

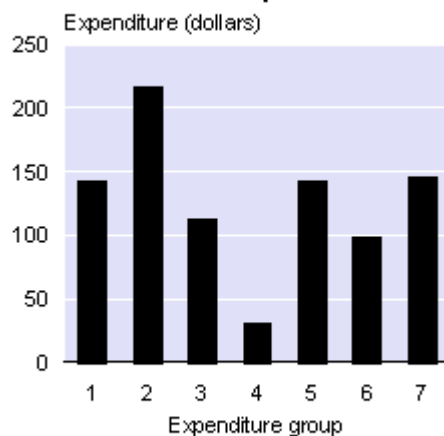
Embargoed until 10:45 am – 25 November 2004

## Household Economic Survey: Year ended 30 June 2004

### Highlights

- Average weekly household expenditure was **\$888** in 2003/04, up from \$765 in 2000/01.
- Expenditure on housing contributed the most to total household expenditure, averaging 24 cents in every dollar spent.
- Seventy-one percent of households had access to a cellphone in 2003/04, up from 59 percent in 2000/01.
- Average annual household income was **\$60,433** in 2003/04, up 12.3 percent from 2000/01.

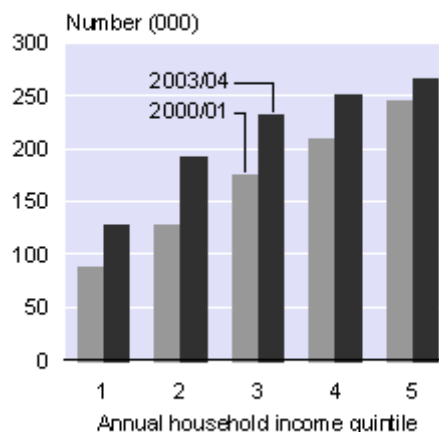
#### Average Weekly Household Expenditure



1 Food; 2 Housing; 3 Household operation;  
4 Apparel; 5 Transportation; 6 Other goods;  
7 Other services.

#### Households with Cellphone Access

By annual household income quintile



1 Lowest 20 percent of household income  
5 Highest 20 percent of household income

Brian Pink  
Government Statistician

25 November 2004  
Cat 62.900 Set 04/05 – 091

## **Commentary**

The 2000/01 figures have been revised due to improvements in the estimation methodology used. For more information contact Statistics New Zealand

### **Overview**

Average weekly household expenditure increased by 16.1 percent, up from \$765 in 2000/01 to \$888 in 2003/04. All expenditure groups recorded increases with the largest percentage increase being for the apparel group, up 23.3 percent. Housing continues to be the largest component of household expenditure, accounting for 24 cents of every dollar spent in 2003/04. Expenditure on the food, transportation, and other services (includes health, education, finance and other services) groups each accounted for 16 cents of every dollar spent.

Average annual before-tax household income increased by 12.3 percent from \$53,806 in 2000/01 to \$60,433 in 2003/04. Income from wages and salaries increased by 18.2 percent, while income from investments decreased by 12.4 percent.

For individuals, average annual before-tax personal income was \$29,346 in 2003/04, up from \$26,311 in 2000/01. Average annual income for males increased by 10.8 percent to \$36,755, while female average annual income rose by 12.4 percent to \$22,347.

Over the last three years there has been considerable growth in the number of households with access to cellphones and home computers. The proportion of households with access to at least one cellphone increased from 59 percent in 2000/01 to 71 percent in 2003/04, while 62 percent of households had access to a home computer in 2003/04, compared with 47 percent in 2000/01.

### **Changes in average weekly household expenditure**

Average weekly household expenditure was \$888 in 2003/04, up 16.1 percent from \$765 in 2000/01.

The following table shows changes in average weekly household expenditure between 2000/01 and 2003/04.

Expenditure group	Average weekly household expenditure (\$)		Percentage change	Cents in each dollar of expenditure	
	2000/01	2003/4		2000/1	2003/4
Food	126 R	143	13.0	16 R	16
Housing	182 R	217	19.1	24 R	24
Household operations	98 R	112	14.6	13 R	13
Apparel	25 R	31	23.3	3 R	3
Transportation	122 R	142	16.4	16 R	16
Other goods	68 R	99	15.3	11 R	11
Other services	127 R	146	14.9	17 R	16
Total expenditure	765 R	888	16.1	100 R	100

**Note:** All figures in this table are independently rounded.

**Symbol:**

R revised

All seven expenditure groups recorded an increase for 2003/04, compared with 2000/01.

