

Embargoed until 10:45am – 26 November 2009

Household Economic Survey (Income): Year ended June 2009

Highlights

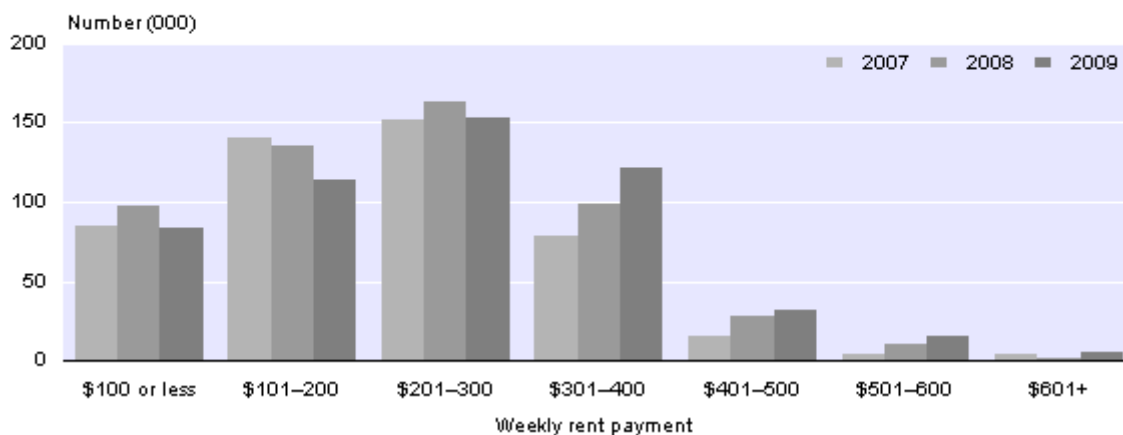
From the year ending 30 June 2008 to the year ending 30 June 2009:

- Across all households, average weekly housing cost expenditure was unchanged from the previous year and resulted from:
 - an increase of 8.1 percent in average weekly property and ground rent payments
 - decreases in average weekly mortgage principal repayments (down 7.1 percent) and average weekly mortgage interest payments (down 2.8 percent).
- For those paying rent, median weekly household expenditure on rents increased by 9.5 percent to \$241.
- For those making mortgage payments, median weekly household expenditure on mortgages decreased by 4.8 percent to \$312.
- Average annual household income from regular sources increased 5.6 percent to \$78,876.

Households Making Rent Payments

By weekly rent payment

Year ended 30 June



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26 November 2009

ISSN 1178-0479

Commentary

Revisions to 2007/08 Household Economic Survey (Income) data

Revisions have been made to some of the 2007/08 data released in the *Household Economic Survey (Income): Year ended June 2008*. The revisions affect income data, economic living standards index (ELSI) data, and tenure data. Revised figures are marked with an R in the 'Tables' section, but not in the 'Commentary' section. See the 'Technical notes' section for more details.

Notes for understanding the information in this 'Commentary'

The Household Economic Survey (Income) is a shortened version of the full triennial Household Economic Survey (HES). HES (Income) runs 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 and no diary-sourced detailed expenditure information is collected. The HES (Income) collects housing costs information that includes expenditure on rent and mortgages, property rates, and building-related insurance. See 'Differences between the full HES and HES (Income)' in the 'Technical notes' section for more details.

HES (Income) has a relatively small sample size (4,500 households), and although survey results are adjusted for various demographic variables (age, sex, and region), there can be variability in survey estimates from one survey collection period to the next. This variability is because a different group of households is selected for each survey. The 2008/09 sample had a lower response rate than the 2007/08 sample and the population of New Zealand has increased since the 2007/08 survey. Together these have resulted in some surveyed households representing more of the population in 2008/09 than in previous years.

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

Data in HES (Income) is collected over a 12-month period beginning 1 July and ending 30 June the following year. To work out the current movements, the 2008/09 data is compared with the period 1 July 2007 to 30 June 2008. For more detail on the reference period, see the 'Technical notes' section.

Each household member aged 15 years or over was asked about their income for the year before their interview date. Income data collected using a twelve-month recall covers a two-year period (one year back from 1 July 2008 for people interviewed in that month, through to 30 June 2009 for people interviewed in the last month of the survey). Therefore, there will be some overlap with the previous HES (Income) data collected, which covered the two-year period 1 July 2006 to 30 June 2008.

