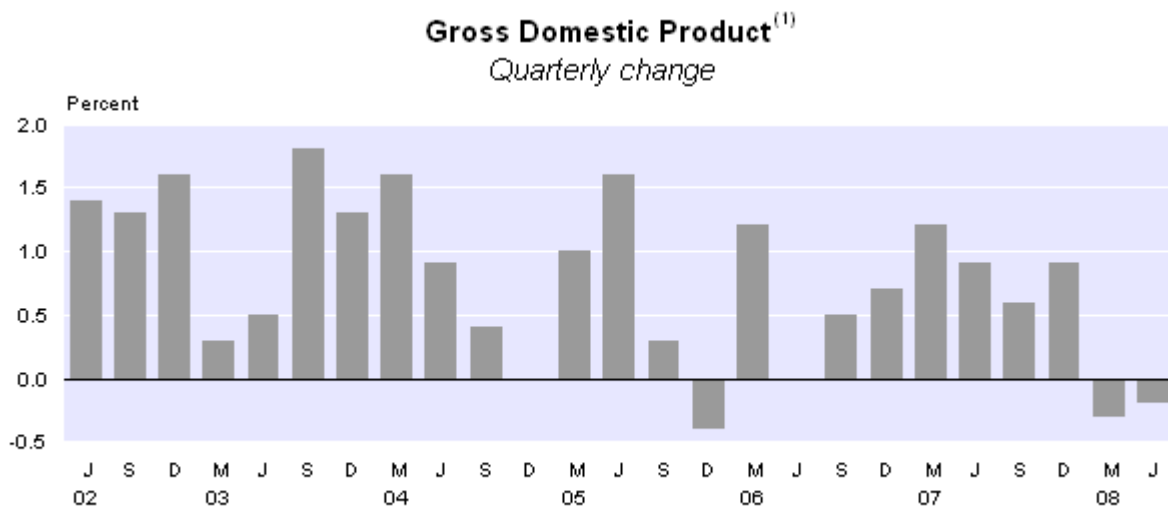


Embargoed until 10:45am – 26 September 2008

Gross Domestic Product: June 2008 quarter

Highlights

- Economic activity decreased 0.2 percent in the June 2008 quarter, following a 0.3 percent decrease in the March 2008 quarter.
- In the June 2008 quarter, activity in service industries and goods-producing industries decreased 0.4 percent and 0.2 percent, respectively.
- Annual growth in gross domestic product was 2.6 percent for the June 2008 year.
- Gross fixed capital formation was up 2.0 percent in the June 2008 quarter.
- Household consumption expenditure dropped 0.3 percent this quarter, following a 0.4 percent decrease in the March 2008 quarter.
- Real gross national disposable income increased 5.0 percent for the year ended June 2008.



(1) Seasonally adjusted chain-volume series expressed in 1995/96 prices.

Geoff Bascand
Government Statistician

26 September 2008
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See also [Gross Domestic Product: June 2008 quarter](#) – Media release.

Commentary

All references to quarterly movements are to seasonally adjusted chain-volume series expressed in 1995/96 prices unless otherwise stated.

Quarterly economic growth declines

Economic activity decreased 0.2 percent in the June 2008 quarter, following a decrease of 0.3 percent in the March 2008 quarter. In the year ended June 2008 the economy grew 2.6 percent, up from the 2.3 percent growth recorded in the year ended June 2007.

Service industries recorded their first quarter of negative growth since 2002, down 0.4 percent for the June 2008 quarter. The largest contributors to this decline were finance, insurance and business services (down 0.7 percent), retail, accommodation and restaurants (down 1.9 percent) and wholesale trade (down 1.2 percent). Partly offsetting these decreases were increases in transport and communication (up 1.2 percent), and government administration and defence (up 1.0 percent).

Activity in goods-producing industries was down 0.2 percent in the June 2008 quarter, with construction activity (down 3.8 percent) the main contributor to the decline. Partly offsetting the decline in goods-producing industries was manufacturing activity, which was up 1.4 percent in the June 2008 quarter. The increase in manufacturing activity was largely due to a 2.6 percent increase in food, beverage and tobacco manufacturing.

Activity in primary industries was down 0.6 percent in the June 2008 quarter, with agriculture being the main contributor to the decline.

The expenditure-based measure of gross domestic product (GDP), released concurrently with the production-based measure, recorded a 0.5 percent decrease in the June 2008 quarter.

Household consumption expenditure fell 0.3 percent in the June 2008 quarter, following a 0.4 percent fall in the March 2008 quarter. This is the first time since 1992 that this component has recorded two consecutive quarterly decreases. Expenditure on durable items was down 0.7 percent for the latest quarter, with reduced spending on vehicles the largest contributor to the decrease. Spending on non-durables, such as food and beverages, decreased 0.8 percent in the June 2008 quarter, while spending on services increased 1.1 percent.

Total import volumes were up 3.3 percent in the June 2008 quarter. Imports of plant and machinery were up 19.9 percent, coming mostly from imports of large-value capital goods related to the oil industry. These large-value items were reflected in the strong investment in plant machinery and equipment in the quarter, up 15.6 percent. Overall business investment increased 6.1 percent in the June 2008 quarter.

