressures due to the relatively large weight these items carry in the St Helena shopping basket.

	Average annual inflation rate
2010/11	5.0%
2011/12	6.8%
2012/13	4.1%
2013/14	1.2%
2014/15	2.6%

Table 3: Annual rate of inflation (RPI) in St Helena

Other factors influencing inflation

To a large extent, prices in St Helena are determined by prices in the UK and South Africa, these being the main sources of imports.

UK inflation currently stands at 0.2 per cent (Q1 2015), and is expected to stay at or below the Bank of England’s 2 per cent target over the next two years, with interest rates gradually increasing to head off the inflationary effect of the economic recovery, which now appears to be well-embedded.

The strength of Sterling against the Rand in 2014 has helped reduce the St Helena price of goods imported from South Africa. Inflation in South Africa

stands at 4.1 per cent (Q1 2015), having consistently exceeded 5 per cent during the previous two years. While the South African Reserve Bank has raised the repo rate during 2014 in an attempt to control inflation, sluggish economic growth poses a difficult dilemma. Inflation is expected to average 4.9 per cent in 2015 and 6.1 per cent in 2016 (*SARB Monetary Policy Statement, May 2015*).

High inflation in South Africa poses a risk to St Helena which, in recent years, has been mitigated by the weakness of the Rand. This positive impact is unlikely to persist. Not only are the SARB expected to increase interest rates further but are likely to do so more quickly than in the UK. Both point to a strengthening of the Rand against Sterling, which would lead to significant price increases for goods imported from South Africa.



Figure 4a: Annual rate of inflation (RPI)

Figure 4b: St Helena RPI, Q2 2010 = 100

	2013				2014				2015
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Food	0.8	0.7	0.3	0.2	0.7	0.3	0.7	1.0	0.7
Alcohol & tobacco	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.2
Housing	0.2	0.4	0.5	0.3	0.3	0.2	0.2	0.2	0.2
Fuel & light	0.5	0.6	0.7	0.7	0.7	0.3	0.3	0.8	0.8
Clothing	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Household goods	0.0	0.0	0.1	0.1	0.2	0.1	0.0	0.1	0.0
Transport	0.2	-0.8	-0.7	-0.7	-1.0	0.8	1.0	0.9	0.7
Misc. goods	0.1	0.0	0.1	0.3	0.0	0.3	0.2	0.1	0.2
Services	0.6	0.8	0.5	-0.1	0.0	-0.1	0.0	0.0	0.0
Total	2.6	1.9	1.6	0.8	0.9	1.9	2.4	3.3	2.8

Table 4: Contribution of sub-categories to the headline rate of inflation
(Calculated from sub-category inflation x sub-category weight)

Wages and Employment

In 2013/14 the average (mean) income from employment was £8,560 and the median income was £7,100 (excluding technical co-operation officers). Mean average income from employment increased by 19 per cent from 2011/12 to 2013/14, with the median average increasing by 10 per cent, with the largest increases seen for the highest earners (table 5).

Decile	Median Average Income			Annual % Increase (Nominal)		% Above Inflation (Real increase)	
	2011/12	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
1	£2,920	£3,190	£3,360	9.2%	5.3%	5.1%	4.1%
2	£3,930	£3,950	£4,200	0.5%	6.3%	-3.6%	5.1%
3	£4,690	£4,920	£5,306	4.9%	7.8%	0.8%	6.6%
4	£5,260	£5,570	£6,120	5.9%	9.9%	1.8%	8.6%
5	£6,030	£6,520	£6,800	8.1%	4.3%	4.0%	3.1%
6	£6,630	£7,030	£7,530	6.0%	7.1%	1.9%	5.9%
7	£7,270	£8,100	£8,520	11.4%	5.2%	7.3%	4.0%
8	£8,410	£9,390	£10,190	11.7%	8.5%	7.6%	7.3%
9	£10,300	£11,600	£12,400	12.6%	6.9%	8.5%	5.7%
10	£14,000	£16,500	£21,870	17.9%	32.5%	13.8%	31.3%

Table 5: Average (median) income by decile from direct employment on St Helena, percentage increase (nominal) and percentage increase above inflation (real).

Income Inequality

The Gini coefficient is a common measure of a country's deviation from an equal income distribution. A score of zero indicates that income is evenly spread across the population.

