

Embargoed until 10:45am – 28 November 2008

Household Economic Survey (Income): Year ended June 2008

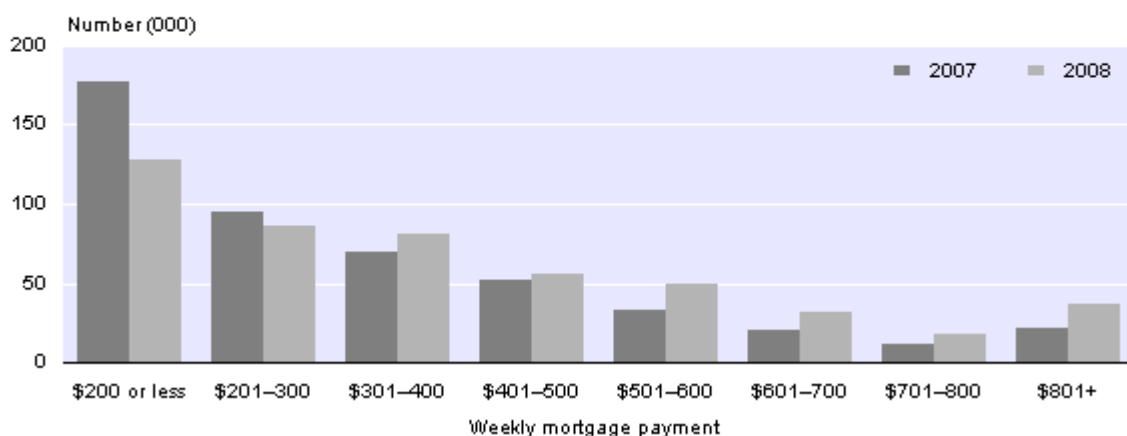
Highlights

- Median annual household income was \$57,947 in 2007/08, up 3.9 percent from 2006/07.
- Median annual personal wage and salary income for those receiving income from this source was \$35,000 (up 2.9 percent from 2006/07).
- Median weekly expenditure on housing costs rose from \$130 in 2006/07, to \$156 in 2007/08 (up 20.1 percent).
- For those making mortgage payments, median weekly mortgage payments rose from \$256 to \$328 (up 27.8 percent) between 2006/07 and 2007/08.
- In 2007/08, 28 percent of New Zealand households with a mortgage paid over \$500 per week in mortgage payments (18 percent in 2006/07).
- For households making rent payments, median weekly household expenditure on rent was \$225, up from \$210 in 2006/07 (up 7.1 percent).

Households Making Mortgage Payments

By weekly mortgage payment

Year ended 30 June



Dallas Welch (Mrs)
Acting Government Statistician

28 November 2008

See also [Household Economic Survey \(Income\): Year ended June 2008 – Media release](#).

Commentary

Introduction to the new survey

The Household Economic Survey (Income) is a shortened version of the full triennial Household Economic Survey (HES). The year ended 30 June 2008 is the first time this survey has been run. The survey will run in the two intervening years between the full HES to collect data on household and personal income, living standards and housing cost expenditure. The main differences between the two surveys are that in HES (Income), the only expenditure data collected relates to some types of housing costs; also, there is no diary-sourced detailed expenditure information. Housing costs information collected from HES (Income) includes expenditure on rent and mortgages, property rates and building-related insurance.

Notes for this release

The information in this release is for the year ended 30 June 2008 (referred to as 2007/08), with comparisons to data collected from the full HES in the year ended 30 June 2007 (2006/07). Housing cost expenditure from 2006/07 has been adjusted to remove the diary-sourced expenditure, making it comparable with data collected in 2007/08. This is indicated by an R in the tables for 2006/07 data.

When interpreting information from HES (Income), all factors impacting on the data must be considered. Factors influencing a household's expenditure or income include household size, household composition, geographic location, and employment-related factors.

The median figure means half of the households receive or spend more and half receive or spend less than the stated amount. Medians tend to be less influenced than averages by extreme high or extreme low amounts.

All income figures refer to gross (before tax) income, and housing cost expenditure includes GST where applicable.

The five broad regions reported on are based on regional council areas. They are the Auckland, Wellington and Canterbury regional council areas, Rest of the North Island, and Rest of the South Island. This is the lowest level of geographical breakdown available for HES (Income) due to sample design.

More information, including definitions, can be found in the Technical notes section of this release.

Income

Household income

The median annual household regular income for 2007/08 was \$57,947, up 3.9 percent from the 2006/07 figure of \$55,796.

The average (mean) annual income from regular sources for New Zealand households was \$73,952 in 2007/08. This was an increase of 8.8 percent, up from \$67,973 in 2006/07.