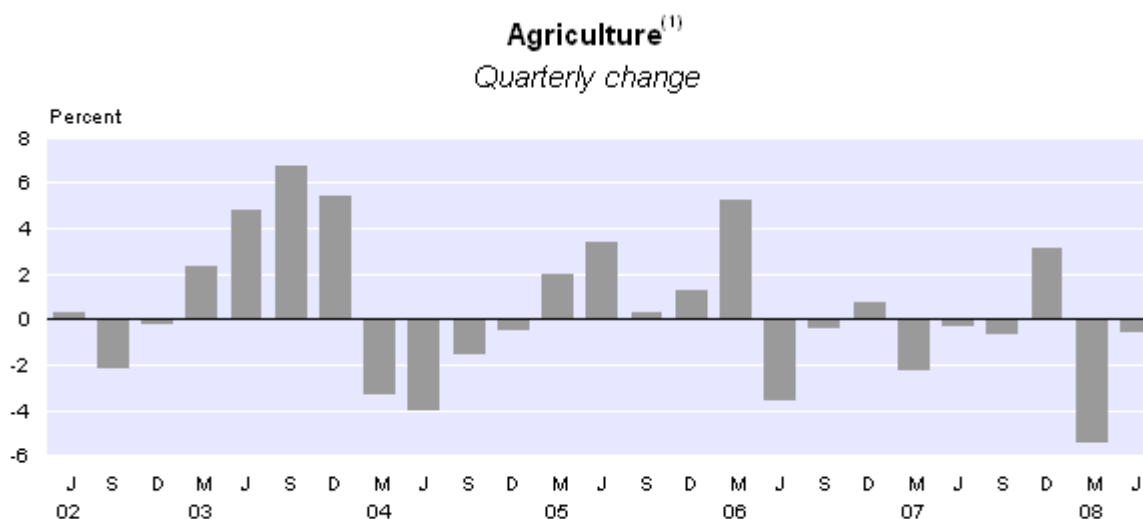
Total export volumes decreased 0.2 percent, mainly due to a 17.7 percent decrease in exports of dairy products. Partly offsetting the decrease in dairy products were exports of chemical, rubber, plastic and other non-metallic products, and metal products, machinery and equipment.

Gross domestic product by industry

Primary industries

Activity in the primary industries was down 0.6 percent in the June 2008 quarter, following a 4.6 percent decrease in the March 2008 quarter.

Activity across the primary industries was muted this quarter, with agriculture down 0.6 percent, and fishing, forestry and mining down 0.5 percent.



(1) Seasonally adjusted chain-volume series expressed in 1995/96 prices.

The decrease in agriculture output in the June 2008 quarter was mainly driven by reduced dairy farming activity and a decline in beef cattle production (resulting from increased slaughter volumes and decreased slaughter weights). Drought conditions and rising beef prices may have contributed to the earlier than usual slaughter.

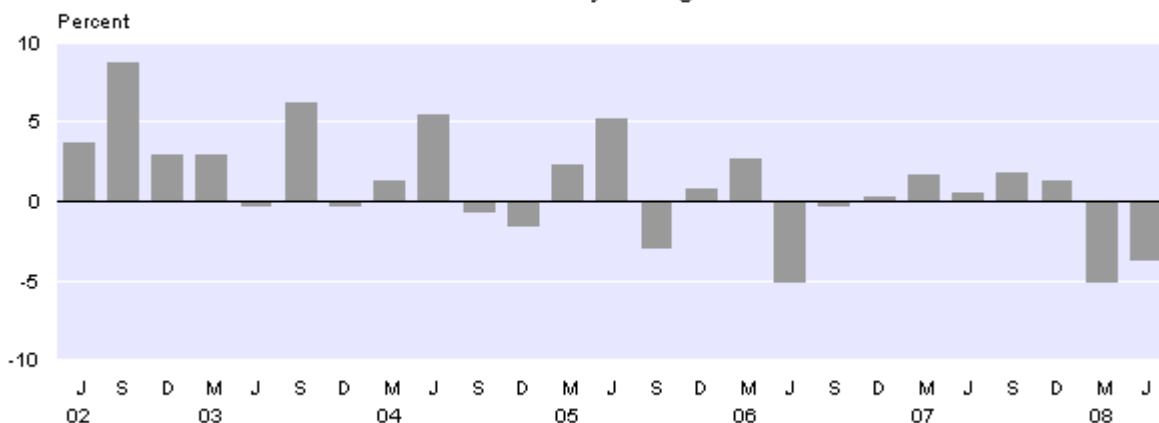
Over the June 2008 year, agriculture value added decreased 2.5 percent, largely as a result of decreased dairy farming activity.

Despite the annual decrease in agriculture value added, primary industry activity grew 5.3 percent for the year to June 2008. The positive growth in primary industries came from fishing, forestry and mining (up 27.4 percent), due to mining activity – with the Tui oilfield coming online in the September 2007 quarter.

Goods-producing industries

Activity in goods-producing industries decreased 0.2 percent in the June 2008 quarter. The main contributor to this quarter's fall was construction (down 3.8 percent).

Construction⁽¹⁾ Quarterly change



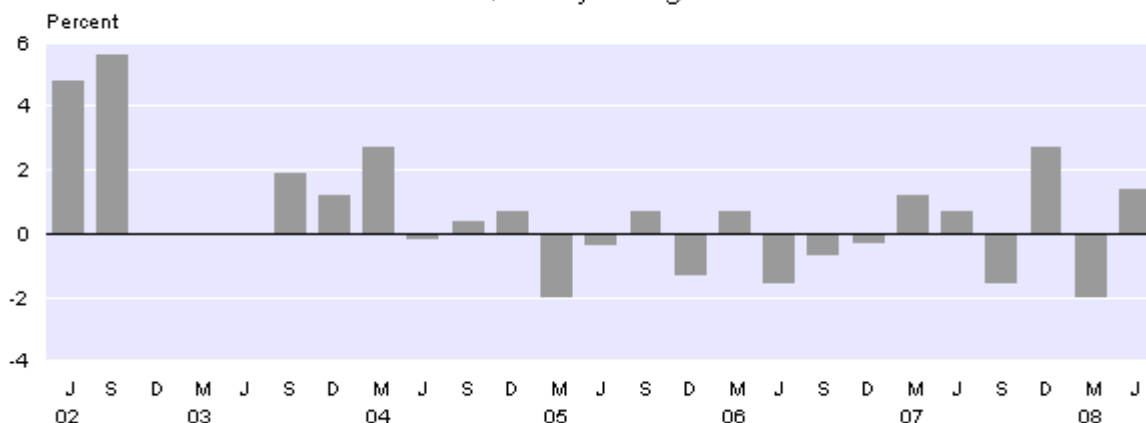
(1) Seasonally adjusted chain-volume series expressed in 1995/96 prices.