St Helena's Gini coefficient was 26.5 in 2012/13, which

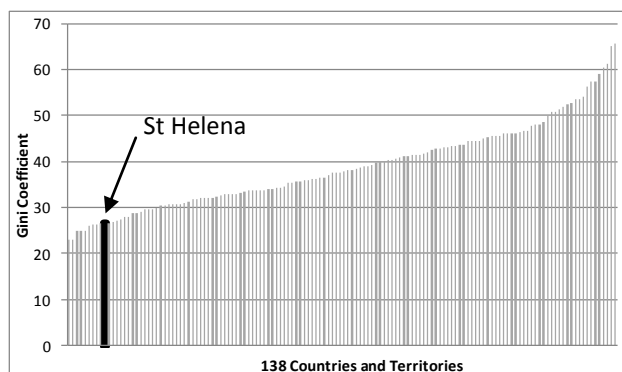


Figure 5: Gini coefficient 2012/13 - global comparison

is extremely low compared to most other countries (figure 5). However, it increased from 24.4 in the previous year, driven by higher earners receiving much larger increases in income when compared to lower earner — some of whose income decreased in real terms (table 5).

Minimum Income from Employment

A minimum wage of £2.30 per hour was introduced in June 2013, equating to a minimum full-time income of £86.25 per week or £4,485 per year. This was increased to £2.60 from 1 July 2015.

The threshold before income tax is payable is £7,000. In 2012/13 37.9 percent of employees were in receipt of income above the taxable threshold, compared to 32.2 per cent in 2011/12.

Distribution of Employment

Levels of employment are exceptionally high. In September 2014 there were 13 individuals in receipt of unemployment allowance, approximately 0.3 per cent of the St Helenian population or 0.5 per cent of the estimated economically active population of 2,800 (based on 2008 Census population proportions). The largest local employers are:

- St Helena Government
- Basil Read (Airport Construction Project)
- Solomon's and Company (Multi-service predominantly Retail, Shipping and shore side support service and financial services).

The majority of employment elsewhere is in the retail, infrastructure (water, electricity, and telecommunication) and services sectors. The hospitality and agricultural production sectors are growing, and are a major focus for workforce training and upskilling programmes to ensure that the island is ready to cater for tourists, but at present are primarily owner-operated businesses with a relatively small employment footprint.

Self-Employment

Over 650 companies and private sector enterprises are registered in St Helena, with the majority within the Retail and Food Services, Agriculture, Support Services and Construction sectors. The range of activities is broad but focused in the retail, food services, construction and agriculture sectors. Between March and September 2014, 5 companies and 29 individuals have registered new business activities on St Helena.

Income and Expenditure

St Helena Government is essentially dependent on overseas aid to finance both its recurrent budget and capital projects. Income streams to the wider economy primarily come from exported labour (Saints working overseas), tourism, expenditure by expatriate officers stationed on island, and a variable income from the export of fish and local coffee.

	2011/12	2012/13	2013/14	2014/15
Grant-in-Aid	£12.1	£13.1	£13.4	£13.6
Domestic Revenue	£10.3	£13	£10.2	£11.7
Shipping Subsidy	£4.8	£5	£5	£4

Table 6: St Helena Government Recurrent Revenue (£ million)

Balance of Trade

St Helena is heavily dependent upon imported goods. With little natural production the vast majority of manufactured and processed goods must come from overseas. Increasing local food production is a key element of St Helena's Sustainable Economic Development plan.

	2010/11	2011/12	2012/13	2013/14
Value of Imported Goods	£11.9	£13.0	£17.7	£15.3
Of which: Government	£2.2	£1.3	£4.7	£1.1
Fuel	£1.7	£2.1	£2.3	£2.1
Private & Commercial	£8.0	£9.6	£10.7	£12.1
Value of Exported Goods	£0.3	£0.9	£0.2	£0.02

Table 7: Value of goods imported to and exported from St Helena (£ million)

- Poor catches resulted in low export income from fish in 2013/14 .
- In 14/15, to date six batches of fish have been exported, although the value of these exports has not been recorded yet.
- Export of coffee will take place early in 2015.

Visitors to St Helena

Visitors arrive via the RMS St Helena, private yacht and excursion or cruise ships. Traditionally, tourist visitors arrive from Cape Town and stay for eight nights while the RMS visits Ascension Island. However, this profile is changing, as increasing numbers come to visit friends and family on St Helena. These visitors stay for longer, engage in recreational activities and tours, but do not typically stay in catered accommodation.

	Arrivals by Category			
	2011/12	2012/13	2013/14	2014/15
Total Arrivals	3,387	3,596	3,800	3,923
RMS arrivals (passenger)	2,731	2,773	3,110	3,245
RMS arrivals (vessel)	32	34	34	34
Of which: Excursion	709	566	702	698
Transit	44	78	67	138
Returning from Overseas Employment	655	624	595	593
Business	473	638	784	889
Returning Residents	851	869	962	927
Yacht Arrivals (passenger/ crew)	630	725	615	621
Yacht Arrival (vessels)	207	231	197	178
Other Vessels	-	-	5	9
Overnight visitors from other vessels	26	8	75	57
Cruise ship/ day visitors	0	93	3248	2633

Table 8: Arrivals to St Helena, 2011/12 to 2013/14.