Average Annual Household Income by Income Source <i>Year ended 30 June 2008</i>				
Household income source	2007/08		Change from 2006/07	
	Average annual household income (\$)	Proportion of total income (%)	(\$)	(%)
Wages and salaries	53,743	73	3,508	7.0
Self-employment	5,175	7	962	22.8
Investments	4,360	6	1,303	42.6
Private superannuation	834	1	216	35.1
New Zealand Superannuation and war pensions	4,254	6	284	7.2
Government benefits	2,911	4	-829	-22.2
Other sources	2,675	4	534	24.9
Total regular income	73,952	100	5,979	8.8

Note: All figures in this table are independently rounded.

Annual median household wage and salary income was \$43,000 in 2007/08, up from \$41,205 in 2006/07 (up 4.4 percent).

Wages and salaries was the income source with the highest average annual household income dollar increase between 2006/07 and 2007/08. It was up \$3,508 to reach \$53,743 (up 7.0 percent). Wages and salaries continued to make up the highest proportion of total household income in 2007/08, with 73 percent.

Investment income had the second-highest average annual household income dollar increase between 2006/07 and 2007/08, at \$1,303. However, investment income makes up only a small proportion of total household income, at 6 percent. The increase in investment income is explained by increases in the aggregate amount of investment income, the number of households that received investment income, and an increase in the number of household members within the age groups who typically receive this income source. Just over half of the increase in the number of investment income recipient were aged 55 years or over.

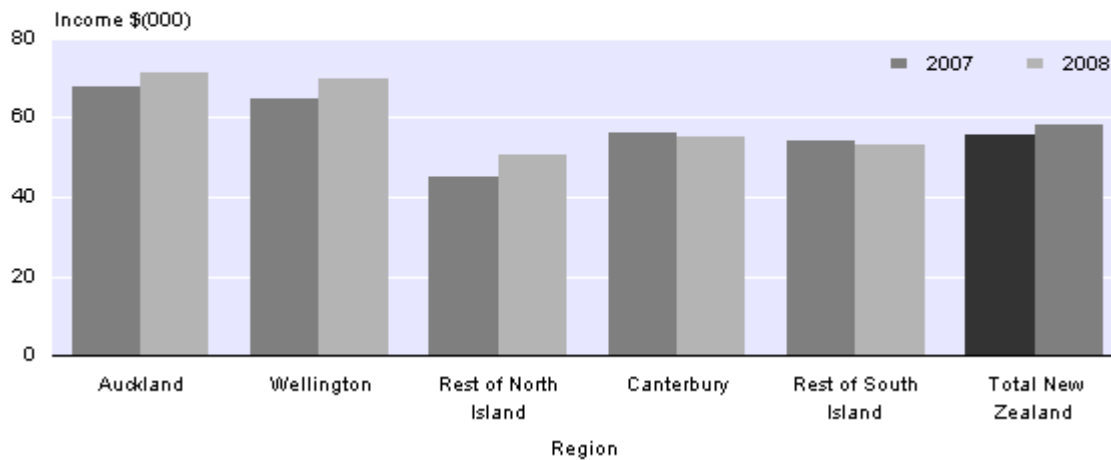
Only the change (8.8 percent) for average annual household total regular income was statistically significant.

Of the five regions, Auckland region had the highest median annual household income in 2007/08, at \$70,993, followed closely by Wellington with \$69,918. The lowest median annual household income was for the Rest of the North Island (\$50,295), but this region had the largest percentage increase in income since 2006/07, at 11.8 percent. The Rest of the North Island region has the largest number of households of all five regions.

Median Annual Household Income

By region

Year ended 30 June



Personal income

For those aged 15 years and over, median annual personal income from regular sources was \$27,606 in 2007/08, up from \$25,367 in 2006/07 (up 8.8 percent). The increase in median annual personal income was 6.6 percent for males (\$33,000 to \$35,164), and 5.6 percent for females (\$20,085 to \$21,220).

Average (mean) annual personal income from regular sources was \$35,804 in 2007/08, up from \$32,833 in 2006/07, a 9.1 percent increase. For males, average annual regular income increased 11.5 percent, up from \$39,491 in 2006/07 to \$44,038 in 2007/08. For females, it increased 5.6 percent, up from \$26,593 in 2006/07 to \$28,075 in 2007/08. Over the year, wages and salaries, the key component of income, increased for both males and females.

Wages and salaries

For those receiving income from wages and salaries, the median annual personal income from this source increased to \$35,000 (up 2.9 percent) in 2007/08.