The major data source used for estimating construction activity is the Quarterly Building Activity Survey. The *Value of Building Activity Put In Place: June 2008 quarter* showed a 5.8 percent decrease in all building work. The quarterly GDP measure of construction includes additional factors, such as non-building construction activity (eg roads and bridges) and a transfer cost component.

Electricity, gas and water activity declined 1.6 percent in the June 2008 quarter. This resulted from drought conditions leading to a greater than usual proportion of electricity generation being produced by thermal sources. Thermal electricity sources are relatively more expensive than hydro, and therefore contribute lower value added. (Ministry of Economic Development, *New Zealand Energy Quarterly: June 2008*)

Manufacturing (up 1.4 percent) offset some of the decline in activity in goods-producing industries this quarter. Food, beverage and tobacco manufacturing drove this increase (up 2.6 percent). Wood and paper products, and textile and apparel manufacturing were the only components of manufacturing to decrease this quarter (down 5.6 percent and 2.6 percent, respectively).

Manufacturing⁽¹⁾ Quarterly change



(1) Seasonally adjusted chain-volume series expressed in 1995/96 prices.

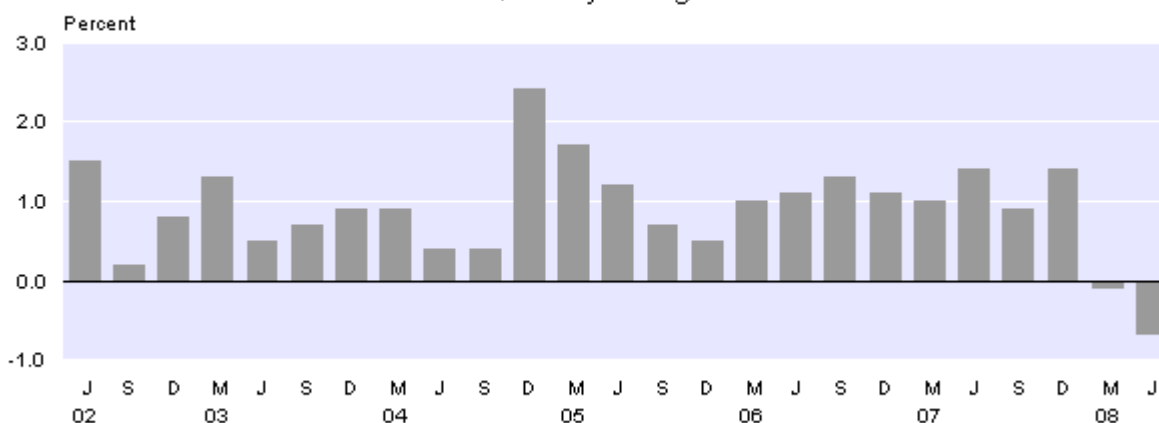
For the year ended June 2008 activity in goods-producing industries increased 0.1 percent.

Service industries

Service industry activity was down 0.4 percent in the June 2008 quarter, following a 0.5 percent increase in the March 2008 quarter. In the past decade there has only been one other quarter of negative growth in service industries – a 0.6 percent decrease in the September 2002 quarter.

Finance, insurance and business services was the largest contributor to this quarter's decline in service activity (down 0.7 percent). Within this grouping, real estate and business services drove the decline (down 1.6 percent). Finance and insurance services partly offset this decline (up 0.4 percent).

Finance, Insurance and Business Services⁽¹⁾
Quarterly change



(1) Seasonally adjusted chain-volume series expressed in 1995/96 prices.

Also contributing to the June 2008 quarter's decrease in the service industries were retail, accommodation and restaurants (down 1.9 percent), and wholesale trade (down 1.2 percent).

The declines in services activity were partly offset by growth in transport and communications (up 1.2 percent), government administration and defence (up 1.0 percent) and personal and community services (up 0.4 percent).

For the year ended June 2008, service industries were up 3.4 percent compared with growth of 3.8 percent in the year to June 2007.

Expenditure on gross domestic product

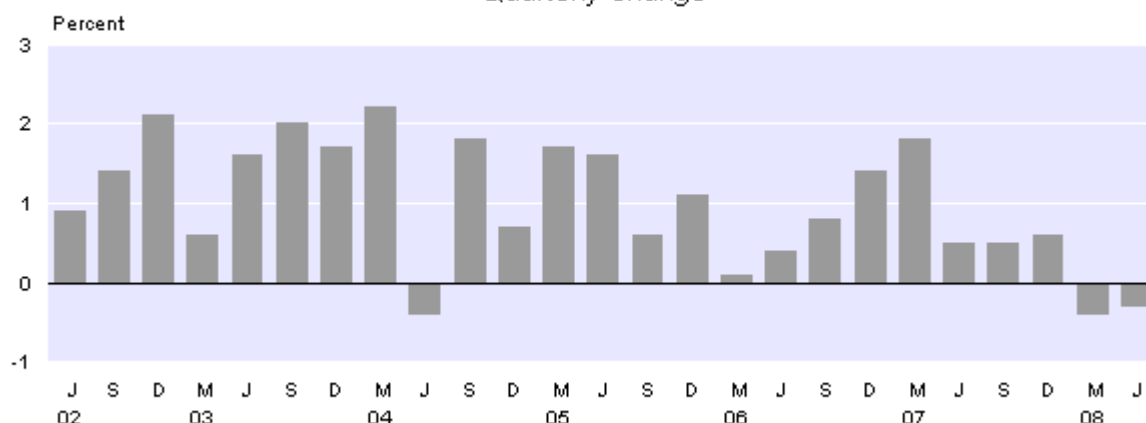
Expenditure on GDP recorded a 0.5 percent decrease for the June 2008 quarter. While the production- and expenditure-based measures are both official series, the production-based measure has historically shown less volatility and is the preferred series for quarter-on-quarter changes.