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 by extreme high or extreme low amounts than averages.

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 the regional council areas of Auckland, Wellington, and Canterbury, and the combined regions of 'Rest of the North Island', and 'Rest of the South Island'. This level of geographical breakdown is the lowest available for HES (Income) due to the sample design.

For more information, including definitions, see the 'Technical notes' section.

Housing costs

Overall, average (mean) and median weekly expenditure on housing costs were unchanged from 2007/08 to 2008/09. Average weekly housing cost expenditure was \$231 and median weekly housing cost expenditure was \$156.

The housing costs result comprised an increase in property and ground rent payments, offset by decreases in mortgage principal repayments and mortgage interest payments. Between 2007/08 and 2008/09, for all households (including those that did not report expenditure), average weekly expenditure changed as follows:

- property and ground rent payments increased \$6 to \$78 (up 8.1 percent)
- mortgage principal repayments decreased \$3 to \$37 (down 7.1 percent)
- mortgage interest payments decreased \$2 to \$80 (down 2.8 percent)
- property rate payments increased \$2 to \$25 (up 6.4 percent).

Mortgage interest payments made up the highest proportion of total housing costs (34.5 percent), followed by property and ground rent (33.9 percent). The main component of the mortgage interest payments category was interest payments on primary property, and the main component of the property and ground rent category was rent paid for primary property.

Mortgage payments

Median weekly mortgage payments, for those making them, rose from \$256 to \$328 between 2006/07 and 2007/08, and declined to \$312 (down 4.8 percent) in 2008/09. The decrease was mainly due to a fall 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 2008/09, 25 percent (120,000) of New Zealand households with a mortgage paid over \$500 per week in mortgage payments, down from 28 percent (135,700) in 2007/08. These decreases partly reflect decreasing mortgage interest rates charged over the survey period.

For those making mortgage payments in 2008/09, the median weekly mortgage payments for the five regions were as follows:

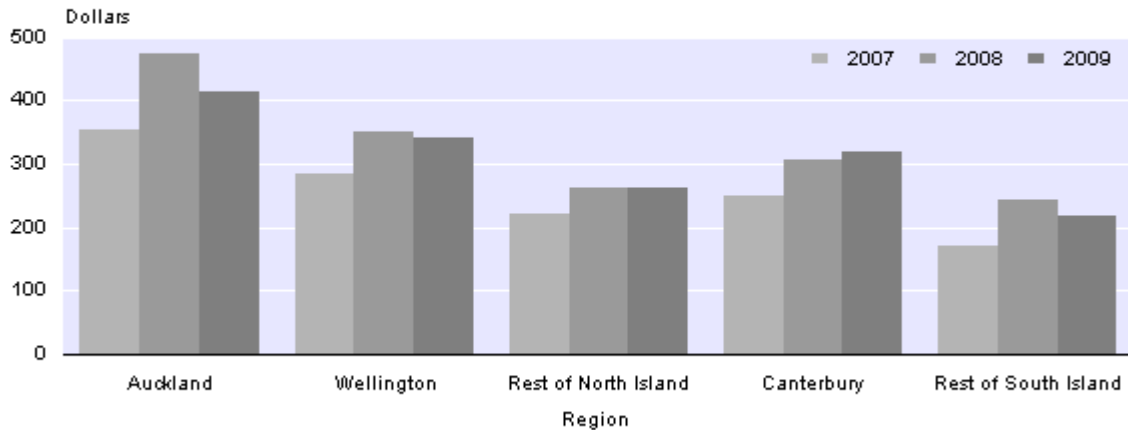
- Auckland – \$414
- Wellington – \$340
- Canterbury – \$318
- Rest of the North Island – \$262
- Rest of the South Island – \$219.

The varying mortgage payment amounts largely reflect the varying house prices in the different regions.

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 2008/09, 31 percent of all households did not own the dwelling they lived in, and made rent payments. This figure is unchanged from the previous year. For households who paid rent, median weekly household expenditure on rent was \$241 per week, up from \$220 in the previous year (up 9.5 percent). Rent payments include rent paid for primary property, rent paid for other properties, and other payments connected with renting (ie bonds, administration fees, ground rent, and easements).

In 2008/09, for those who paid rent, 34 percent (177,200) paid over \$300 per week in rent, up from 26 percent in 2007/08 and 21 percent in 2006/07.