**Household income**

Average annual before-tax income from regular and recurring sources for New Zealand households was \$60,433 in 2003/04. This was an average weekly income of \$1,159 per household, up 12.3 percent from \$1,032 in 2000/01.

The largest source of household income is wages and salaries. Average annual household income from wages and salaries increased by 18.2 percent, from \$35,740 in 2000/01, to \$42,253 in 2003/04. Income from wages and salaries made up 70 percent of total household income in 2003/04, up from 66 percent in 2000/01.

Household income source	Average annual household income (\$)		Percentage change
	2000/1	2003/4	
Wages and salaries	35,740 R	42,253	18.2
Self-employment	5,238 R	5,480	4.6
Government benefits	3,316 R	3,374	1.7
New Zealand Superannuation	3,565 R	3,809	6.8
Private superannuation	584 R	581	-0.5
Investments	2,933 R	2,570	-12.4
Other sources	2,430 R	2,366	-2.6
All sources	53,806 R	60,433	12.3

**Symbol:**

R revised

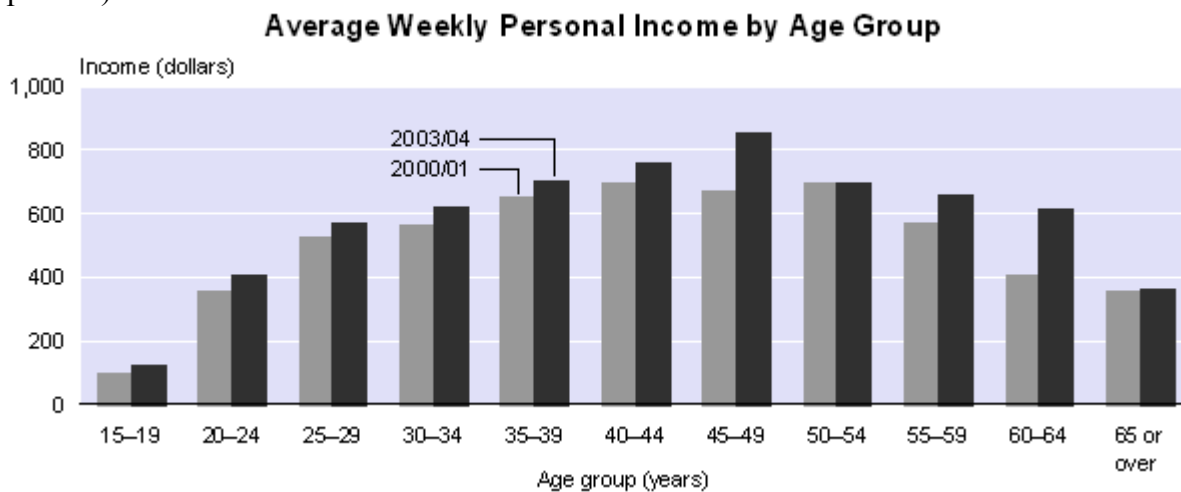
Average annual before-tax household income from investments decreased from \$2,933 in 2000/01, to \$2,570 in 2003/04 (down 12.4 percent). Income from investments made up 4 percent of total household income in 2003/04, down from 5 percent in 2000/01.

## Personal income

For those aged 15 years and over, average annual before-tax income from regular and recurring sources was \$29,346 in 2003/04. This was an average weekly income of \$563. The average annual income for males was \$36,755, and for females it was \$22,347.

Female average annual before-tax income from wages and salaries increased from \$12,144 in 2000/01, to \$14,597 in 2003/04 (up 20.2 percent). Male wage and salary income increased from \$23,160 in 2000/01, to \$26,785 in 2003/04 (up 15.7 percent).

People aged 45 to 49 years had the highest average weekly personal income from all sources in 2003/04, at \$850. This was a 26.6 percent increase, up from \$671 in 2000/01. The 60 to 64-year age group recorded the largest increase in income, up from \$406 in 2000/01 to \$614 in 2003/04 (up 51.2 percent).



## Changes in selected household amenities

Seventy-one percent of households had access to a cellphone in 2003/04, up from 59 percent in 2000/01.