Households

Household final consumption expenditure decreased 0.3 percent in the June 2008 quarter, following a 0.4 percent decrease in the previous quarter. Household consumption expenditure measures the expenditure by New Zealand-resident households. The *Retail Trade Survey: June 2008* quarter recorded a 1.5 percent decrease in sales volumes.

Household Consumption Expenditure⁽¹⁾

Quarterly change



(1) Seasonally adjusted chain-volume series expressed in 1995/96 prices.

Household expenditure on durables decreased 0.7 percent for the quarter, following a 2.9 percent decrease in the March 2008 quarter. A reduction in household spending on vehicles has been the main contributor to the fall in durables in the latest quarter.

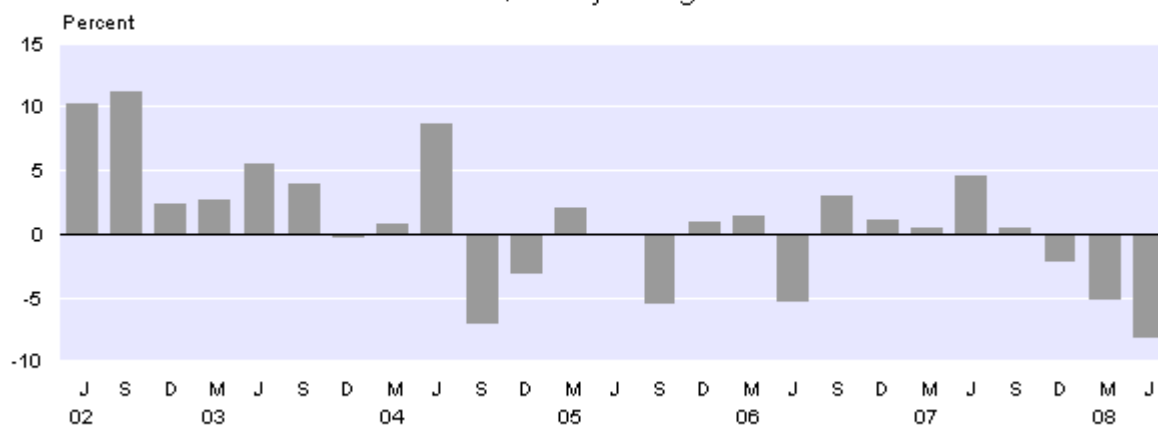
Expenditure on non-durable items decreased 0.8 percent from the March 2008 quarter, due mainly to lower volumes of food and beverages being consumed by households (down 0.6 percent).

Expenditure on services increased 1.1 percent in the June 2008 quarter, following a 0.3 percent increase in the March 2008 quarter. The increased expenditure on services in the latest quarter was mainly due to health-related expenditure, followed by domestic air travel. Partly offsetting these increases was reduced household expenditure on international air travel.

Investment in new housing was down 8.2 percent in the June 2008 quarter, following decreases of 5.2 percent and 2.3 percent in the March 2008 and December 2007 quarters, respectively. Residential building activity was down 7.3 percent, as reported in the *Value of Building Work Put in Place: June 2008 quarter* release. For the year ended June 2008, investment in residential building decreased 2.4 percent.

Gross Fixed Capital Formation: Residential Buildings⁽¹⁾

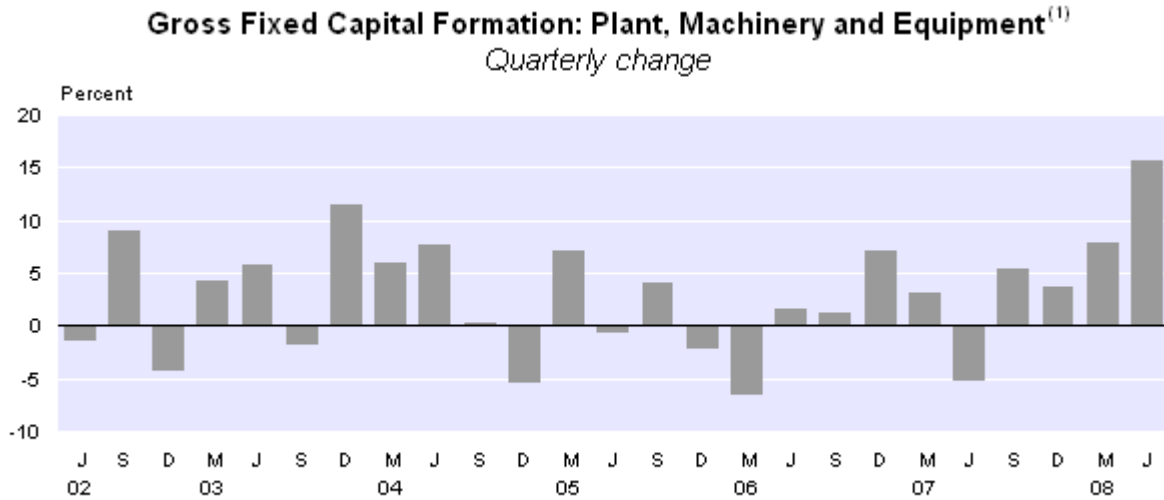
Quarterly change



(1) Seasonally adjusted chain-volume series expressed in 1995/96 prices.

Business investment

Business investment in fixed assets increased 6.1 percent in the June 2008 quarter, following a decrease of 0.5 percent in the March 2008 quarter. For the year ended June 2008, business investment in fixed assets rose 5.6 percent, compared with an increase of 0.8 percent for the year ended June 2007.