	2011/12	2012/13	2013/14	2014/15
Estimated financial contribution	£0.8	£0.6	£0.8	£0.8

Table 9: Estimated Financial contribution of tourist (excursion, transit, yacht and cruise ship) visitors to the St Helena economy (£ million).

Figures are quantified from immigration/ landing fees, estimates of daily spend and the proportion staying in catered vs self-catering accommodation.

Household Living Standards

The household survey conducted in November 2013 obtained information from approximately 5 per cent of St Helenian households regarding their household structure, assets held and typical expenditure.

There are an estimated 1,800 occupied dwellings. Planning applications are received for 25-30 new private dwellings per year.

Access to Utilities

- 97% of households have access to electricity for lighting
 - 54% of households use electricity for their main cooking fuel with the remainder using wood burning stoves (28%) or gas cylinders (18%)
- 100% of households have access to an improved water supply
 - 98% of households have an indoor piped water supply
 - 86% of households receive a treated water supply
- 100% of households have toilet facilities
 - 99% of household have a flush toilet
- 10% of households are overcrowded i.e. there are more people living in the dwelling than the UK standard for sharing of bedroom space.
- 25% of households use solar water heaters

Household Assets

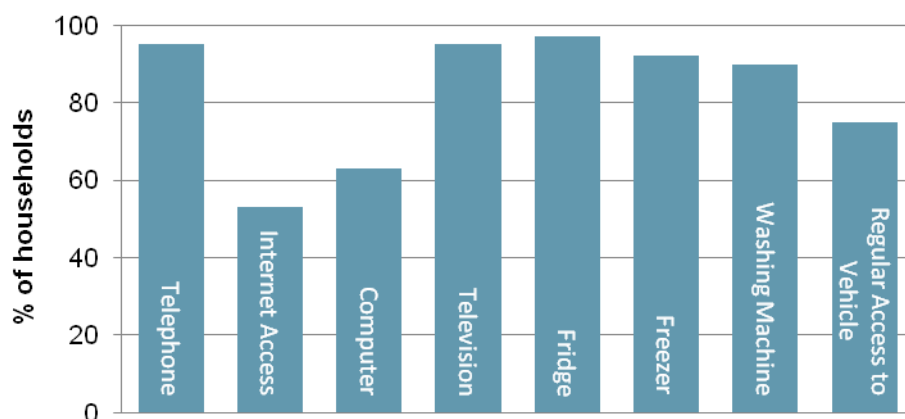


Figure 6: Percentage of households with access to certain assets and services.

Income and Expenditure

The 2013 Household Living Standards Survey obtained detailed income information for 45 households, approximately 3 per cent of St Helenian households. The figures are adjusted for the number of adults and children in the household (equivalised).

In November 2013 the average (median) income of a St Helenian household was £5,460 a year, or £105 a week. Expenditure is skewed by higher income households with the survey showing an average household expenditure of £6,902 a year, or £132.73 a week.

The Minimum Income Standard, or poverty line, for the island was £48.16 per week in November 2013 or £2,504 per year for a single person household. An adult working full time at the minimum wage would be in receipt of income of £86.25 a week or £4,485 a year.

	Average (median) Income	Average (median) Expenditure
Lowest 25% of household incomes	£48.16 per week (£2,504 per year)	£50.83 (£2,643 per year)
Middle 50% of household incomes	£105.25 (£5,473 per year)	£85.28 (£4,435)
Highest 25% of household incomes	£234.82 (£12,211) per year	£158.28 (£8,231 per year)

Table 10: Equivalised weekly (and annual) household income and expenditure
Source: 2013 Household Living Standards Survey.

Subsistence Agriculture

- 76% of households routinely supplement their diets with vegetables grown by themselves or a family member
- 26% of households routinely obtain meat from animals raised by themselves or close family
- 2% of households stated they were reliant on home production to provide for their families

With the focus on air access preparations, resources for social welfare are limited, however 2014 has seen a significant reinforcement of Social Services and implementation of the Social Policy Plan (2013) continues.

Social Benefits

Work to develop an electronic information management system will not only improve administrative efficiency, but will also improve statistical reporting of social benefits. Current numbers of recipients is shown in the table below.

	Basic Island Pension	Income Related Benefits	Unemployment Allowance
Sep 13	619	185	12
Dec 13	631	174	4
Mar 14	635	161	5
Jun 14	635	160	7
Sep 14	639	152	13
Dec 14	638	148	7
Mar 15	643	155	9

Table 11: Number of recipients of Social Benefits.