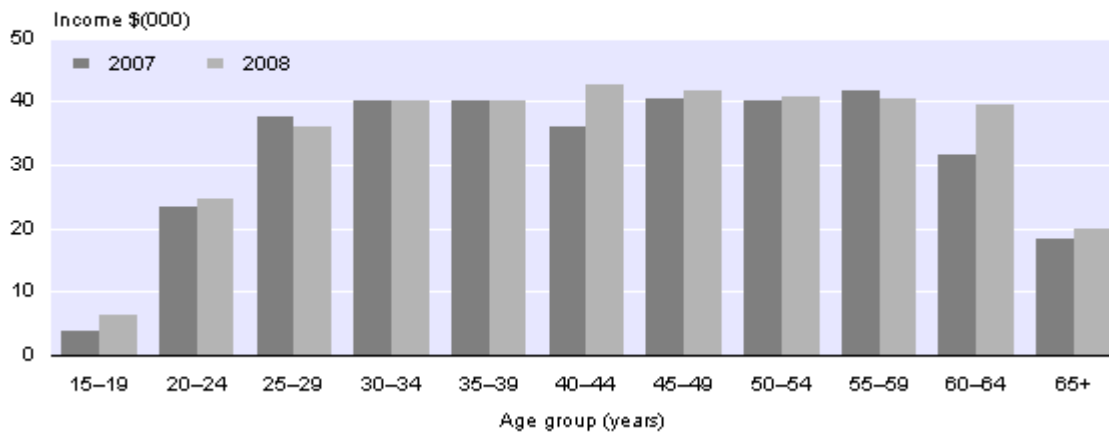
Average annual wage and salary income for those receiving income from this source was \$39,517, up 5.3 percent from \$37,546 in 2006/07. The rise was due to increases in the aggregate amount of wage and salary income received (up 8.5 percent) and the number of wage and salary income earners (up 3.1 percent). Males had an increase in average wage and salary income of 5.1 percent (up \$2,277) and females had an increase of 4.8 percent (up \$1,434).

Income by age group

For those receiving regular income, the 40- to 44-year age group had the highest dollar increase in median annual regular income, between 2006/07 and 2007/08, at \$7,691 (up from \$34,023 to \$41,714). They were followed by the 60- to 64-year age group, with an increase of \$5,202 (up from \$23,998 to \$29,200). Wage and salary increases for these two age groups were the main contributor to their overall increases in regular income.

The dollar increase for median annual wage and salary income, for those receiving income from this source, was highest for the 60- to 64-year and 40- to 44-year age groups, with increases of \$7,839 (up to \$39,350), and \$6,500 (up to \$42,500), respectively. For 2007/08, compared with 2006/07, the number of people in the 60- to 64 year age group who received wage and salary income increased by 14.5 percent (up to 121,600 people). The 40- to 44-year age group increased by 2.8 percent (up to 252,600 people).

Median Annual Wage and Salary Income⁽¹⁾
By age group
 Year ended 30 June



(1) Only those receiving wage and salary income are included in the population.

Housing costs

Housing costs information collected in this survey includes expenditure on rent and mortgages, property rates and building-related insurance. Median weekly expenditure on housing costs rose from \$130 in 2006/07 to \$156 in 2007/08 (up 20.1 percent), while the average (mean) weekly housing cost expenditure rose 12.8 percent, from \$204 in 2006/07 to \$230 in 2007/08. The change in housing costs was driven mainly by mortgage interest payments. Average weekly mortgage interest payments were \$82 for 2007/08, up \$18 (28.8 percent) from 2006/07. This was a statistically significant increase. Property and ground rent also had a significant increase in average weekly expenditure (up 13.6 percent, from \$64 to \$73).

Mortgage interest payments made up the highest proportion of total housing costs (35.7 percent), followed by property and ground rent (31.6 percent). The main component of the mortgage interest payments category was interest and principal repayments on primary property, and the main component of the property and ground rent category was rent paid on primary property.

Average Weekly Household Expenditure by Housing Cost Type <i>Year ended 30 June 2008</i>		
Housing cost type	Average weekly household expenditure (\$)	Proportion of total housing costs (%)
Property and ground rent	72.60	31.6
Other payments connected with renting	1.80	0.8
Mortgage principal repayments	39.70	17.3
Mortgage interest payments	82.10	35.7
Application and service fees for mortgages	0.30	0.1
Property rates	23.70	10.3
Building related insurance	9.20	4.0
Other housing costs	0.50	0.2
Total housing costs	229.90	100

Note: All figures in this table are independently rounded.

Housing costs to income ratios

Ratios of housing costs to household income are often used as measures of housing affordability. Nationally, total housing costs accounted for 16.2 percent of total household regular income, a slight increase from 15.6 percent in 2006/07. There was little difference in the housing costs to household income ratio regionally, although Canterbury (17.5 percent) and Auckland (17.4 percent) were slightly higher than the remaining regions.

Some households who rent can afford to service a mortgage but may choose not to for reasons that include lifestyle choices. However, on average, those who pay rent tend to have lower incomes than those who own their dwelling. Therefore, the resulting housing costs to income ratio can be higher for rent-paying households. Also, some home owners do not have mortgages owing for their dwelling, and so their regular housing cost commitments tend to be lower than those who do pay a mortgage.