(1) Seasonally adjusted chain-volume series expressed in 1995/96 prices.

Investment in plant and machinery was up 15.6 percent in the June 2008 quarter, double the 7.8 percent increase in the March 2008 quarter. Imports of plant and machinery capital goods were up 19.9 percent in the latest quarter, mainly due to large one-off items related to the oil industry. Domestic production of machinery and equipment also increased in the quarter.

Investment in other construction increased in the June 2008 quarter (up 6.7 percent). Offsetting this increase were declines in investment in non-residential buildings, intangible assets, and transport equipment. Non-residential building activity was down 3.6 percent, as reported in the *Value of Building Work Put in Place: June 2008 quarter* release.

Overall total inventories were built up by \$369 million in the June 2008 quarter. Distribution inventories provided the largest contribution to the increase in inventories, with a build up of \$508 million. Forestry inventories also increased in the quarter, while both agriculture and manufacturing reported a run down. The drop in agriculture inventories is consistent with the decrease in production, and increase in exports, of agriculture and fishing primary products.

Government

General government final consumption expenditure increased 0.5 percent in the June 2008 quarter, and has increased 4.5 percent for the year ended June 2008. Central government recorded a 0.6 percent increase in expenditure in the quarter, with increases in central government administration and education the main contributors. Local government final consumption expenditure decreased 0.9 percent in the June 2008 quarter.

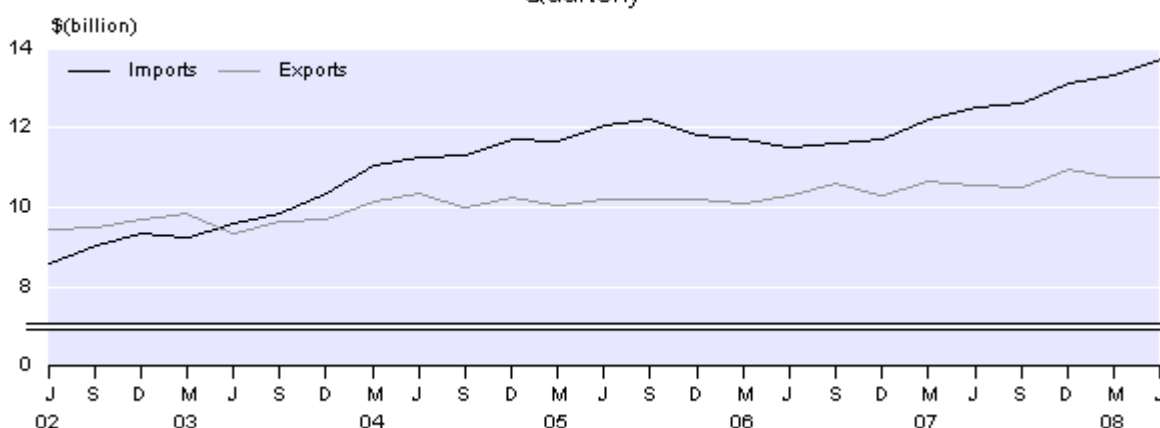
Exports and imports

Export volumes decreased 0.2 percent in the June 2008 quarter, following a 1.9 percent decrease in the previous quarter. Export volumes for the year ended June 2008 were up 2.1 percent, down from the 3.3 percent increase for the year ended June 2007.

Merchandise export volumes in the June 2008 quarter decreased 1.8 percent, with decreased volumes of dairy product exports the largest contributor to the decline. Exports of dairy products were down 17.7 percent in the June 2008 quarter, and down 7.8 percent in the year to June 2008. Partly offsetting the quarterly decrease in dairy product exports were increases in exports of chemical, rubber, plastic and other non-metallic products (up 20.0 percent), and metal products, machinery and equipment (up 4.9 percent).

Exports of services were up 0.1 percent in the June 2008 quarter. Exports of travel services increased 2.0 percent this quarter, following three quarters of decreases. Miscellaneous service exports (up 10.3 percent) contributed the most to the increase in total exports of services this quarter. This category covers services such as merchanting, accounting and consulting.

Exports and Imports of Goods and Services⁽¹⁾
Quarterly



(1) Seasonally adjusted chain-volume series expressed in 1995/96 prices.

Import volumes were up 3.3 percent in the June 2008 quarter. Both merchandise import volumes and imports of services increased 3.0 percent in the quarter. On an annual basis, import volumes were up 9.7 percent for the year ended June 2008, compared with a 1.7 percent increase in the year to June 2007.

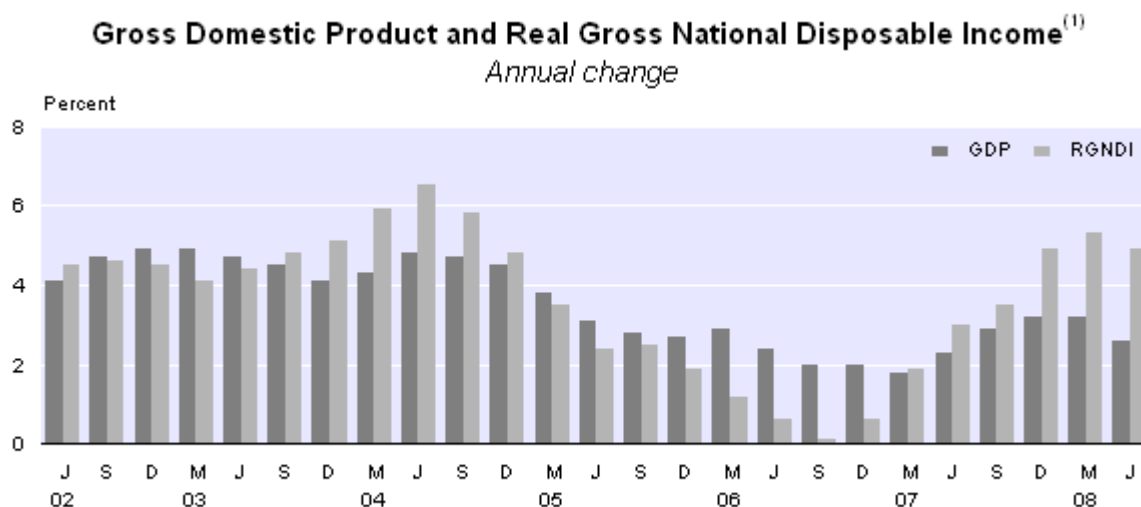
Imports of machinery and plant were strong again in the June 2008 quarter, up 19.9 percent, following an increase of 10.6 percent in March 2008. Investment in plant machinery and equipment increased 15.6 percent in the June 2008 quarter. For the year ended June 2008, imports of plant machinery and equipment increased 23.7 percent. Imported volumes of transport equipment also increased in the June 2008 quarter (up 19.3 percent), leading to an overall 28.2 percent increase in imports of capital equipment this quarter.