Implementation of the recommendations in the 2013 review of the Social Welfare system (a.k.a. the Sainsbury report) continues, although there are major financial constraints. The priority is to tackle issues of poverty and ensuring that benefits are available to those who need them and paid at a sufficient level to support the essential dietary and agreed social needs of benefits recipients. The Minimum Income Standard, set by the cost of a basket of food, utilities and essential transport and housing costs, was implemented in September 2013 and has been recently reviewed to inform benefits increases scheduled for March 2015.

Poverty and Financial Wellbeing

Evidence regarding poverty and financial wellbeing on St Helena is recognised as a key data gap. Absolute poverty of households is addressed through the social benefit system which provide benefits according to an equivalised Minimum Income Standard which was introduced in December 2013. Every household in receipt of income below this level is eligible for social benefits. Due to the application of the benefits at a household level there are a small number of poor individuals within households who are reliant upon household members to provide for their personal needs.

It is also known that there are a small number of households who face unmanageable debt. Reasons associated with debt include:

- Costs associated with overseas medical referral
- Major household repairs
- Failure of essential household appliances (e.g. fridge, cooker)

The lack of a social care fund, crisis fund or similar means that households who are unable to obtain a bank loan or afford hire purchase agreements fall into debt through informal borrowing arrangements with family members. This is highlighted by the Human Rights Office as a major source of distress and breakdown of family relationships.

Ongoing pressures on low-income families include:

- The availability of formal childcare
- The cost and availability of rental accommodation and the availability of land for construction of new housing
- Aspirational poverty

There is growing concern regarding income inequality and aspirational poverty which can only be expected to grow as wages increase to reflect an upskilled and better qualified local workforce. There are a number of initiatives outlined in the Social Policy Plan which will address many of the issues which impact upon financial wellbeing. Due to the (assumed) small number of household who are at risk of poverty and the notorious difficulties in collecting reliable information it is planned to develop a framework for the measuring and monitoring of poverty on St Helena following a proposed Census exercise to commence in March 2015 which will produce necessary updates to the housing and population frameworks.

Human Rights and Civil Society

With fundamental rights and the freedom of the individual at the heart of the Constitution of St Helena, much work has been completed in recent years, with more still to do, to ensure human rights are embedded in the workings of Government and everyday life on the island.

The first Human Rights Action Plan was endorsed in 2011, followed by the establishment of the Human Rights Office in 2012. Consultation is underway to produce the second action plan which, along with the implementation of the relevant ordinance, will lead to further significant and sustainable improvements in the way that St Helena assures the realisation of human rights for everyone. Ultimately, we envisage a fully functioning service providing advice, monitoring and protection of human rights.

Civil Society, Community and the Third Sector

The third sector deliver many initiatives, and reach out to people and communities that are often 'hard to reach' or find it difficult to interact with mainstream services. With approximately 70 active organisations, many people are involved in several organisations. Fundraising is a constant challenge, made more difficult by St Helena often being unable to access funding from the UK, EU or the Commonwealth. Communication continues to be the biggest barrier to SHG's objective of ensuring civil society has a greater role in policy formulation and, given the importance of civil society engagement to achieving many of the SDP objectives, the lack of measuring and monitoring of this is a clear data gap.

Governance

The Government of St Helena consists of twelve democratically elected members of Legislative Council and two Speakers who are elected by members.

The business of government is managed through five committees:

- Economic Development
- Education
- Environment and Natural Resources
- Public Health
- Social and Community Development

The chairs of these committees are elected by members of Legislative Council and these members form the Executive Council—the highest policy making body on St Helena.

Council are ultimately responsible for developing the strategic direction of Government and implementing the underpinning policies. Delivering the business of Government and providing technical support are Government Officials. Where needed skills gaps are filled by technical co-operation officers with the intention that through succession planning and effective training these posts will eventually be filled by local staff.

Election Statistics

Both women and younger people are under-represented on the Legislative Council and amongst those standing for election.

- Voter turnout for last general election (2013): 55%
- Number of candidates standing (2013): 20
- Number of female candidates (2013): 4 (20%)
- Female candidates elected (2013): 2
- Current elected female members: 4 (33%)
- Age of council
 - Under 40: 0
 - 40-65: 9 (64%)
 - Over 65: 5 (36%)

Social Services and Safeguarding

Following high profile media coverage in 2014, although painful for those who had their right to anonymity breached, the strength of the community's desire to tackle the issues raised has supported the resulting increase in resources. We are seeing an exponential improvement in the provision of services and a rapidly growing confidence in the service, reflected in increasing demand and further stretching of resources.