For households that either owned the dwelling they lived in, or held that dwelling in a family trust, 21 percent of them spent 25 percent or more of their household income on housing costs. This is an increase from 18 percent of households in 2006/07. In contrast, 49 percent of households who paid rent spent 25 percent or more of their household income on housing costs, with 22 percent spending more than 40 percent of their income on housing costs.

Mortgage payments

For those making mortgage payments, median weekly mortgage payments rose from \$256 to \$328 between 2006/07 and 2007/08, an increase of 27.8 percent, due mainly to an increase in mortgage interest payments. Mortgage payments include interest payments, principal repayments, interest on revolving credit mortgage/loans, and application and service fees for mortgages.

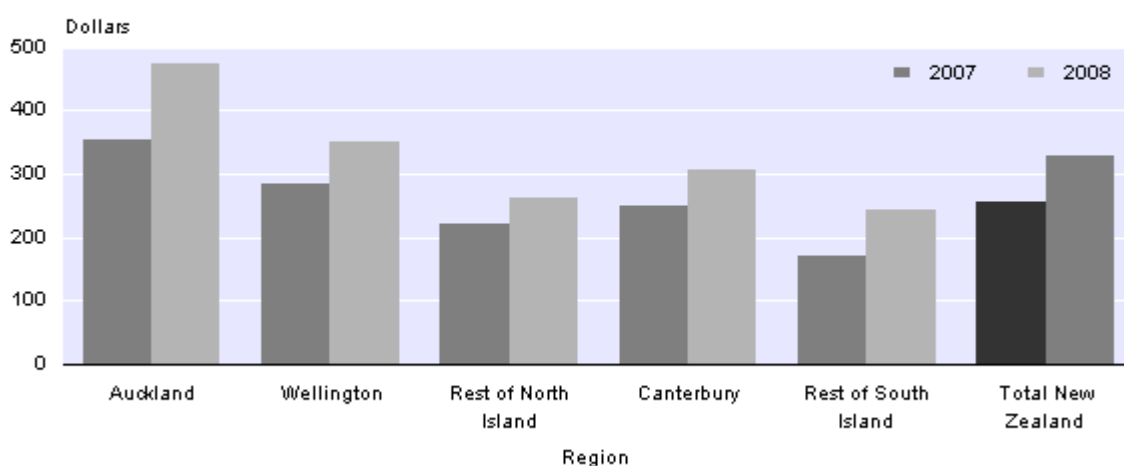
In 2007/08, 28 percent (135,700) of New Zealand households with a mortgage paid over \$500 per week in mortgage payments, up from 18 percent (86,300) in 2006/07. Just over 37,200 households (8 percent) paid over \$800 per week in mortgage payments, up from 22,300 (5 percent) in the previous year. These increases partly reflect increasing mortgage interest rates charged over the survey period.

For 2007/08, the median weekly mortgage payments for the five regions were as follows: Auckland (\$472), Wellington (\$350), Canterbury (\$307), Rest of the North Island (\$262), and Rest of the South Island (\$242). This largely reflects the higher median house prices in the Auckland regional council area, compared with the rest of the country.

Median Weekly Mortgage Payments⁽¹⁾

By region

Year ended 30 June



(1) Only those making mortgage payments are included in the population.

Renting costs

In 2007/08, 31 percent of all households did not own the dwelling they lived in, and made rent payments. For these households, median weekly household expenditure on rent was \$225 per week, up from \$210 in the previous year (up 7.1 percent). Rent payments include rent paid for primary property, rent paid for other properties, and other payments connected with renting – ie bonds, ground rent and easements.

Households in Auckland continued to pay the highest median rent amount, at \$280 per week. This was \$55 above the next-highest amount, which was paid by households in the Wellington region.

Median Weekly Rent Payments for those Making Rent Payments, by Region Years ended 30 June

Region	2006/07 (\$)	2007/08 (\$)
Auckland	275 R	280
Wellington	220 R	225
Rest of the North Island	170 R	185
Canterbury	200 R	220
Rest of the South Island	160 R	160
Total New Zealand	210 R	225

R revised (adjusted for comparability)

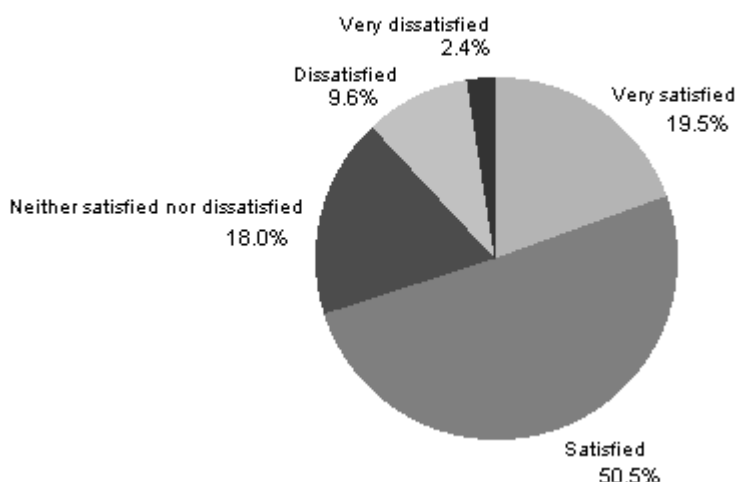
Material standard of living

Material standard of living is defined as the capacity to obtain the things that money can buy. Questions on material standard of living asked people how they rated their standard of living, how satisfied they were with their standard of living, and how adequately their income met their everyday needs.

