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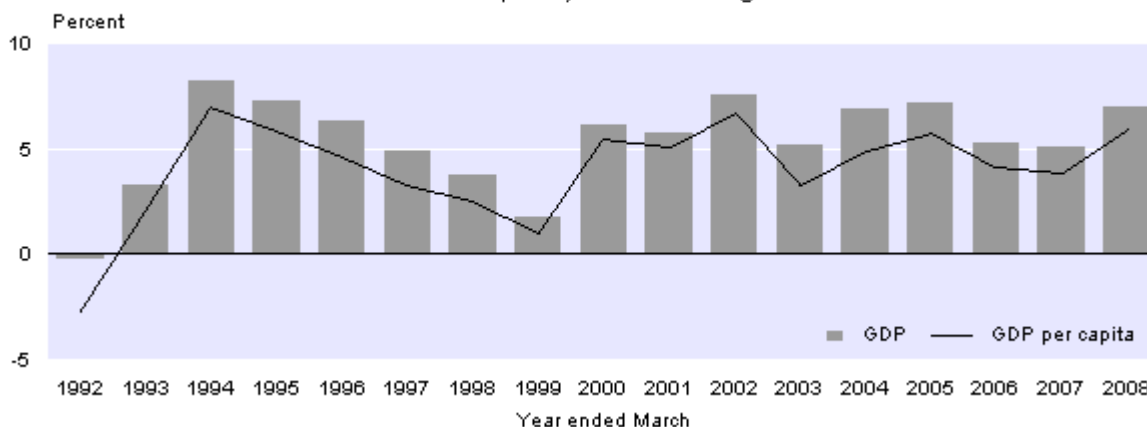
National Accounts: Year ended March 2008

Highlights

- Current price gross domestic product (GDP) increased 7.0 percent, while GDP per capita increased 5.9 percent.
- National saving rose to \$2,934 million, up from \$1,586 million in the previous March year.
- Gross national income increased 6.6 percent, driven by gross operating surplus (profits) up 8.5 percent and compensation of employees up 6.0 percent.
- Final consumption expenditure increased, with household spending up 5.0 percent. Central and local government expenditure increased 8.2 percent and 6.1 percent, respectively.
- Capital investment increased 8.9 percent. Fixed asset investment increased 6.0 percent, with a build-up in inventories of \$1,395 million.
- Net borrowing from overseas increased from \$14,243 million to \$14,984 million in the year ended March 2008.

Gross Domestic Product and Gross Domestic Product per Capita

Current price, annual change



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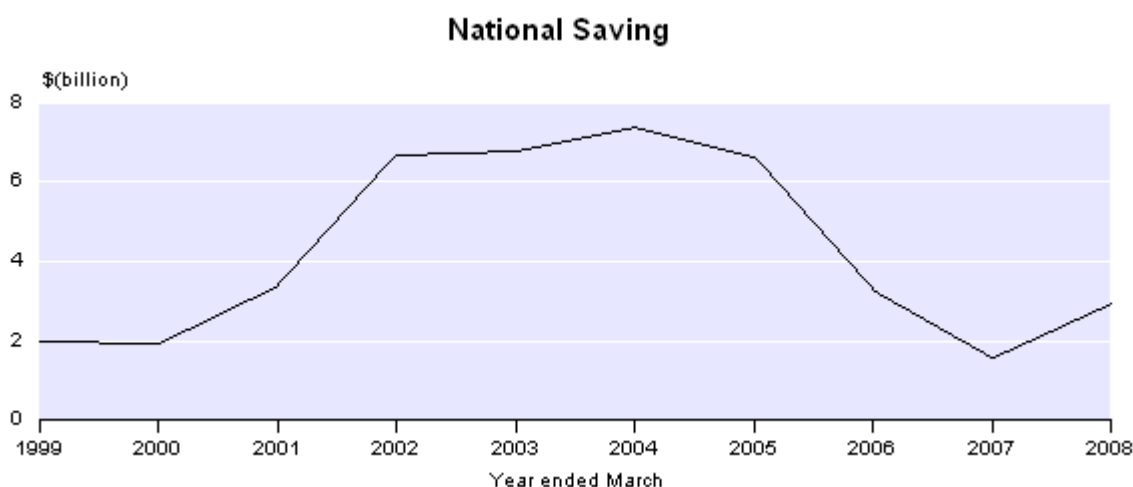
See also [National Accounts: Year ended March 2008 – Media release](#).

Commentary

All dollar figures given below are in current prices unless otherwise stated.