Meaningful data on outcomes in this sensitive area is difficult to establish, but efforts continue to fill this gap. Currently, demand in a typical month is:

- 12 new assessments
- 11 emergency call outs
- 4 cases of domestic violence
- 3 children at risk of sexual offences
- 3 cases of homelessness.

Crime

The figures below demonstrate the clear challenges in respect of increasing reporting of sexual offences and domestic abuse. These reflect the focus of the Police Service on increasing reporting in these areas and reviewing historic cases.

Developments supporting Police priorities also include a new facility for victims of serious offences, developing multi-agency public protection arrangements, a sex offenders register and the recruitment of an experienced child abuse investigator. Community policing has also recently been introduced. Intelligence management and sharing remains a critical challenge for the future.

	2009/10	2010/11	2011/12	2012/13	2013/14
Reported cases of sexual offences against children	9	4	0	4	3
Persons arrested	8	4	0	4	3
Persons charged	8	3	0	4	2

Table 12: Cases and outcomes of sexual offences against children.

	2009/10	2010/11	2011/12	2012/13	2013/14
Reported cases of sexual offences against adults	2	2	1	4	2
Persons arrested	2	2	1	4	2
Persons charged	0	2	1	4	2

Table 13: Cases and outcomes of sexual offences against adults.

DOMESTIC VIOLENCE	2010/11	2011/12	2012/13	2013/14
Domestic Violence Incidents	22	26	30	17
Offences from domestic violence incidents	-	-	-	28
Persons arrested on domestic incidents	16	11	22	16
Persons cautioned post-arrest	8	6	10	4
Persons charged	10	5	15	13
Repeat Offenders	25%	50%	37%	13%

Table 14: Cases and outcome of investigation of domestic violence.

St Helena has an aging population with increasingly complex health needs. At the same time more Saints are returning to live on island and they expect provision of core health services in line with UK standards. The increasing number of tourists will also expect care services of a good calibre.

Recent improvements include better cancer detection, higher standards of critical care, and the embedding of risk management and governance processes, supported by substantial capital investment. The Directorate has been restructured and nurses pay has been reviewed.

Rates of smoking, obesity and alcohol abuse are high, and result in high incidences of diseases such as diabetes and hypertension. An emphasis on health promotion and prevention activities, strengthening early detection and management of such conditions, should prevent development of serious health complications such as renal failure, heart disease, stroke and blindness, which are key causes of death (Figure 7).

Work during 2014 indicates that St Helena has a lower relative risk of cancer compared to the UK. There appears to be a higher incidence of cancers associated with lifestyle choices, such as oesophageal and colorectal cancer (see Table 15). The lowest relative risk relates to lung, breast and prostate cancers, but this is strongly suspected to be a result of a lack of appropriate diagnostic equipment on island. There have been an increasing number of cases diagnosed in 2014, due to catching up with the backlog of previously undiagnosed cases, increased availability of endoscopic investigations and increased clinical expertise on island.

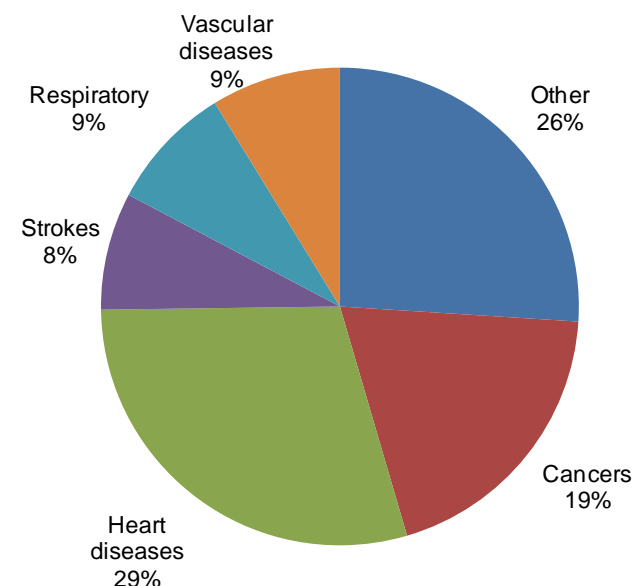
Table 15:
Incidence of cancers

Type of Cancer	Number of cases (2006-13)
Colorectal	27
Breast	14
Oesophagus	11
Prostate	11
Bladder	8

Other challenges include the recruitment and retention of staff, out-dated facilities and availability of supplies. In addition, while air access will enable improved healthcare, for example, through bringing in specialists, it will also present new challenges to how we evacuate seriously ill patients.