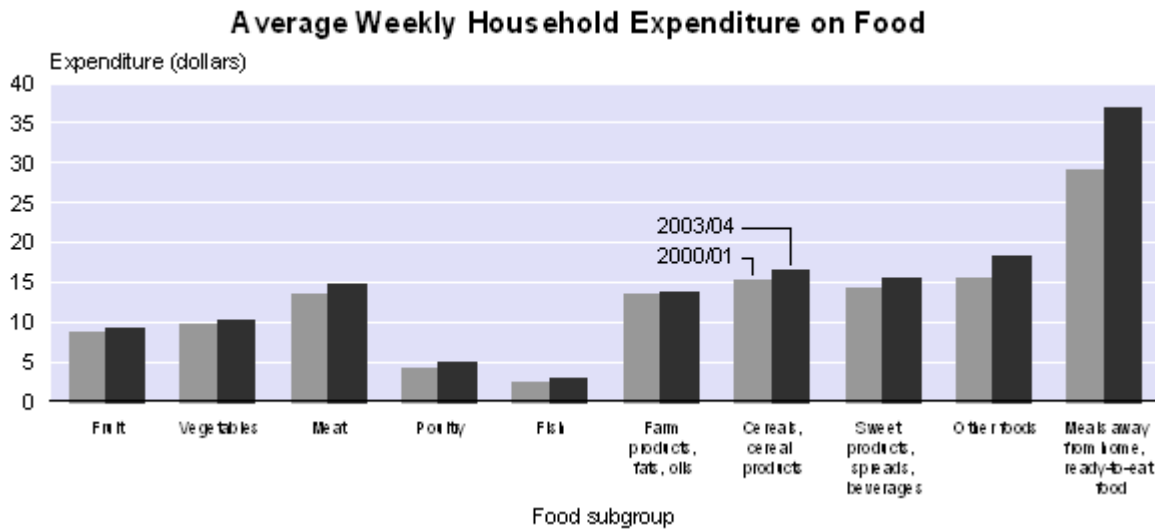
Access to cellphones tends to increase as household income increases. In 2003/04, 89 percent of households in the top quintile of annual household income (\$87,600 and over) had access to a cellphone, compared with 43 percent of households in the bottom quintile (income under \$23,000). Each quintile contains 20 percent of households, ranked in order of their total annual before-tax regular and recurring household income.

In 2003/04, 62 percent of households reported owning or having access to a home computer, up from 47 percent in 2000/01.

A subscriber TV decoder was present in 37 percent of households, up from 31 percent in 2000/01. Thirty-six percent of households subscribed to subscriber TV, up from 30 percent in 2000/01.

## Food group

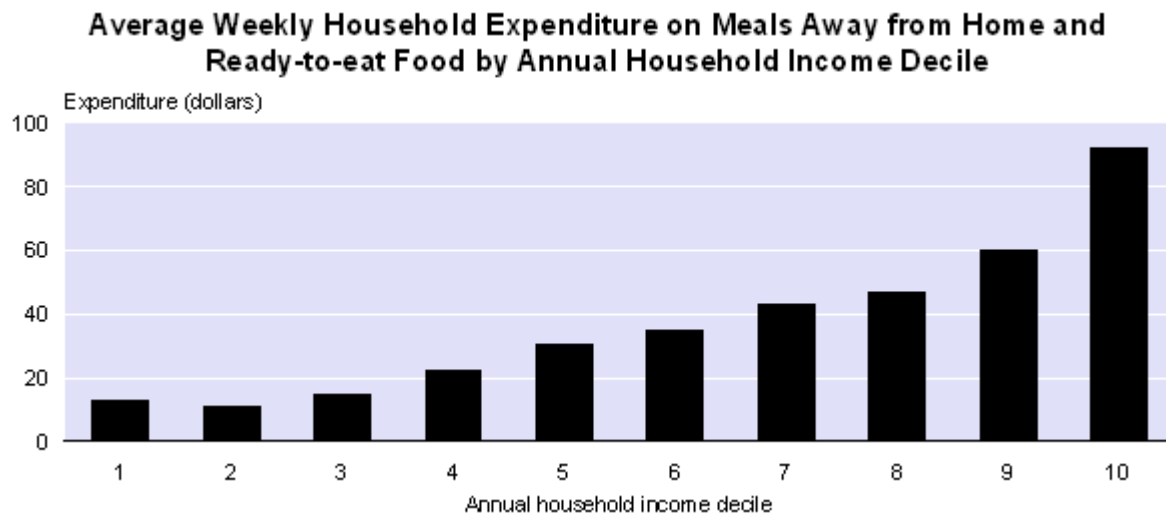
Average weekly household expenditure on food rose by 13.0 percent, up from \$126 per week in 2000/01, to \$143 per week in 2003/04.