In 2007/08 most people were either satisfied or very satisfied with their material standard of living. Seventy percent of households were satisfied or very satisfied, with 20 percent being very satisfied. Twelve percent were dissatisfied or very dissatisfied, and the remaining 18 percent were neither satisfied nor dissatisfied.

Household Satisfaction with Material Standard of Living

Year ended 30 June 2008



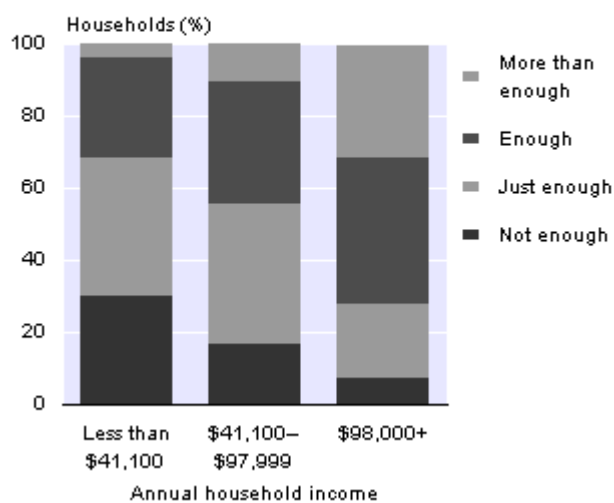
As well as stating how satisfied they were with their standard of living, households were asked how they rated their current level of material standard of living. The majority of New Zealand households (88 percent) rated their current level as either medium or above (medium, fairly high, and high).

Forty-five percent of all households reported that their income was enough or more than enough to meet their everyday needs for such things as accommodation, food and clothing. For households with a total income of less than \$41,100, 32 percent reported that their income was enough or more than enough to meet their everyday needs. This compares with households with a total income of \$98,000 and over, where the proportion was 72 percent.

Adequacy of Income to Meet Everyday Needs

By annual household income

Year ended 30 June 2008



Next release ...

Household Economic Survey (Income): Year ended June 2009 will be released in November 2009.

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Technical notes

Introduction

The full Household Economic Survey (HES) was conducted on an annual basis from 1973 until the year ended March 1998. Since the year ended June 2001, it has been conducted triennially. The latest data available for the full HES is for the year ended June 2007. The full HES provides a comprehensive range of statistics relating to income and expenditure, as well as demographic information on households and individuals.

With the full HES being run triennially, it was acknowledged that an information gap existed in the frequency of measuring household income and housing costs over time. As a result, it was decided as part of the Programme of Official Social Statistics, to run a shortened version called HES (Income) in the years between the full HES, focusing on only three areas of the full HES: household and personal income, expenditure on housing costs, and living standards. The components collected in HES (Income) are used in the calculation of household disposable (after tax) income, a measure which monitors standard of living over time. The year ended 30 June 2008 is the first time that HES (Income) has been conducted.

The full HES will be run again in 2009/10.

Survey design

Scope of survey

As with the full HES, the target population for HES (Income) is the usually resident population of New Zealand residents living in private dwellings. This means that the population does not include:

- overseas visitors who expect to be resident in New Zealand for less than 12 months
- people living in non-private dwellings such as hotels, motels, boarding houses, hostels, and homes for the elderly
- patients in hospitals, or residents of psychiatric and penal institutions
- members of the permanent armed forces
- people living on offshore islands (excluding Waiheke Island)
- members of the non-New Zealand armed forces
- overseas diplomats.

For survey purposes, a 'household' comprises a group of people who share a private dwelling and normally spend four or more nights a week in the household. They must share consumption of food, or contribute some portion of income towards the provision of essentials for living as a group.

Survey components

There are four survey components to HES (Income):

- a household questionnaire
- a shortened expenditure questionnaire collecting household housing costs
- an income questionnaire for each household member 15 years and over
- an Economic Living Standards Index short-form version for one member per household who is aged 18 years and over (chosen randomly).

Recall and reference periods

The survey was carried out over the period 1 July 2007 to 30 June 2008.

Most of the housing cost expenditure was collected as 'latest payment'. However, there are some housing costs where respondents were asked about their spending for the period 12 months before the interview. Examples of these housing costs include easement or ground rent, and lump sum payments connected with renting, such as bond payments or rent administration fees. Expenditure data collected by 12-month recall covers a two-year period (one year back from 1 July 2007 for households interviewed in that month, through to 30 June 2008 for households interviewed then). Reported expenditure has not been adjusted for the effects of that difference in coverage.