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Figure 7: Causes of death, 2002-2009



	Number per month
Out-patient appointments	1,184
Emergency/ out of hours out-patients	84 (including 16 children)
Ambulance call-outs	17
In-patient admissions	50
Average length of stay	6 nights
Operations	13
Births	3
Overseas Medical Referrals	11
Pharmacy Items dispensed	7,928 items
Over the counter prescriptions	163
Dental appointments	341
Patients seen by pathology lab	531

Table 16: Health service outputs, monthly average, April 2013 to June 2014

Education

The last year has seen a continuation in the trend of rising educational attainment, moving towards our longer term vision of providing access to a UK-standard education on St Helena.

Achievement at GCSE level has been particularly notable, rising from the SDP benchmark of 19% in 2012, to 30% in 2013 and 49% in the latest results. Progress at primary level, while still positive, is more uneven across subject areas and schools.

Another major challenge is providing learning resources that are acceptable for 21st century classrooms. This is particularly the case with regard to access to high quality information technology and fast internet connectivity.

	2013/14	2014/15
Nursery	47	46
Primary	288	304
Secondary	215	207
Total Compulsory	550	557
Secondary (post-compulsory)	21	21
Apprenticeship Scheme	44 started, 30 completed	45

Table 17: Pupil numbers

	St Helena 2013	St Helena 2014	UK 2014
Maths	41%	43%	86%
Reading	57%	60%	89%
Writing	49%	57%	85%
Spelling, Punctuation & Grammar	41%	34%	76%

Table 18: Pupils achieving level 4 or above at Key Stage 2

	St Helena 2013 (1 pupil = ?%)	St Helena 2014 (1 pupil = 2.9%)	UK 2013
5 A*-C inc English and Maths	30%	49%	59%

Table 19: GCSE Achievements

Capital Programme

St Helena receives funding from DfID, the European Development Fund and United Nations Development Programme, alongside additional monies from the SHG Consolidated Fund, to invest in major infrastructure improvements. A programme covering a wide range of projects is developed each financial year, covering areas such as housing, health, roads, power and water.

In 2013-14 the programme of £8.4million was successfully implemented, which included investment in renewable energy, water distribution, social housing and replacing some specialist health facilities. This £15.7million programme for 2014/15 includes a new wharf, relocating freight services, hospital and residential care improvements, sewerage treatment works, a solar farm, water storage and distribution network upgrades, replacing the fire station and providing additional units of sheltered accommodation.

There is also a list of further projects to be delivered in future years, including relocating the prison, roads to facilitate the relocation of freight services, further sewerage and water distribution improvements, and continuing to replace and expand key residential care facilities.

The major challenges which will impede delivery of the Capital Programme relate to the availability of suitable skilled island contractors.

Savings

Balances in personal and business accounts held at the Bank of St Helena have nearly doubled in the last five years.

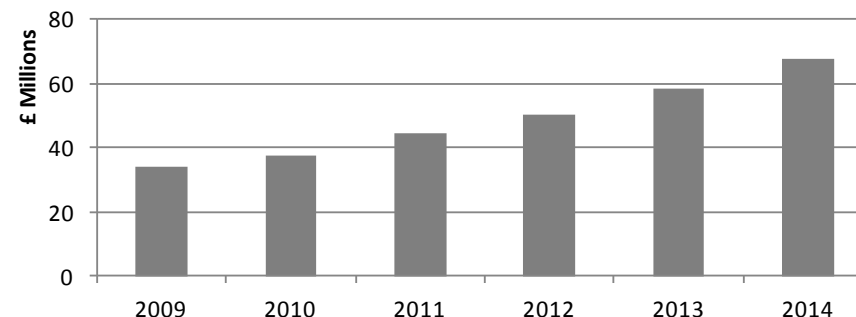


Figure 8: Total deposit balances at the Bank of St Helena as at 31 March

St. Helena's isolated position has given rise to an unusual and remarkable array of land and marine flora and fauna. Both the natural and cultural heritage of St Helena are its key assets and a key building block on which to build a tourism industry. Both areas are, however, severely challenged by a lack of investment over a long period of time.

Approximately 30% of endemic species in the UK and its OTs are found on St Helena and whilst new species are being found, others are becoming extinct. For example, the endemic Giant Earwig which was declared extinct in 2014. Of the 60 known native plant species, 49 are endemic. Of 1,100 land invertebrates, 400 are unique to the island. At least six unique land birds once lived here, but only one of these (the Wirebird) survives today.

The marine environment boasts exceptionally high figures for species diversity and counts of endemics. Ten inshore fish are found only around the island, and a further 16 are found only here and on Ascension Island. In addition, the area is being increasingly recognised as a vital location for breeding and birthing of Whale Sharks, Devil Rays and cetaceans such as Humpback Whales.