Households in Auckland continued to pay the highest median rent, at \$300 per week. This amount was \$50 above the next-highest amount, 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 (\$)	2008/09 (\$)
Auckland	280	280	300
Wellington	214	220	250
Rest of the North Island	169	181	200
Canterbury	192	212	245
Rest of the South Island	155	158	178
Total New Zealand	200	220	241

Housing costs to income ratios

An overall ratio of housing costs to household income is calculated by dividing aggregate housing costs for all households by aggregate income for all households. This ratio is often used as a measure of housing affordability. Some households may contribute to the housing costs aggregate but not the income aggregate, and other households may contribute to the income aggregate but not the housing costs aggregate. This measure includes households that do not make mortgage or rent payments.

Nationally, total housing costs accounted for 15.3 percent of total household regular income – a decrease from 16.1 percent in 2007/08 and 15.6 percent in 2006/07. Regionally, housing costs to household income ratios ranged from 12.9 percent for the Rest of South Island to 16.3 percent for Auckland.

Some households who rent could afford to service a mortgage, but choose not to for reasons that include lifestyle choices. However, those who pay rent tend to have lower incomes, on average, than those who own their dwelling. This means housing costs to income ratios can be higher for rent-paying households. On the other hand, 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.

Forty-four percent of households who did not own their dwelling spent 25 percent or more of their household income on housing costs, with 19 percent spending more than 40 percent of their income on housing costs. In contrast, 19 percent of households that owned the dwelling they lived in or held that dwelling in a family trust, spent 25 percent or more of their household income on housing costs, with 6 percent spending 40 percent or more.

Income

Household income

Results for annual household income from all regular sources for 2008/09 were as follows:

- median annual income was \$63,867, up 8.5 percent from \$58,888 in 2007/08
- average (mean) annual income was \$78,876, up 5.6 percent from \$74,658 in 2007/08.

The change in household income was driven by an increase in aggregate wage and salary income, which was slightly offset by a decrease in self-employment income.

Average Annual Household Income by Income Source <i>Year ended 30 June 2009</i>				
Household income source	2008/09		Change from 2007/08	
	Average annual household income (\$)	Proportion of total income (%)	(\$)	(%)
Wages and salaries	57,511	73	3,768	7.0
Self-employment	4,476	6	-699	-13.5
Investments	4,901	6	541	12.4
Private superannuation	698	1	-136	-16.3
New Zealand Superannuation and war pensions	4,525	6	271	6.4
Government benefits	3,687	5	78	2.2
Other sources	3,078	4	394	14.7
Total regular income	78,876	100	4,218	5.6

Note: All figures in this table are independently rounded.

Annual median household wage and salary income was \$46,000 in 2008/09, up 7.0 percent from \$43,000 in 2007/08.

Of all household income sources, wages and salaries showed the highest average dollar increase from 2007/08 to 2008/09, with a rise of \$3,768, to reach \$57,511 (up 7.0 percent). Wages and salaries continued to make up the highest proportion of total household income in 2008/09, with 73 percent.

Self-employment showed the second-highest dollar change in average annual household income between 2007/08 and 2008/09, with a drop of \$699 (down 13.5 percent).

Of the five regions, Wellington region had the highest median annual household income in 2008/09, at \$73,027, followed closely by Auckland with \$71,463. The lowest median annual household income was for the Rest of the North Island (\$58,000).

Personal income

For those aged 15 years and over, results for annual personal income from regular sources (including those who received no income) were as follows:

- median personal income increased 7.9 percent from \$28,000 in 2007/08 to \$30,224 in 2008/09
 - for females, the increase was 9.4 percent – from \$21,915 to \$23,970
 - for males, the increase was 6.8 percent – from \$35,263 to \$37,656.
- average (mean) personal income increased 5.6 percent from \$36,146 in 2007/08 to \$38,162 in 2008/09
 - for males, the increase was 6.4 percent – from \$44,155 to \$46,995

- for females, the increase was 4.3 percent – from \$28,628 to \$29,854.

