Indicator	
21	Household prosperity
Measurement	
21.1	Average annual earnings

What should the measurement tell us?

This is the first measurement of relative household prosperity. Along with *the proportion of the population with higher education qualifications* and *the value of residential property*, information about household earnings will help us to paint a fairly detailed picture of the social and economic structure of the coastal zone. We want to know whether households at the coast are, on average, richer or poorer than households in non-coastal areas and by how much.

Note that earnings are only one component of household income. To gain a more complete picture we would need to look at net social transfers as well. This is especially important in many coastal areas where relatively large numbers of workers are employed in low paid jobs in the tourist industry and rely on social benefits to boost their net income. It is also significant in coastal districts with a disproportionately high number of elderly residents who largely do not work in paid employment but subsist on savings, including pensions and social benefits.

Parameters	
(i)	Median gross annual earnings of employees living at the coast.(1)
(ii)	Median gross annual earnings of employees living in non-coastal areas in the wider reference region.

Coverage	
Spatial	**Temporal**
Coastal ‘areas’.	Minimum of the three most recent sampling points.

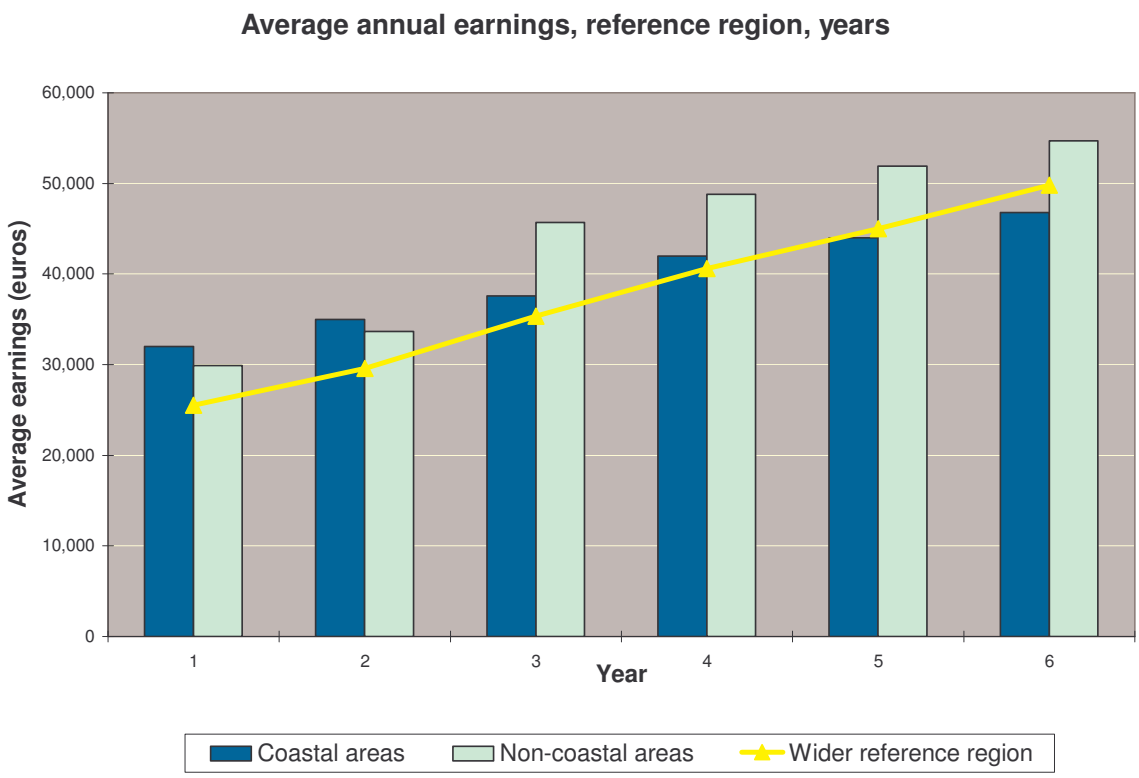
Data sources

Almost all countries sample average earnings on a regular basis. This is done either by sequestering tax records, by carrying out household surveys or by sampling employers. In the UK, for example, the Annual Survey of Hours and Earnings requires selected employers to complete a questionnaire detailing the earnings (including basic pay, overtime, bonuses, etc.) of a sample of their employees. Because the home postcode of such employees is recorded, it is possible to compile earnings data for particular geographical areas including the coast.

The problem is that the size of the sample is rarely greater than one or two per cent of employees at any one time and thus it can be misleading statistically to produce data at NUTS 5. Check with your office of national statistics and ascertain the smallest geography for which data are collated; use that level to represent the coastal zone. (In the UK, for example, the lowest level is the parliamentary constituency – presumably because Members of Parliament find it useful to have to hand details of their constituents’ pay – which is generally smaller in size than NUTS 4 but larger than NUTS 5.)

Methodology		
	Steps	**Products**
1	For at least the three most recent sampling points, identify the smallest geography you will use to represent the coastal zone.	List of coastal areas for at least the three most recent sampling points.
2	Obtain the average gross annual earnings of employees living in the wider reference region for at least the three most recent sampling points.	Average gross annual earnings of employees living in the wider reference region for at least the three most recent sampling points (graph 1).
3	Obtain the average gross annual earnings of employees living in *each coastal area* identified in step 1 for at least the three most recent sampling points.	Average gross annual earnings of employees living in each coastal area identified in step 1 for the most recent sampling point (map 1).
4	Obtain the average gross annual earnings of employees living in *each non-coastal area* identified in step 1 for at least the three most recent sampling points.	Average gross annual earnings of employees living in each non-coastal area identified in step 1 for the most recent sampling point (map 1).
5	Add together the average gross annual earnings of employees living in *every coastal area* within the wider reference region and divide by the number of areas.	Average gross annual earnings for all coastal areas within the wider reference region (graph 1).
6	Add together the average gross annual earnings of employees living in *every non-coastal area* within the wider reference region and divide by the number of areas.	Average gross annual earnings for all non-coastal areas within the wider reference region (graph 1).

Presentation of the data	
Map 1	Map showing average annual earnings for each coastal area and for each non-coastal area within the wider reference region. Data should be ranked on a scale ranging from 'lowest earnings' to 'highest earnings'.

Graph 1	Bar chart showing average annual earnings in both coastal and non-coastal areas as a percentage of average annual earnings in the wider reference region. 
Adding value to the data	
Aggregation and disaggregation	

Notes

(1) The median is the value below which 50 per cent of employees fall. It is preferred over the mean for earnings data as it is less influenced by extreme values and because of the skewed distribution of earnings.