Imports of consumption goods increased 2.3 percent in the June 2008 quarter, while imports of intermediate goods decreased 0.5 percent.

The 3.0 percent increase in imports of services in the June 2008 quarter is mainly due to increases in miscellaneous services and freight. The *Balance of Payments and International Investment Position: June 2008 quarter* release reported that imports of services relating to oil exploration and production increased in the quarter, as well as management fees. Imports of travel services decreased 5.7 percent in the June 2008 quarter.

Real gross national disposable income

Real gross national disposable income (RGNDI) increased by 5.0 percent for the year ended June 2008, while GDP increased by 2.6 percent.



(1) Actual chain-volume series expressed in 1995/96 prices.

GDP is a measure of economic activity. RGNDI is a measure of the volumes of goods and services that New Zealand residents have command over. It takes into account changes in the terms of trade effect (the price of imports relative to the price of exports), and real gains from net investment and transfer income with the rest of the world.

The relatively higher growth in annual RGNDI, when compared with GDP annual growth, is a result of strong growth in the terms of trade in the first three quarters of the year to June 2008. While the terms of trade index decreased 0.5 percent in the June 2008 quarter, in the year to June 2008 it recorded a 10.4 percent increase.

Implicit price deflators

The GDP implicit price deflator (IPD) for the year ended June 2008 increased 4.8 percent. The GDP IPD is a broad measure of the overall price change for final goods and services produced in New Zealand.

The IPD for gross national expenditure was up 2.3 percent for the year ended June 2008. This provides a broad measure of the overall price change for final goods and services purchased in New Zealand (such as consumer and investment goods).

Revisions

Production measure

- Since the March 2008 quarter release, all industries have been revised due to the incorporation of current price annual industry value added statistics for 2004 and 2005 (derived from balanced supply-use tables) and the updating of annual chain-linking weights.
- Incorporation of current price annual data can cause level shifts in published series, but the impact on quarterly movements has been kept to a minimum.
- Incorporation of revisions to the Wholesale Trade Survey and the Economic Survey of Manufacturing have flowed through to GDP.
- Revisions to the Producers Price Index had a minimal impact on quarterly GDP.
- As a part of our ongoing quality improvement project, we have updated the methodology for measuring insurance, water, and oil and gas exploration. For more information, see the technical notes of this release.

Expenditure measure

- Household consumption expenditure and change in inventories have been revised as a result of new current price annual industry value added statistics incorporated for the production measure of quarterly GDP.
- Revisions implemented in the Balance of Payments have been incorporated into imports and exports figures, and household consumption expenditure measures of travel services, from the June 2004 quarter.
- Revisions to both the Producers Price Index and Economic Survey of Manufacturing have flowed through to the change in inventories series for quarterly GDP.
- Revised information from the Overseas Trade Price Index has flowed through into the December 2007 quarter imports series for quarterly GDP.
- As a part of our ongoing quality improvement project, we have updated methodology for measuring central government final consumption expenditure. For more information, see the technical notes of this release.

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Next release ...

Gross Domestic Product: September 2008 quarter will be released on 23 December 2008.

Technical notes

First available information for June 2008 quarter

Statistics in the attached tables provide the first available information on the chain-volume measure of gross domestic product (GDP) for the June 2008 quarter.

Statistics for recent periods are based on information available at time of publication and are subject to revision as additional or improved data becomes available.

Quarterly Gross Domestic Product: Sources and Methods

The second edition of the *Quarterly Gross Domestic Product: Sources and Methods* was released on 20 June 2008. It provides an update of the sources and methods used for all quarterly GDP series produced by Statistics New Zealand, in both chain-volume measures and current prices. Significant changes to compilation methods and data sources have been introduced since the publication of the first edition of this report in 1996. These include the implementation of the new international standard, System of National Accounts 1993; the rebasing of the constant price series from 1991/92 to 1995/96 prices; the introduction of chain-linking; and the adoption of a new industry classification, the Australian and New Zealand Standard Industrial Classification 1996 (ANZSIC96).

The *Quarterly Gross Domestic Product: Sources and Methods* is available for free at www.stats.govt.nz, or contact the information centre (call toll-free 0508 525 525 or email info@stats.govt.nz) to purchase a hard copy.

Chain-volume series expressed in 1995/96 prices

The series in this release are chain-linked and expressed in the average prices of the 1995/96 year. They are best described as annually reweighted chained Laspeyres volume indexes. Series are expressed in 1995/96 dollars rather than as index numbers, since this has the advantage of showing the relative size of each component.