The increase in food group expenditure was mainly due to increases in expenditure on meals away from home, and ready-to-eat food. In 2003/04, expenditure on this subgroup averaged \$37 per week, 26 percent of all food expenditure. Meals away from home, and ready-to-eat food remained the largest portion of food expenditure in 2003/04.

Household expenditure on meals away from home, and ready-to-eat food, tends to increase as annual before-tax household income increases. Households in the top decile spent an average of \$92 per week on this subgroup. This compares with \$13 per week for households in the bottom decile.

Each decile contains 10 percent of households, ranked in order of their total annual before-tax regular and recurring household income. In 2003/04, the top decile (decile 10) comprised those with annual household incomes of \$120,000 or over, while those in the bottom decile (decile 1) received annual household incomes of less than \$15,900.



## **Housing group**

Housing remained the largest component of household spending, accounting for 24 cents in every dollar spent. Average weekly expenditure on housing was \$217 in 2003/04, up 19.1 percent from \$182 in 2000/01.

Households owning their own house with a mortgage, spent 16.7 percent more on mortgage payments in 2003/04 than in 2000/01. These households spent on average \$247 per week on mortgage payments in 2003/04, compared with \$212 per week in 2000/01. Mortgage payments include mortgage-interest payments, mortgage-principal repayments and interest on revolving credit mortgage/loans.

For households that rented, average weekly household expenditure on rent increased by 10 percent, to \$185 in 2003/04. Rent payments accounted for 25 percent of the total average weekly expenditure of households who pay rent.

## **Household operation group**

Average expenditure on household operations was \$112 per week in 2003/04, up 14.6 percent from \$98 per week in 2000/01.

The household operation group includes expenditure on furniture, domestic fuel and power, floor coverings, home appliances and household services such as telecommunications.

Households spent an average of \$31 per week on household services, up 11.5 percent from 2000/01 to 2003/04. Household services made up 27 percent of total household operations expenditure, a slight decrease from 2000/01 (28 percent).

Households spent an average of \$28 per week on domestic fuel and power in 2003/04, up 17.4 percent from 2000/01. Domestic fuel and power made up 25 percent of total household operations expenditure, and 3 percent of total household expenditure. These proportions are unchanged from 2000/01.

## **Apparel group**

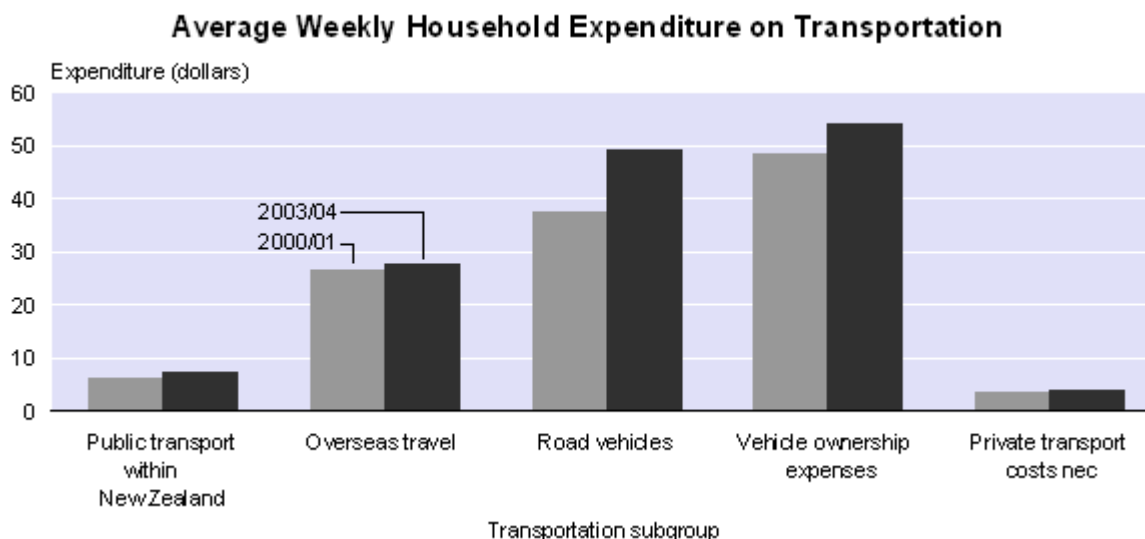
Apparel expenditure rose 23.3 percent, from \$25 per week in 2000/01, to \$31 per week in 2003/04. This expenditure group had the largest percentage increase of any major expenditure group. The percentage of households reporting expenditure on apparel has increased from 57.8 percent in 2000/01, to 62.9 percent in 2003/04.