For information on income, each household member aged 15 years and over was asked about their income in the year before their interview date. As a result, income data covers a two-year period, depending on the month each household was interviewed.

Statistical methodology

Population weighting adjustments

The population weighting used for the full HES and HES (Income) is integrated weighting, which was first introduced for the 2000/01 release. This statistical method adjusts the output to match externally sourced population benchmarks. In particular, it takes account of undercoverage in the survey for specific population groups such as young males and Māori.

Key benefits to using integrated weighting:

- improvements to the robustness and accuracy of the survey estimates
- the reduction of the effect of bias in estimates resulting from undercoverage
- a decrease in the level of sampling error for benchmark variables.

For the 2006/07 full HES and 2007/08 HES (Income), the population used for the integrated weighting was benchmarked to estimates based on the 2006 Census.

Reliability of the survey estimates

The HES (Income) sample comprised approximately 4,700 private households, sampled on a statistically representative basis from rural and urban areas throughout New Zealand. Information was obtained for each member of a sampled household that fell within the scope of the survey and met survey coverage rules. For 2007/08, the overall response rate was 77 percent.

Two types of error are possible in estimates based on a sample survey: sampling error and non-sampling error. Sampling error can be measured, and quantifies the variability that occurs by chance because a sample rather than an entire population is surveyed.

Relative sampling errors are calculated for expenditure, income and region. For example, in 2007/08 the estimated average annual household income for wages and salaries was \$53,743. This is subject to a percentage sampling error at the 95 percent confidence interval of plus or minus 4 percent. This means there is a 95 percent likelihood that the true value lies between \$51,593 and \$55,893.

The HES (Income) estimates are also subject to non-sampling error. Non-sampling errors include those arising from biases in the patterns of response and non-response, inaccuracies in reporting by respondents, and errors in the recording and coding of data. Statistics New Zealand endeavours to minimise the impact of these errors through the application of best practice survey methods and the monitoring of known indicators (eg non-response). More information on sampling errors is covered under the Differences between full HES and HES (Income) section below.

Under-reporting of expenditure

For some types of housing cost expenditure, the estimated amount for all private households is less than that reported from other data sources.

The main reasons for this are:

- expenditure by residents of non-private households or by those ineligible for the survey (for example, overseas visitors) is excluded from this survey
- respondents to the survey forget or omit some types of purchases because they are unable to recall expenditure, or are not able to obtain records to refer to at the time of the interview
- there is a bias associated with non-response that affects some statistics.

No adjustments were made to the data to compensate for any under-reporting.

Differences between full HES and HES (Income)

Housing costs

As only certain types of household expenditure were collected in 2007/08, no fortnightly diary-keeping was required for this survey. To allow for comparison with 2006/07, which did include detailed fortnightly expenditure diary-keeping, the 2006/07 expenditure in this release has been adjusted to remove any housing cost expenditure captured in diaries. Housing cost expenditure from diaries made up 2.1 percent of total aggregate housing cost expenditure in 2006/07, so the adjustment made was relatively small.

Expenditure classification

The expenditure classification for HES (Income) is titled the New Zealand Household Expenditure Classification (NZHEC). It is based on the internationally recognised Classification of Individual Consumption According to Purpose, but has slight modifications to better suit household spending patterns in New Zealand.

Since HES (Income) is only capturing a portion of the housing cost expenditure that full HES did, a subset of the full NZHEC classification is used for HES (Income). In this release those applicable NZHEC codes have been grouped into the following housing cost type categories:

Property and ground rent

- 04.1.01.1.0.01 Ground rent, easements
- 04.1.01.1.0.02 Rent paid for primary property
- 04.1.01.1.0.03 Rent paid for other properties

Other payments connected with renting

- 04.1.02.0.0.01 Bond payments to landlords and other bodies
- 04.1.02.0.0.02 Administration fees and charges connected with renting
- 04.1.02.0.0.99 Payments connected with renting not elsewhere classified

Mortgage principal repayments

- 04.2.01.2.0.01 Mortgage principal repayment on 1st mortgage for primary property
- 04.2.01.2.0.02 Mortgage principal repayment on other mortgages for primary property
- 04.2.01.2.0.03 Mortgage principal repayment on 1st mortgage for other properties
- 04.2.01.2.0.04 Mortgage principal repayment on other mortgages for other properties