The chain-volume measures of GDP and expenditure on GDP are constructed by: (a) compiling a Laspeyres volume index of the component in question, using the previous year's prices as weights; and then (b) chaining the sequence of annual movements to produce a continuous time series. This procedure is used at different levels within the accounts. For example, GDP is compiled by weighting together the individual industry value-added components to produce a Laspeyres volume index for each quarter, and then linking the resulting indexes to produce the GDP time series. Each industry component, such as transport and communication, is also a chained-volume series. At this lowest level, the 'elemental series' are not chained and are either single series in their own right or fixed-weight series comprising a number of components. Chaining is not adopted, either because relative price changes are not considered significant or (and this is the more likely scenario) the detailed information needed for annual weights is not available.

It is important to note that chain-volume series are not additive (ie the chain-volume series for an aggregate will not equal the sum of the values of its components). This is explained more fully in the report *Chain Volume Measures in National Accounts* (see below).

In most cases, the industry 'elemental series' estimates that make up the production-based GDP are calculated by extrapolating value added, using indicator series that represent the quantities of output produced. The technique known as double deflation, by which volume value added is calculated as the difference between volume outputs and inputs, is not widely used. It is currently used for the agriculture and electricity industries on a quarterly basis, and for water transport, business services, cultural and recreational services, and personal and other services on an annual basis.

Further information on chain-volume series is contained in the report *Chain Volume Measures in National Accounts*, available from our website at www.stats.govt.nz. This report, published as a discussion document in 1998, contains a detailed discussion of the concepts and procedures used to compile chain-volume series.

Production-based measure the preferred series

Conceptually, both the production- and expenditure-based GDP series are the same. However, as each series uses independent data and estimation techniques, some differences between the alternative measures arise. The expenditure-based series has historically shown more quarterly volatility and is more likely to be subject to timing and valuation problems. For these reasons, the production-based measure is the preferred measure for quarter-on-quarter and annual changes.

Implicit price deflators

Table 5.1 contains implicit price deflators (IPDs) for expenditure on GDP and its components. IPDs provide a broad measure of price change for total economic activity and each of the expenditure components. They are calculated by dividing the seasonally adjusted current price quarterly series by the equivalent chain-volume series, and consequently provide an estimate of price change between the base period and any other period, using the quantity weights in the latter period. Because weights change from period to period, a change in an IPD between any two periods, neither of which is the base period, reflects changes in both actual prices and weights or compositional changes. Significant compositional changes may result in the IPDs being an unreliable estimate of price change. This problem is more likely to occur in the gross national expenditure (GNE) and expenditure on GDP aggregates, because both include the change in inventories item, which is subject to extreme compositional changes, including a change in sign.

Revisions policy

Revisions to the previously published series may be made each quarter. The frequency and cause of these revisions are as follows:

- Quarterly: additional data becoming available for the latest quarters, which is used to replace existing estimates; revisions to quarterly data (eg revisions to the Balance of Payments or Retail Trade Survey), which will be incorporated as soon as possible to maintain consistency between published macro-economic statistics.
- Annual: introduction of annual data following the release of the latest annual national accounts each year; annual updating of the weights used to combine component series to totals and subsequent chaining (see below).
- Irregular: for example methodological changes. However, note that revisions of this nature are, as far as possible, incorporated to coincide with the annual cycle of revisions outlined above.

In addition, each of the above causes for revision, and/or the addition of a new point in the actual quarterly series, has the potential to alter seasonal factors and therefore may lead to a revision in the seasonally adjusted series.

Revisions will also occur as a result of the quarterly improvement project described below.

National accounts quality improvement project

Over the past year a number of potential improvements to the annual and quarterly national accounts were identified and prioritised. These improvements relate to data sources, methods and processes. Over the next two or so years, a number of quality improvement projects will be undertaken and the outcomes from these projects incorporated into the annual and quarterly national accounts statistics.

Revisions this quarter will include the outcomes from these initiatives. Industries with revisions due to quality improvement this quarter include:

- Electricity, gas and water – the water supply quarterly indicator is now based on smoothed Quarterly Employment Survey paid hours. The annual method for water supply is now double deflation of current price annual data. These improvements in water supply methodology are consistent with those used for the electricity and gas industries.
- Insurance – explicit indicators for sub-components of insurance have been developed. The annual benchmarking method for insurance is now double deflation of current price annual data.
- Oil and gas exploration – the annual benchmarking method for oil and gas exploration has been upgraded from summing quarterly results, to double deflating current price annual data.
- Central government final consumption expenditure – fringe benefit taxes are now deflated as part of the total intermediate consumption for all industries captured in central government. This improvement to methodology is consistent with that used in local government final consumption expenditure. A separate improvement has been made to the quarterly indicator for intermediate consumption for central government administration.

Revisions resulting from chain-linking

One of the key benefits gained through adopting chain-volume measures in place of fixed-weight series is that the relative weights of the component series are more up-to-date. This reduces the likelihood of introducing biases in the volume measures, which would otherwise become progressively unrepresentative as relative prices change. However, the disadvantage is that the annual reweighting introduces another cause for revision.

Reweighting is part of the annual revisions cycle and is usually timed to coincide with the introduction of other new annual data from the current price GDP accounts. These changes are normally incorporated in the September quarter release, which is published at the end of December.

The current price annual accounts provide the detailed component series needed for weighting the production-based series of GDP. There is currently a three-year time lag before these detailed series are available. As a result, the latest year for which up-to-date weights have been used for the production-based series is for the year ended 31 March 2004, and all subsequent quarters use these weights.

Current price data is available on a more timely basis for the components comprising the expenditure-based measure of GDP. As a result, the latest year for which up-to-date weights have been used for the expenditure-based series is for the year ended 31 March 2006, and all subsequent quarters use these weights.

When the weights are updated each year, this procedure results in revisions to all periods beyond the latest year for which detailed series are available (currently 2004/05 for the production-based measure and 2005/06 for the expenditure-based measure).