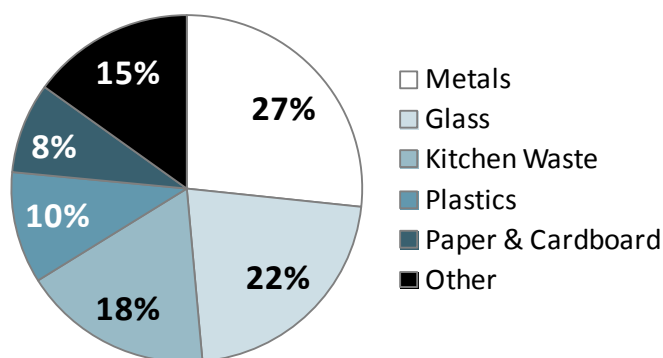
Historic buildings and structures are often unsafe and inaccessible to the public. While partnership working is addressing some of these issues, there are huge challenges in moving from a gradual decline to improvement.

Low levels of recycling are both an environmental challenge and a potential opportunity to develop businesses that process and reuse waste materials.

Figure 9: Breakdown of waste going to landfill, April 2013.

Waste going to landfill during one week survey period = 10.3 tonnes.

Equivalent to 536 tonnes per year (0.3kg per person per day)



Consumption of fruit and vegetables is equivalent to the lowest levels in Europe. Improving agriculture is one route to providing for a healthy population, and could provide high quality produce to the tourism sector.

The first environmental legislation will be introduced in 2015 but, with the environment being a key selling point for tourism and the new infrastructure investment required to support the tourism industry significantly increasing the level of environmental risk on the island, there is a need to increase the focus on monitoring, safeguarding, development and enforcement.

	Local sales (Kg)	Imported (Kg)	% local
Fruit and Vegetables	108,573	486,767	18%
Of which: Potatoes	23,866	156,636	13%
Other	84,707	330,131	20%

Table 20: Quantities of fruit and vegetables sold and imported, 2012/13.

Note: Produce sold at smaller retail outlets or grown for home consumption is not included.

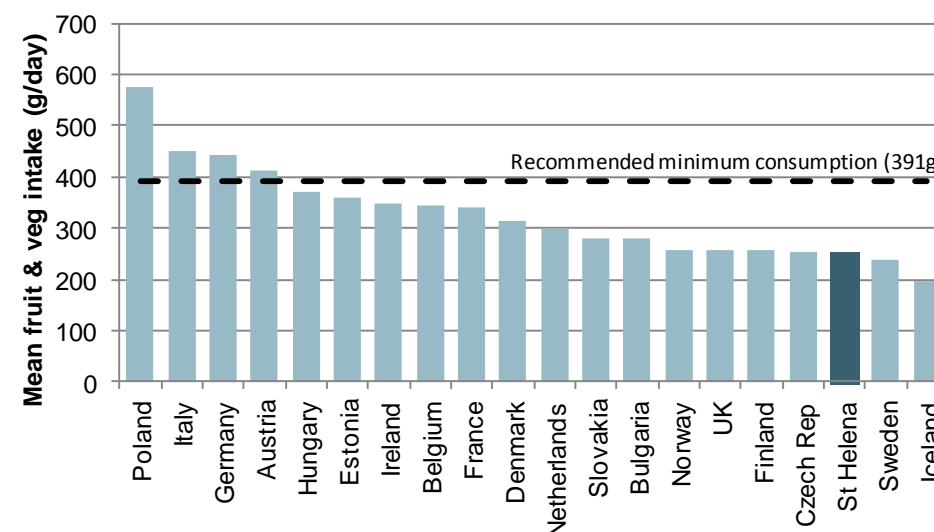


Figure 10: Consumption of fruit and vegetables (exc. fruit juice and starchy vegetables).

St Helena's utilities are provided through Private Sector Enterprises Sure South Atlantic (telecommunications) and Connect (electricity and water).

Telecommunications

St Helena's isolation and reliance on satellite technology, means that internet services are limited and expensive compared to many countries, and are a major barrier to development. The top residential package offered in St Helena provides 13.3 megabytes of data at a speed of 1.5 megabits per second, and costs £180.50 per month. In comparison, unlimited broadband, at speeds 10 times faster than those available in St Helena, can cost less than £20 per month in the UK.

However, starting from a low base, improvements have been made over the last three years in both price and quality. This is supporting the aim of a greater proportion of households and businesses having internet access. For each of the various broadband packages available, data allowances have more than doubled, download speeds have quadrupled and prices have fallen by 23%. Figure 11 illustrates the changes seen in two popular packages – Gold (£92 per month) and Bronze (£23 per month).