Overview

Gross domestic product (GDP) increased 7.0 percent in the year ended March 2008, following a 5.1 percent increase in the previous March year. National saving (all sectors) increased to \$2,934 million, from the lowest level in fourteen years of \$1,586 million recorded in the March 2007 year. Strong business profits contributed to the increase in GDP, gross operating surplus (business profits) increased 8.5 percent, mainly driven by agriculture and manufacturing. Increased business profits, combined with lower increases in household consumption (up 5.0 percent), contributed to improved national saving. The increase in household consumption was the lowest increase since the year ended March 2001 (up 4.1 percent). National disposable income, which measures the income available to New Zealand residents for current consumption or saving, rose 6.7 percent.



Components of gross domestic product

The latest increase in current price GDP has been driven by a rise in gross operating surplus (business profits) of 8.5 percent, the highest annual increase since the year ended March 2000. Compensation of employees (wages and salaries, together with employer social contributions) increased 6.0 percent in the year ended March 2008.

Strong internal demand (gross national expenditure) increasing 6.5 percent, was the main contributor to expenditure on GDP. Household consumption expenditure increased 5.0 percent, the lowest percentage increase since the year ended March 2001 (up 4.1 percent). Central and local government spending rose 8.2 percent and 6.1 percent, respectively. Business and government investment (excluding residential building) in fixed assets increased 4.9 percent, with increases in other construction activity, such as roads, bridges and dams (up 10.0 percent) and plant machinery and equipment (up 5.0 percent). New residential housing increased 9.0 percent, following a 3.1 percent increase in the March 2007 year.

Increased prices and volumes for coal, crude petroleum and ores, minerals and gases, together with strong international prices for dairy products contributed to the increase in exports, although dairy export volumes decreased in the March 2008 year (down 0.9 percent). This resulted in a narrowing deficit for net trade (reducing from a deficit of \$2,451 million in the year ended March 2007 to a deficit of \$1,556 million in the year ended March 2008). The balance on the external current account deficit grew from \$13,785 million to \$14,211 million in the March 2008 year, with increased property income (such as dividends and interest) flows to the rest of the world (up 16.5 percent).

National disposable income

Business profits and compensation of employees are the two key components of national income.

Gross operating surplus (business profits) rose 8.5 percent in the March 2008 year with increases across all aggregate industry groupings with the exception of the owner-occupied dwellings. When the provision for consumption of fixed capital (economic depreciation) is deducted, net operating surplus rose 9.6 percent. The main contributors to increased business profits were agriculture and manufacturing. The concept of net operating surplus approximates pre-tax business profits before the deduction of net interest payments.

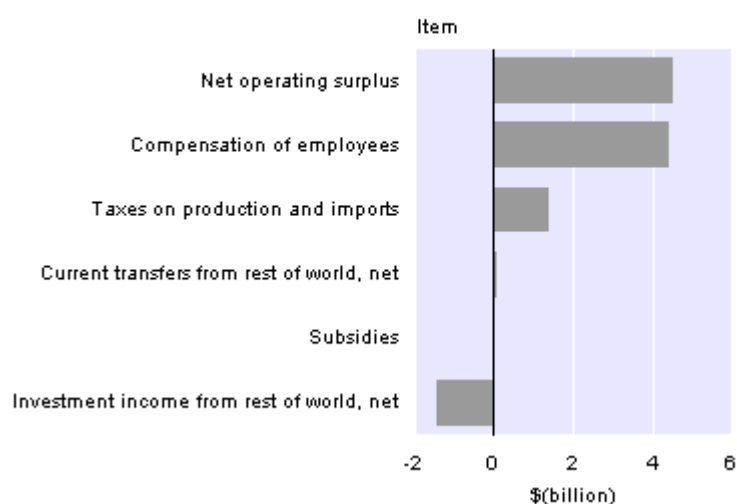
Compensation of employees increased 6.0 percent in the March 2008 year, following a 7.1 percent increase in the March 2007 year. This is the lowest increase since the year ended March 2001 (up 5.1 percent). Compensation of employees comprises salaries and wages, employers' contributions to superannuation funds, ACC levies, fringe benefits and redundancy payments, with salaries and wages as the major component.

Both employment and average earnings increased during the March 2008 year. The increase in earnings (as measured by the Quarterly Employment Survey) can be attributed to both a rise in wage rates and an increase in paid hours in the year to March 2008.

Net investment income paid to the rest of the world rose to \$13,387 million in the March 2008 year. Investment income paid to the rest of the world increased \$2,480 million (up 16.5 percent) from the previous year, with investment income receipts increasing \$1,057 million (up 34.7 percent).