Mortgage interest payments

- 13.1.01.0.1.01 Interest payments on 1st mortgage (excluding revolving credit) for primary property
- 13.1.01.0.1.02 Interest payments on other mortgages (excluding revolving credit) for primary property
- 13.1.01.0.1.03 Interest payments on 1st mortgage (excluding revolving credit) for other properties
- 13.1.01.0.1.04 Interest payments on other mortgages (excluding revolving credit) for other properties
- 13.1.01.0.2.01 Interest payments on 1st revolving credit mortgage for primary property
- 13.1.01.0.2.02 Interest payments on other revolving credit mortgages for primary property
- 13.1.01.0.2.03 Interest payments on 1st revolving credit mortgages for other properties
- 13.1.01.0.2.04 Interest payments on other revolving credit mortgages for other properties

Application and service fees for mortgages

- 11.5.01.0.1.01 Application fees for mortgages
- 11.5.01.0.1.02 Service fees for mortgages

Property rates

- 04.4.01.0.0.00 Water rates and charges
- 04.4.03.1.0.01 Local authority property rates for primary property
- 04.4.03.1.0.02 Regional authority property rates for primary property
- 04.4.03.1.0.03 Local authority property rates for other properties
- 04.4.03.1.0.04 Regional authority property rates for other properties
- 04.4.03.1.0.05 Combined local and regional authority property rates for primary property
- 04.4.03.1.0.06 Combined local and regional authority property rates for other properties
- 04.4.03.1.0.07 Payments to river boards
- 04.4.03.1.0.08 Payments to harbour boards
- 04.4.03.1.0.09 Payments to pest destruction boards
- 04.4.03.2.0.99 Other payments to local authorities not elsewhere classified

Building related insurance

- 11.4.02.0.0.00 Insurance on buildings
- 11.4.06.0.0.01 Insurance on buildings and house contents
- 11.4.06.0.0.03 Combined insurance on buildings, house contents and vehicles
- 11.4.06.0.0.03 Combined insurance on buildings, house contents and vehicles
- 11.4.06.0.0.04 Combined insurance on buildings, house contents, vehicles and life
- 11.4.06.0.0.99 Other combinations of insurance not elsewhere classified

Other housing costs

- 04.6.00.0.0.01 Body corporate payments
- 04.6.00.0.0.02 Combinations of rates, mortgage, insurance and maintenance payments
- 04.6.00.0.0.99 Other housing expenses not elsewhere classified

Material standard of living questionnaire

The Economic Living Standards Index (ELSI) (short-form version) questionnaire collects information on material standard of living by asking questions on ownership of particular items (eg a good pair of shoes), or the undertaking of certain activities (eg a visit to the hairdresser), social participation, and the extent that people engage in cost-related economising. Respondents were also asked how they rated their standard of living.

Selected results from this questionnaire are output as table 5, which contains household counts for ratings, satisfaction levels and adequacy of income to meet everyday needs. An index measurement of economic standard of living is not produced by Statistics NZ from this data. Other agencies can use such index data in conjunction with other measures (eg income, expenditure on housing costs, or household demographics), to provide an indication of the material standard of living of New Zealanders.

Some components of the ELSI (short-form version) questionnaire can be compared over time (eg adequacy of income to meet everyday needs). However, as judgements in level of satisfaction rise or fall in response to changes in aspirations over time, there can be an increase or decrease in ratings of material standard of living.

Response rates

Response rate differences between the 2006/07 full HES and 2007/08 HES (Income) may have had an effect on the level of change in income and housing cost expenditure. For 2006/07, the overall response rate was 62 percent; for 2007/08 it was 77 percent. The lower response rate for 2006/07 may have introduced bias (towards the characteristics of those who did respond) for 2006/07, therefore causing the change between 2006/07 and 2007/08 to appear slightly more extreme for certain estimates.

Sample errors

The tables below summarise the sampling errors for 2006/07 and 2007/08, by income source and housing cost type. They give an indication of the change in the variability of the estimates for the two samples.

As a guide, estimates with sampling errors greater than 21 percent should be taken with care when interpreting the associated income or expenditure estimates, as they will be less statistically reliable than those with sampling errors less than this.

Average Annual Household Income, by Income Source		
<i>Sampling errors</i>		
Years ended 30 June 2007 and 2008		
Income source	Sampling error (%)	
	2006/07	2007/08
Wages and salaries	5	4
Self-employment	46	29
Investments	19	18
Private superannuation	18	33
New Zealand Superannuation and war pensions	3	3
Other government benefits	9	9
Other sources	27	32
Total regular income	5	4

Average Weekly Household Expenditure, by Housing Cost Type		
<i>Sampling errors</i>		
Years ended 30 June 2007 and 2008		
Housing cost type	Sampling error (%)	
	2006/07	2007/08
Property and ground rent	5	4
Other payments connected with renting	21	29
Mortgage principal repayments	22	23
Mortgage interest payments	9	8
Application and service fees for mortgages	59	39
Property rates	6	4
Building related insurance	6	6
Other housing costs	36	35
Total housing costs	7	6

Rounding

Figures have been rounded to improve the readability of the data and to provide a more appropriate level of precision for this sample survey. Components may not sum to stated totals in the tables, due to rounding.