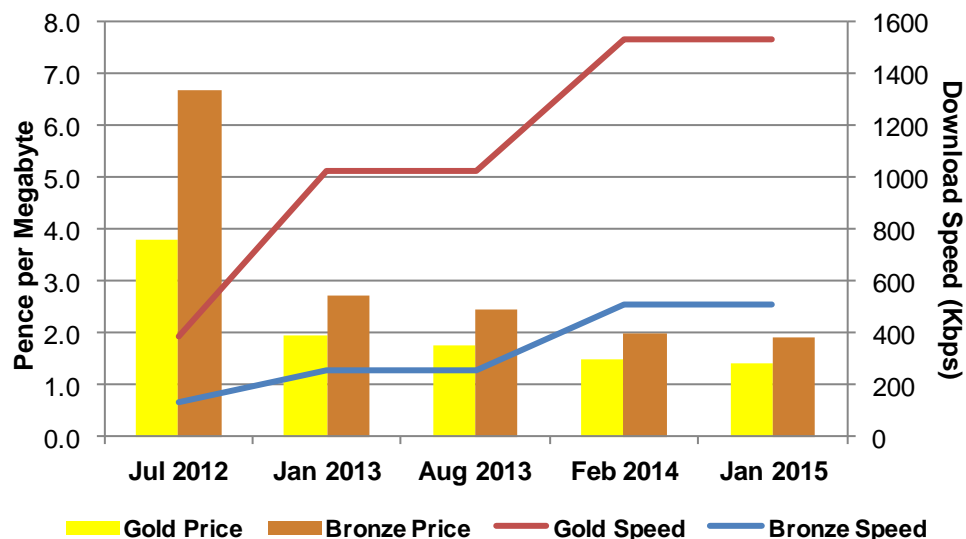


Figure 11: Cost and speed of broadband internet services on St Helena

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Electricity

Electricity prices in St Helena are high compared to most larger countries, but competitive with many islands of comparable size. The cost is driven by economies of scale, transport costs and reliance on diesel, which is more expensive than coal or gas.

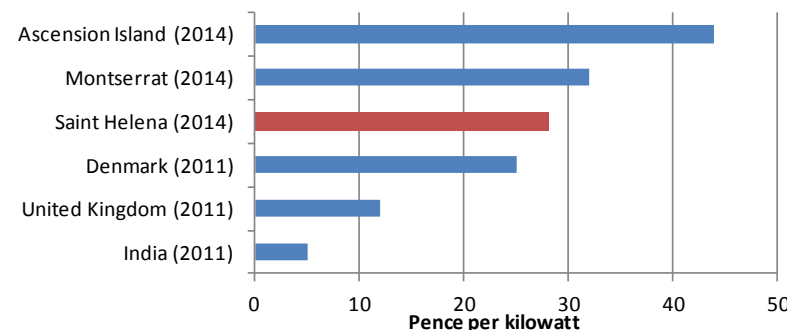


Figure 12: Cost of electricity in other islands and countries compared to St Helena

The average UK household fuel bill is £1,315 per year or approximately 5% of the average salary. In St Helena, a typical household using 500 units per quarter pays £670 per year, around a 10% of the average annual salary.

Following significant investment, the island is starting to generate a substantial proportion of its electricity needs from sustainable sources.

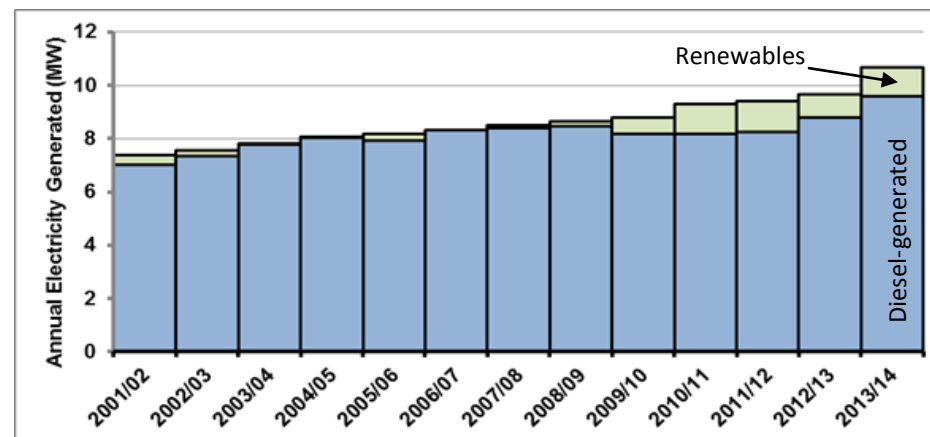


Figure 13: Units (MW) of electricity generated by source 2001/02 to 2013/14.



St Helena Government