

Provisional analysis of Income from Employment 2011 to 2013

- In financial year 2011/12 the median income from direct employment and social benefits on St Helena was £5,630.
- In 2012/13 the median income increased by 6.7 per cent to £6,000
- The mean income from direct employment increased by 10.7 per cent from £6,190 in 2011/12 to £6,850 in 2012/13

Background

The figures presented in this report come from a partially complete Census of Income Tax records for the relevant financial years. There have been several barriers to obtaining timely access to this information mostly stemming from the excessive burden of having to extract data from the paper based information management system used within the St Helena Customs and Revenue Office. In November 2013, work began on implementing an electronic database which will be used to collate income tax returns. Entry of information for all persons declaring an income in financial years 2011/12 and 2012/13 is underway but as is not yet complete. Approximately 95% of currently active cards have been collated. The characteristics of omitted records are not sufficiently well known for detailed comment to be made on the nature of any bias, other than to note that no entry has yet been made of inactive cards and so those stopping work between financial years 2011/12 and 2012/13 will be under-represented in the analysis.

The St Helena Statistics Office is publishing provisional figures regarding income from employment in financial years 2011/12 and 2012/13. Timely evidence of individual income is vital to enable effective decision making, debate and planning by Government officials and private sector employers. It is to be clearly noted by all users of the figures presented in this report that they are provisional and are subject to change once a full-dataset is obtained.

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). Entries with a gross incomes from employment below this threshold are omitted from the final analysis. 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
Poverty threshold (weekly income)	£47.22	£48.16
Annual Income	£2,455	£2,504

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	Annual Change
Percentage of employees with gross income from employment below taxable income threshold	67.6%	62.5%	-5.3%

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 and 2012/13.

In 2011/12, of those with a declared income from employment, or social benefits, 67.6% were in receipt of a gross income below the taxable income threshold. In 2012/13 the percentage of earners in receipt of gross income below the taxable income threshold decreased to 62.5%, a fall of 5.3%.

Average Income from employment

Table 3 lists the average gross income from employment and social benefits on St Helena in financial years 2011/12 and 2012/13. We also provide the 25th and 75th centiles of gross income. The data 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.

	All			Income above benefits threshold		
	2011/12	2012/13	Annual Change	2011/12	2012/13	Annual Change
Mean	£6,190	£6,850	10.7%	£7,180	£7,900	10.0%
Median	£5,630	£6,000	6.6%	£6,480	£6,760	4.3%
25 th centile	£3,370	£3,540	5.0%	£4,710	£4,940	5.1%
75 th centile	£7,970	£8,540	7.2%	£8,450	£9,380	10.9%

Table 3: Average (mean and median), 25th and 75th centiles of income from employment and social benefits on St Helena, 2011/12 and 2012/13. 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.

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

The greatest increase in income has been for the high-end earners. The discrepancy between median and mean income grew from approximately 10 per cent in 2011/12 to 15 per cent in 2012/13.

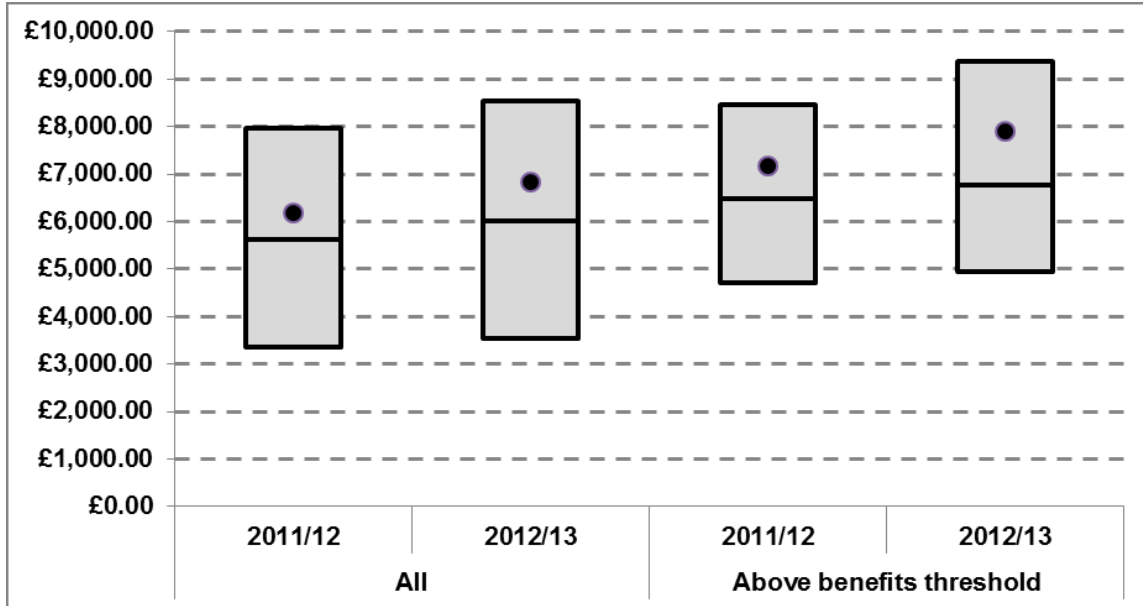


Figure 1: Distribution of income in financial year 11/12 and 12/13. Grey boxes show the 25th, 50th (median) and 75th centiles of the income distribution. Solid dots indicate mean income. The income distribution is shown for “All” (all with income from employment or social benefits) and separately for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

Private Sector vs Saint Helena Government

In the year from 2011/12 to 2012/13 income from employment in the private sector grew at a faster rate than income for Government (SHG) employees. The mean and median income for SHG employees grew by 2.5 per cent where the mean private sector income grew by 20% and the median income by approximately 15%. It should be noted that the 2.5 per cent increase in average income for SHG employees is 1.6 percentage points below the average rate of increase of retail prices from 2011/12 to 2012/13.

	SHG			Private Sector		
	2011/12	2012/13	Annual Change	2011/12	2012/13	Annual Change
Mean	£7,230	£7,410	2.5%	£7,100	£8,530	20.1%
Median	£6,500	£6,660	2.5%	£6,010	£6,890	14.6%

In financial year 2012/13 income from private sector employment grew to exceed that from Government employment. The data used for this analysis are from 2012/13 and does not include divestment of SHG services such as utilities or cleaning services. These figures also pre-date the introduction of a minimum wage on St Helena which occurred in June 2013.

Conclusion

The figures presented in this report are taken from a partially complete Census of income tax records. Earnings from TC officers who are paid locally but at international rates are excluded from all analysis.

Income from employment and social benefits on St Helena are increasing in real terms. The increase in income from 2011/12 to 2012/12 was above the rate of inflation of the St Helena Retail Price Index. Income from Private Sector Employment has increased at a substantially higher rate than income from employment within SHG.

The inequality of income on St Helena is only briefly addressed in these figures. From 2011/12 to 2012/13 income inequality grew as high-end income grew at a faster rate than low- to mid-range income.

Further Updates

Work is ongoing to complete the outstanding data entry. It is anticipated that entry will be completed by end of June 2014 and that an update to the figures presented in this report will be available by the end of July 2014. Please contact the Statistics Office if you require further information.

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