Percentages

All percentages in this Hot Off The Press have been calculated from unrounded data.

Definitions

Expenditure: All expenditure includes goods and services tax (GST).

Rents: Rent payments which were specified as being paid by the household, as opposed to imputed rent (the estimated benefit value from home-ownership of not having to pay rent, partly offset for home-owners by the expenses of home ownership). Actual rent is collected in both full HES and HES (Income).

Mortgage payments: Consists of mortgage principal repayments, mortgage interest payments, and application and service fees for mortgages.

Rent payments: Includes rent paid for primary property, rent paid for other properties, and other payments connected with renting – that is, bonds, ground rent and easements.

Income received from this source: Includes only those people or households who receive the specific source of income used in the calculation of averages and medians (so excludes those who reported no income from the specified source).

For those making mortgage/rent payments: Includes only those households who make either a mortgage or rent payment used in the calculation of averages and medians (so excludes those who reported no mortgage/rent payments).

Dwelling ownership: An aggregation of categories from the 'tenure of household' classification. Tenure refers to the nature of the occupancy of a household in a private dwelling at the time of the survey. It does not refer to the tenure of the land on which the dwelling is situated.

'Owned or partly owned' covers dwellings that are either held or not held in a family trust, and regardless of whether mortgage payments are made or not made for the owned or partly-owned dwelling. 'Dwelling not owned' covers dwellings where the household does not own the dwelling, and either pays rent for the dwelling, or lives there rent free.

Income: All references to income in this release refer to before-tax (gross) income. Income has not been equivalised, so it has not been adjusted to remove the effects of household size or household type, for example the number of dependent children.

Housing cost to household income ratio: Aggregate housing cost amount as a proportion of the aggregate household income amount. This measure is often used as an indicator of housing affordability, but is typically calculated using disposable household income (gross income minus income tax) instead of before-tax (gross) income, as in this release. This means that the housing costs to gross household income ratios may be slightly lower than ratios reported from other data sources.

Decile: Formed by dividing the population into 10 groups by ranking individuals by the amount of income they receive. The bottom decile (decile 1) is the lowest 10 percent of the population in terms of income, while the top decile (decile 10) is the highest 10 percent of the population.

Average weekly household expenditure: Sum of the weekly household expenditure of those reporting expenditure, divided by the sum of the number of households in the population.

Percentage of households reporting: Sum of the households reporting expenditure, divided by the sum of number of households in the population.

Wages and salaries: Income received from all current and previous wage and salary jobs held over the reference period, and any job-related bonuses, commissions, redundancies or other taxable income such as honoraria or directors fees. It is possible for a respondent to have an employment status of self-employed, but receive wage and salary income instead of self-employment income.

Self-employment income: Net profit or loss received from all current and previous self-employment jobs held over the reference period, including drawings (cash or goods the respondent takes out of the business instead of receiving a 'wage').

Investment income: Net profit or loss received from investments such as rent, Māori land or other leased land, dividends from New Zealand companies, royalties, and interest from the following: banks, other financial institutions, bonds, stocks, money market funds, debentures or securities.

Private superannuation income: Includes income received from both job-related superannuation schemes and other private schemes.

New Zealand Superannuation and war pensions: In addition to New Zealand Superannuation, this category also includes the veterans, war disablement and surviving spouse pensions.

Other government benefits: All family assistance payments such as those under the Working for Families package are included in this source category, as well as main benefits (eg unemployment benefit), student allowances, emergency benefits and supplements.

Other sources of regular and recurring income: Includes income received from trusts, annuities, alimony, educational scholarships, and income protection insurance.

Irregular income: Includes income received from inheritances, matrimonial settlement, lump sum life insurance pay outs, lump sum bursaries and prizes, and gifts of money from other New Zealand households.

Region: The HES sample design allows for a regional breakdown to the level of five broad regions. Auckland, Wellington and Canterbury regional council areas are separate regions, and the remaining regional council areas are grouped as Rest of the North Island and Rest of the South Island.

Rest of the North Island: Consists of Northland, Waikato, Bay of Plenty, Gisborne, Hawke's Bay, Taranaki and Manawatu-Wanganui regional council areas.

Rest of the South Island: Consists of Nelson, Marlborough, Tasman, West Coast, Otago and Southland regional council areas.

More information

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

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Timing

Timed statistical releases are delivered using postal and electronic services provided by third parties. Delivery of these releases may be delayed by circumstances outside the control of Statistics NZ. Statistics NZ accepts no responsibility for any such delays.

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.

1. Average annual household income, by income source
2. Household expenditure on housing costs, by housing cost type
3. Housing costs to income ratios, by dwelling ownership
4. Housing costs to household income ratios, by region
5. Household material standard of living, by annual household income decile
6. Personal demographics, by annual personal income decile
7. Household demographics, by annual household income decile