Contribution to Annual Change in National Disposable Income

Year ended March 2008



National disposable income, which measures the total income available to New Zealanders (from all sources, both domestic and overseas) for consumption or saving, rose 6.7 percent. This followed a 4.7 percent rise in the March 2007 year. Final consumption expenditure (both households and government) rose 5.7 percent.

Use of national disposable income

National disposable income is the amount available for current consumption expenditure or saving.

Household consumption expenditure, which measures the expenditure by New Zealand households, increased 5.0 percent in the year ended March 2008, following a 5.6 percent increase in the March 2007 year. Household spending in New Zealand increased 4.7 percent on services, 5.4 percent on non-durable goods (such as food and beverages) and 2.2 percent on durable goods. The largest increases were recorded in food and beverages (up 5.5 percent) and purchases of other goods and services (up 5.7 percent). Other goods and services consists of personal goods and services, tobacco, postal and telecommunication services, and services not elsewhere classified. The experimental household income and outlay accounts show that household consumer debt interest on housing increased 20.8 percent, up \$2.1 billion in the March 2008 year, following annual increases in excess of 20 percent for the past four years.

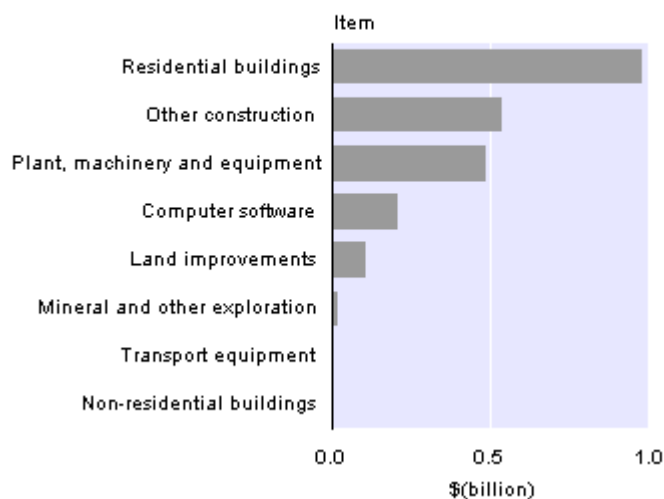
Central government expenditure increased 8.2 percent in the March 2008 year, largely the result of increased spending on salaries and wages (up 7.9 percent or \$1,120 million). Local government consumption expenditure grew 6.1 percent in the March 2008 year, following an increase of 6.3 percent in the previous year.

Investment and borrowing

Investment in fixed assets grew 6.0 percent in the March 2008 year. Spending on residential building increased 9.0 percent in the year ended March 2008, following rises of 3.1 percent, 1.5 percent and 12.5 percent in the March 2005–2007 years. Other construction increased 10.0 percent and plant machinery and equipment increased 5.0 percent. Transport equipment increased 0.3 percent, after a fall of 9.6 percent in the March 2007 year and a 13.6 percent increase in the year ended March 2006. Transport equipment can be volatile from period to period, due to investment in high value items such as aircraft and ships.

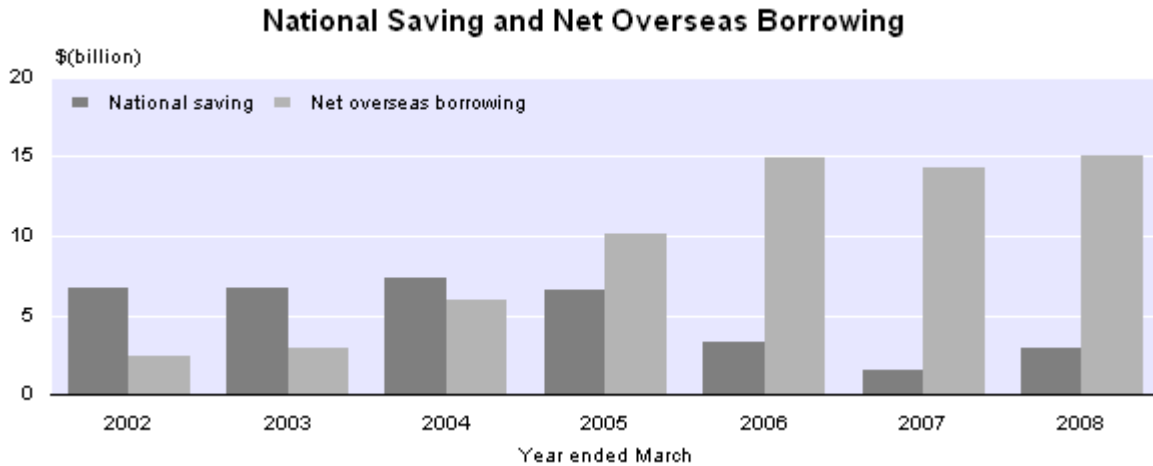
Contribution to Annual Change in Investment by Asset Type

Year ended March 2008



During the year to March 2008, there was a \$1,395 million build-up in inventories. When the natural growth of standing timber and livestock is excluded, inventory levels increased \$1,113 million.