Expenditure on women's clothing remained the largest portion of apparel group expenditure, at an average of \$10 per week. The percentage of households reporting expenditure on women's clothing increased from 29.4 percent in 2000/01, to 31.7 percent in 2003/04.

## **Transportation group**

Households spent an average of \$142 per week on expenses related to transportation in 2003/04. This was a 16.4 percent increase on the \$122 weekly average in 2000/01.

In 2003/04, the largest contribution to this group was vehicle ownership expenses, at \$54 per week. Expenditure on fuel for road vehicles was the main component, with an average of \$31, or 57 percent of the weekly vehicle ownership expenses



## Other goods and services groups

The 2003/04 average weekly household expenditure for the 'other goods' group was \$99, an increase of 15.3 percent from 2000/01.

Average weekly household expenditure on leisure and recreational goods increased from \$12 in 2000/01 to \$16 in 2003/04, up 39.2 percent. An increase in expenditure relating to DVD purchases, and cameras or camera attachments, contributed the most to this increase.

The main contributor to expenditure in the 'other goods' group was alcohol (at 21 percent of the group). Average weekly household expenditure on alcohol was \$21 per week in 2003/04, up 15.5 percent from \$18 per week in 2000/01. Household expenditure on alcohol captured in the Household Economic Survey is known to be less than that reported from other data sources. No adjustments are made to the data to compensate for any under-reporting.

As well as alcohol and leisure and recreational goods, the 'other goods' group includes items such as tobacco, personal goods, publications and computers.

New Zealand households spent an average of \$146 per week on 'other services' in 2003/04, up 14.9 percent, from \$127 in 2000/01. The 'other services' group was the second largest component of household spending (second to the housing group). Within the 'other services' group, financial, insurance and legal services was the subgroup with the largest expenditure. Average weekly expenditure on this subgroup was up by 20.5 percent, from \$25 per week in 2000/01 to \$30 per week in 2003/04.

The 'other services' group also includes expenditure on accommodation, health, leisure, educational and vocational services, and contributions to savings.

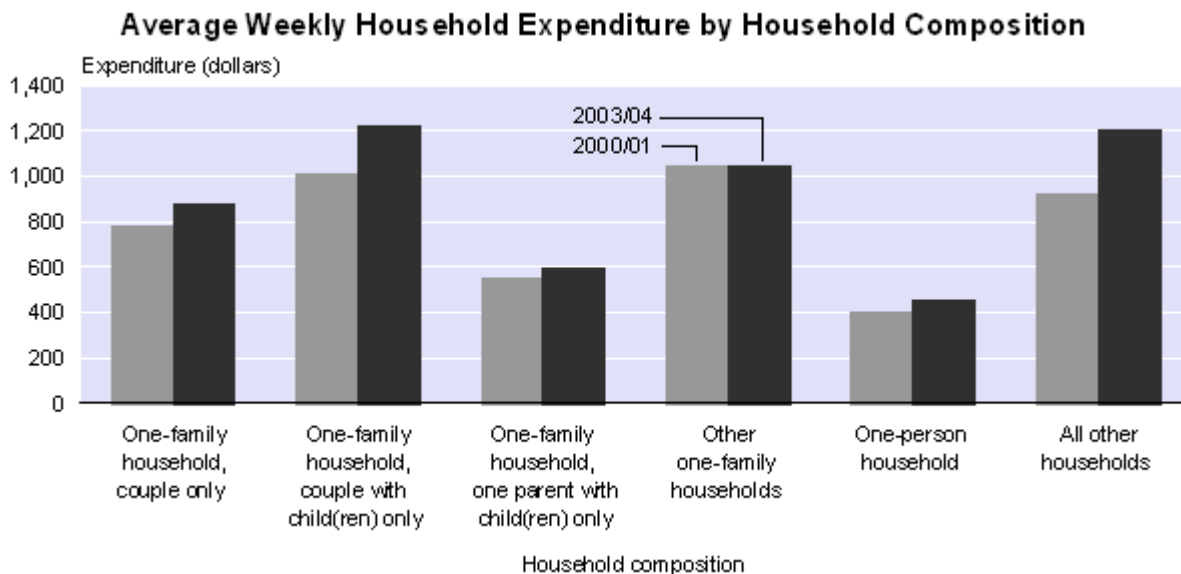
## Household composition

For 2003/04, 'one-family, couple with children only' households had the highest average weekly household expenditure, at \$1,217. This is a 20.6 percent increase from 2000/01. Thirty-five percent of 'one-family, couple with children only' households had an annual before-tax household income of \$87,600 and over. The average weekly household income for this household type was \$1,603.