Direct and indirect seasonal adjustment

The level at which a series is seasonally adjusted is important, since it has the potential to affect the quality of that seasonally adjusted series. The individual component series of the main economic variables can be seasonally adjusted and then summed to derive totals. This is called an indirect seasonal adjustment. Alternatively, the main economic variables can be seasonally adjusted at the total level, independently of the seasonal adjustment of their components. The adjustment of the total of an aggregate series is called a direct seasonal adjustment. The indirect approach has the advantage of retaining additivity, but this applies only to the current price series. While the indirect approach conceptually also provides additivity for volume series, additivity is lost by chain-linking.

The direct approach will often give better results if the component series show similar seasonal patterns. At the most detailed level, the irregular factor may be large compared with the seasonal factor and therefore may make it difficult to perform a proper seasonal adjustment. In a small country such as New Zealand, irregular events can have a strong impact on particular data. However, if the component series show the same seasonal pattern, aggregation often reduces the impact of the irregular factors in the component series. This is particularly relevant for New Zealand, where many economic series are affected by seasonal fluctuations in the primary industries.

Statistics New Zealand has analysed both the direct and indirect approaches for the two quarterly GDP aggregates: production and expenditure on GDP. The direct approach has been chosen as the preferred method because the resulting series are smoother and more stable.

The residual between the seasonally adjusted components and the aggregates is referred to as the balancing item (see tables 1.2 and 1.3). The balancing item will often show significant seasonal variations. This is to be expected, as it captures the undetected seasonality in the component series.

The level at which seasonal adjustment is applied to quarterly GDP series may differ from other Statistics NZ surveys (eg the Economic Survey of Manufacturing and the Wholesale Trade Survey). These may contribute to differences in the aggregate seasonally adjusted series.

Easter trading and leap year effects

In 2008, Easter fell in March instead of April, and in February there was an extra day due to the leap year. No changes were made to the GDP seasonal adjustment to account for the early Easter or the leap year this quarter.

Although the Retail Trade Survey does make adjustment for the leap year effect, the national accounts do not. The reason that no adjustment is made to GDP is that previous investigations have found the impact on GDP of an extra trading day is insignificant. This is compounded by the fact that early Easters occur so infrequently that there are not enough observations to adjust for the impact.

Broad industry groups

In tables 2.1 and 2.4, industry groups are combined to form the following broad groupings, based on the Australian and New Zealand Standard Industrial Classification (ANZSIC 96):

- primary industries (agriculture; fishing, forestry and mining)
- goods-producing industries (manufacturing; electricity, gas and water; construction)
- service industries (wholesale trade; retail, accommodation and restaurants; transport and communications; finance, insurance and business services; government administration and defence; personal and community services).

In addition to these industrial groupings there exists an 'unallocated' category, which includes unallocated taxes on production and imports (import duties, GST and taxes on capital transactions) and the nominal industry.

Final consumption expenditure

Private final consumption expenditure is the sum of household outlays on consumer goods and services, and the expenditure on non-capital items by private non-profit organisations serving households. General government final consumption expenditure includes both central and local government, as well as health and education.

Annual percentage changes

When using annual percentage changes, care should be taken to ensure that the measures used are correctly understood. Those in tables 2.4, 2.5 and 3.3 compare the level of economic activity in the latest quarter with the level of activity in the corresponding quarter 12 months earlier. Tables 2.7 and 3.5, on the other hand, display the percentage change in the level of GDP and expenditure on GDP, respectively, for the annual period each quarter, compared with the same period 12 months earlier. Annual measures are calculated by summing the series for each four-quarter period, dividing by the sum of the series of the preceding four quarters, and then expressing this as a percentage.

Real gross national disposable income

Gross national disposable income (GNDI) is the income received (less income payable) by New Zealand residents, from both domestic and overseas sources, after taking account of income redistribution by way of international transfers, or gross national income (GNI) plus international transfers.

Real gross national disposable income (RGNDI) measures the real purchasing power of national disposable income, taking into account changes in the terms of trade, and real gains from net investment and transfer income with the rest of the world. Effectively, it is a measure of the volume of goods and services New Zealand residents have command over.

RGNDI is calculated as follows:

	chain-volume measure of gross domestic product (production-based measure)
plus	a terms of trade effect (trading gain/loss)
equals	real gross domestic income
plus	real value of total net investment income
equals	real gross national income
plus	real value of total net transfers
equals	real gross national disposable income

where the terms of trade effect is defined as:

current price exports deflated by an imports implicit price index
less chain-volume measure of exports

and the real value of total net investment income equals:

investment income credits

less investment income debits
all deflated by an imports implicit price index

and the real value of total net transfers equals:

transfers credits
less transfers debits

all deflated by an imports implicit price index.

A per capita measure is simply the series in question divided by the population of New Zealand. From the March 1991 quarter onwards, the definition used is the 'estimated resident population of New Zealand'. This is defined as New Zealand residents currently in New Zealand plus those temporarily overseas. Overseas tourists visiting New Zealand are excluded from this measure. Prior to March 1991, the definition used was the 'de facto' population, which excludes New Zealand residents temporarily overseas and includes overseas tourists in New Zealand. Apart from the definitional change, there is also a slight discontinuity at this point, as the series from March 1991 onwards includes an allowance for the census undercount.

More information

For more information, follow the [link](#) from the technical notes of this release on the Statistics NZ website.

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Tables

The following tables are printed with this Hot Off The Press and can also be downloaded from the Statistics New Zealand website in Excel format. If you do not have access to Excel, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

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- 1.2 Gross domestic product by industry, chain-volume series expressed in 1995/96 prices
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Analytical tables

The following tables can be downloaded from the Statistics New Zealand website in Excel format. If you do not have access to Excel, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

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GDP(E) Current Prices

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Table 2E1 Gross fixed capital formation, all sectors by asset type, actual current prices

Table 2E2 Gross fixed capital formation, all sectors by asset type, seasonally adjusted current prices

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Table 2G1 Imports of goods and services, actual current prices

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