National saving increased to \$2,934 million, its first increase since the March 2004 year. Net borrowing from the rest of the world increased from \$14,243 million to \$14,984 million in the March 2008 year. Relative to GDP net borrowing from the rest of the world improved from 8.6 percent of GDP to 8.4 percent of GDP in the March 2008 year, due to GDP growing at a faster rate than net borrowing.

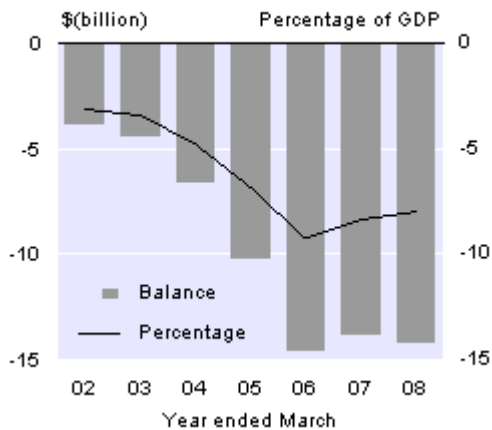


External account

The New Zealand balance on goods and services narrowed from a \$2,451 million deficit in the year ended March 2007 to a \$1,556 million deficit in the year ended March 2008. Strong international dairy export prices, together with increased prices and volumes of coal, crude petroleum and ores, minerals and gases, were the main contributors.

Exports of goods in the March 2008 year increased \$3,083 million, while imports of goods increased \$2,000 million. The surplus on trade in services decreased from \$377 million in the March 2007 year to \$189 million in the March 2008 year.

Balance on External Current Account



Change to the release schedule

Statistics New Zealand intends to publish the next release of National Accounts: Year ended March 2009 in November 2009. We will no longer release a revised set of annual accounts in April. This change is required as work on the incorporation of the new Australian and New Zealand Standard Industrial Classification 2006, scheduled for release in 2011, has commenced.

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Next release...

National Accounts: Year ended March 2009 will be released in November 2009.

Technical notes

New Zealand System of National Accounts

The New Zealand System of National Accounts (NZSNA) is a comprehensive accounting framework based on an international standard (System of National Accounts, 1993). The structure and content of the NZSNA transforms the countless economic transactions that take place each day into a framework, to analyse and compare important economic variables over time.

The NZSNA are based on the results of a wide and varying range of surveys and censuses. The organisation and presentation of this material in a systematic form allows the behaviour and interaction of the major parts of the economy to be identified, and the impact of structural changes to be understood.

Gross domestic product (GDP) can be measured using three approaches, namely the production, income and expenditure approaches. The production measure of GDP is derived from firm level data and estimates the value added by all producing industries in the New Zealand economy. The income measure of GDP is derived from earnings data and estimates how the income earned from these producing industries is then distributed throughout the economy as returns to labour, capital and government. The expenditure measure of GDP is derived from data estimating spending on goods and services by final end users and includes consumption, investment and exports minus the value of imports.

Additional information on both quarterly and annual methods, can be found in the [Quarterly Gross Domestic Product: Sources and Methods](#), 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.

Status of the published figures

The figures for the years 2006 to 2008 are provisional. Please note that data may not sum to stated totals due to rounding.

The *National Accounts: Year ended March 2009* will be released in November 2009. This release will:

- incorporate the results from balancing the production and expenditure estimates of gross domestic product (GDP) within a supply and use framework for the years 2005, 2006 and 2007
- revise estimates for the year ended March 2008. The revisions will result from more up-to-date information becoming available, including detailed results from the Annual Enterprise Survey.

Expenditure on GDP statistics will be revised with each subsequent release of the quarterly GDP series.

Additional tables available

More detailed analyses of the national accounts items shown in the consolidated accounts are available on request from the National Accounts business unit or from the table section of this release.