In contrast, 'one-family, one parent with children only' households, had an average weekly household expenditure of \$591 for 2003/04, a 6.7 percent increase from 2000/01. Seventy percent of 'one-family, one parent with children only' households have an annual before-tax household income of \$37,899 or under. The average weekly household income for this household type was \$655.

'One-person' households had the lowest average weekly household expenditure, at \$451 in 2003/04. This was an increase of 13.7 percent from 2000/01. The majority of 'one-person' households (57 percent) have an annual before-tax household income of under \$23,000. The average age of people in 'one-person' households was 58 years.

Fifty-three percent of 'one-family, couple with children only' households live in dwellings which are owned with a mortgage. Fifty-three percent of 'one-family, one parent with children only' households live in rented dwellings, compared with 23 percent which are owned with mortgage, and 23 percent which are owned without a mortgage. Forty-two percent of 'one-person' households live in dwellings which are owned without a mortgage.



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# Technical notes

## Introduction

The 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 HES provides a comprehensive range of statistics relating to income and expenditure. The statistics presented in the attached table are estimates of private household spending; other tables are available on request.

## Definitions

**Expenditure:** All references to housing and total expenditure in this release refer to expenditure without net capital outlay and related expenses. All expenditure statistics referred to are net of sales and trade-ins and include Goods and Services Tax (GST).

**Income:** All references to income in this release refer to before-tax (gross) income.

## Expenditure changes

Note that changes in spending may reflect changes in price levels, as well as the quantity or quality of the goods and services purchased. The average expenditure figures refer to all households surveyed, including those which did not report spending on the goods and services concerned.

## Under-reporting of expenditure

For some items of expenditure, the total annual expenditure 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. This may include such items as cigarettes, alcoholic drinks, confectionery, newspapers and public transport fares.
- Expenditure by children aged under 15 is not recorded in the survey.
- 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. Items for which under-reporting occurs in the HES are generally consistent with items that are under-reported in similar overseas surveys.

## Survey scope

The target population for the HES is New Zealand-resident, private households living in permanent 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, motor camps, homes for the elderly; patients in hospitals; residents of psychiatric and penal institutions; members of the permanent armed forces; members of the non-New Zealand armed forces; and overseas diplomats. Children

at boarding schools are not surveyed, but expenditure on behalf of those children is included in the record-keeping of the parent or guardian.

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.

## **Change in estimation methodology**

Estimates for the 2000/01 survey have been revised due to improvements made to the estimation methodology used. The benchmarks used as part of the integrated weighting process have been updated.

## **Survey period**

The survey was carried out over the period from 1 July 2003 to 30 June 2004. People were asked about their spending up to 12 months prior to the interview.

Expenditure data was collected by the following methods:

- 12-month recall (for single payments of \$200 or more)
- latest payment (for regular commitments such as electricity, telephone, rates, rent, insurance and superannuation)
- 14-day diary keeping.

Note that expenditure data collected by the diary covers a one-year period (from 1 July 2003 for households interviewed in that month, to 30 June 2004 for those interviewed then). Expenditure data collected by recall in the Expenditure Questionnaire covers a two-year period (one year back from 1 July 2003 for households interviewed in that month, through to 30 June 2004 for households interviewed then). Reported expenditure has not been adjusted for the effects of that difference in coverage.

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

## **Reliability of the survey estimates**

The HES sample comprises 2,854 private households, sampled on a statistically representative basis from rural and urban areas throughout New Zealand. Information is obtained for each member of a sampled household that falls within the scope of the survey and meets survey coverage rules.

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 average weekly expenditure and aggregate annual expenditure. Expenditure group and subgroup sampling errors are attached to Table 1 in the Hot Off The Press. For example, in 2003/04 the estimated average weekly household expenditure (excluding net capital outlay) was

\$888.40. This is subject to a percentage sampling error at the 95 percent confidence interval of plus or minus 3 percent. This means there is a 95 percent likelihood that the true value lies between \$861.80 and \$915.10.

The HES 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). The overall response rate was 73 percent for the 2003/04 year.

## **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 New Zealand. Statistics New Zealand accepts no responsibility for any such delays.

## **Next release ...**

The *Household Economic Survey* is conducted every three years. The next release will be in 2007.

## Tables

The following tables can be downloaded from the Statistics New Zealand website in Excel 97 format. If you do not have access to Excel 97 or higher, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

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