Tables available on request are:

- taxes on production breakdown (1987–2008)
- gross fixed capital formation by asset type (1972–2008)
- net capital stock by asset type (1972–2008)
- productive capital stock by asset type (1972–2008)
- contribution to GDP by industry, current prices (1972–2005)
- household income and outlay account (1987–2008)
- general government sector account (1987–2008).

Revisions

This release contains revisions arising from new and more up-to-date information. These result from:

- incorporating new survey data for all years from 2006 onwards
- incorporating balance of payments revisions
- incorporating revisions to government accounts data
- revisions to the historical production and expenditure approaches to GDP resulting from a further confrontation of the Government Income and Outlay Accounts against the National Accounts (1987–2007).

Revisions incorporated in this publication will also be reflected in the *Gross Domestic Product: September 2008 quarter* Hot Off The Press to be released on 23 December 2008.

More information

For more information, follow the [link](#) from the Technical notes of this release on the Statistics New Zealand 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 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.

List of tables (short-term)

- 1.1 Consolidated accounts of the nation, gross domestic product and expenditure account
- 1.2 Consolidated accounts of the nation, national income and outlay account
- 1.3 Consolidated accounts of the nation, national capital account
- 1.4 Consolidated accounts of the nation, external account
- 1.12 Principal aggregates

Note: A number of series have not been updated for this release and remain as published in the annual *National Accounts (Revised): Year ended March 2007*. These series will be updated as part of the annual *National Accounts: Year ended March 2009* release in November 2009.

- Table 1.5 Contribution to gross domestic product by industry, current prices
- Table 1.6 Gross fixed capital formation by asset type, current prices
- Table 1.7 Net capital stock by asset type, current prices (replacement cost)
- Table 1.8 Productive capital stock by asset type, chain-volume series expressed in 1995/96 prices
- Table 1.9 Gross fixed capital formation by industry, current prices
- Table 1.10 Net capital stock by industry, current prices (replacement cost)
- Table 1.11 Productive capital stock by industry, chain-volume series expressed in 1995/96 prices
- Table 2.5 Agricultural output analysis
- Table 2.6 Agriculture intermediate consumption analysis

Analytical tables (long-term)

Consolidated accounts full series, 1972–2008

- Table 1.1 Consolidated accounts of the nation, gross domestic product and expenditure account
- Table 1.2 Consolidated accounts of the nation, national income and outlay account
- Table 1.3 Consolidated accounts of the nation, national capital account
- Table 1.4 Consolidated accounts of the nation, external account

GDP breakdown, 1972–2005

- Table 2.1 Contribution to GDP, by industry, current prices
- Table 2.2 Components of gross domestic product, by industry, current prices
- Table 2.3 Components of gross domestic product, by sector of ownership, current prices

Household income and outlay account, 1987–2008

Table 1.5 Household income and outlay account

Note: The household income and outlay account is available on the Statistics NZ website, subject to the following caveat. In the absence of a full suite of institutional sector accounts, cross-sector transactions are unable to be fully confronted within the national income and outlay account framework. As a consequence, all data should be considered experimental, and caution should be exercised when interpreting these results.

General government sector account, 1987–2008

Table 3 General government sector accounts, general government sector accounts

Table 3a General government sector accounts, central government sector accounts

Table 3b General government sector accounts, local government sector accounts

Note: The general government sector account is available on the Statistics NZ website, subject to the following caveat. In the absence of a full suite of institutional sector accounts, cross-sector transactions are unable to be fully confronted within the national income and outlay account framework. As a consequence, all data should be considered experimental, and caution should be exercised when interpreting these results.

Taxes on production, 1987–2008

Table 2.7 Taxes on production and imports breakdown

Capital stock

Capital stock 1A Consumption of fixed capital by industry, current prices, 1972–2005

Capital stock 1B Consumption of fixed capital by sector, current prices, 1972–2008

Capital stock 2A Gross fixed capital formation by asset type, current prices, 1972–2008

Capital stock 2B Gross fixed capital formation by industry, current prices, 1972–2005

Capital stock 2C Gross fixed capital formation by sector, current prices, 1972–2008

Capital stock 3A Net capital stock by asset type, current prices (replacement cost) 1972–2008

Capital stock 3B Net capital stock by industry, current prices (replacement cost) 1972–2005

Capital stock 3C Net capital stock by sector, current prices (replacement cost) 1972–2008

Capital stock 4A Productive capital stock by asset type, chain-volume series expressed in 1995/96 prices, 1972–2008

Capital stock 4B Productive capital stock by industry, chain-volume series expressed in 1995/96 prices, 1972–2005

Capital stock 4C Productive capital stock by sector, chain-volume series expressed in 1995/96 prices, 1972–2008