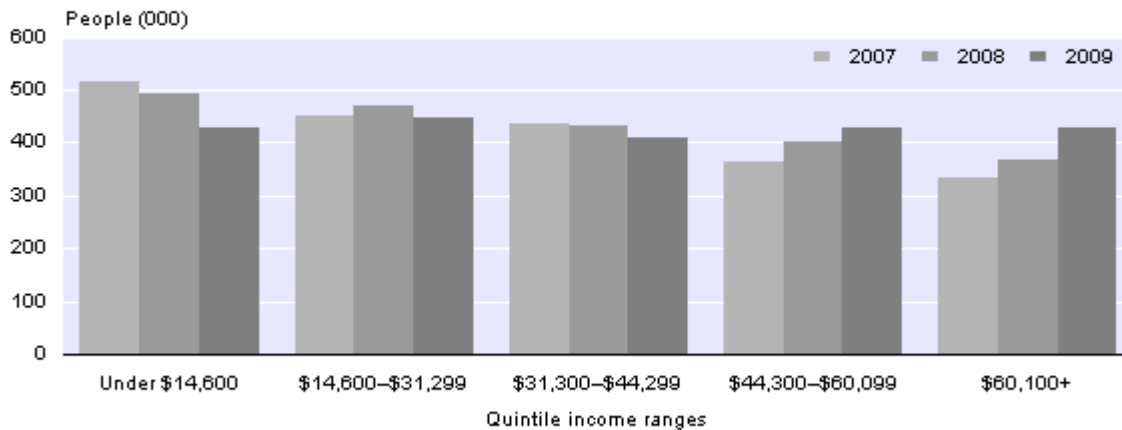
The main driver of the increase in average annual personal income from regular sources was an increase in aggregate wage and salary income, coupled with a decrease in the numbers of those receiving wage and salary income.

Wages and salaries

For those receiving income from wages and salaries, the median annual personal income from this source increased to \$37,543 in 2008/09 (up 7.3 percent from \$35,000 in 2007/08).

Average (mean) annual wage and salary income (for those receiving income from this source) was \$43,161 in 2008/09, up 9.2 percent from \$39,517 in 2007/08. The rise was due to an increase in the aggregate amount of wage and salary income received (up 8.2 percent), coupled with a decrease in number of people receiving income from this source (down 1.0 percent or 20,900 people). Fewer wage and salary earners were in the lower three quintiles in 2008/09 compared with 2006/07 and 2007/08, and more were in the upper two quintiles. This change has contributed to increases in both the mean and median wages and salary income. Wage and salary income includes income received from redundancies and bonuses. Increases in these forms of income also contributed to the overall increase in wage and salary income.

Number of Wage and Salary Earners
By quintile income ranges ⁽¹⁾
Year ended 30 June

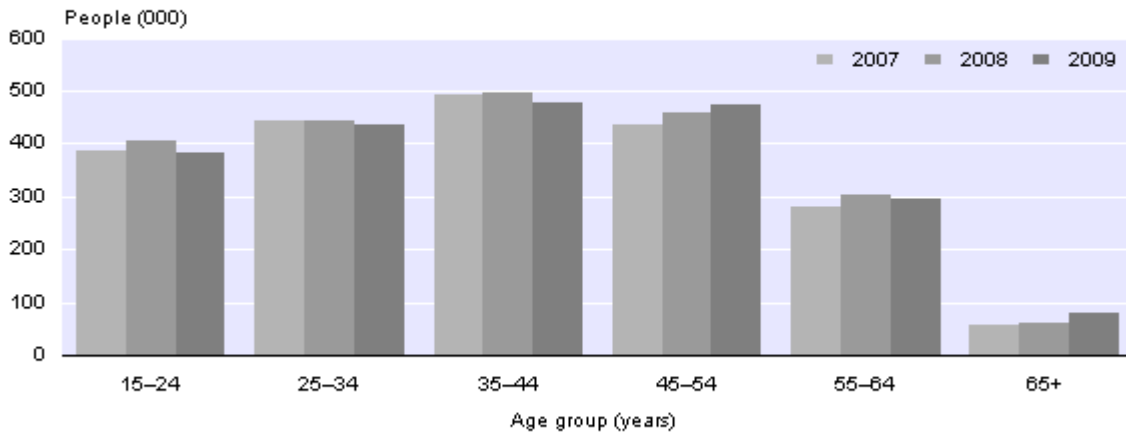


(1) Quintiles are based on 2009 wages and salary income data.

For those receiving income from wages and salaries, males had an increase in average wage and salary income of 8.7 percent (up \$4,106) and females had an increase of 9.6 percent (up \$3,026).

Average annual wage and salary income (for those receiving income from this source) increased for all the ten-year age groups. However, numbers of wage and salary earners decreased for all the ten-year age groups up to 44 years inclusive.

Number of Wage and Salary Earners⁽¹⁾
By age group
 Year ended 30 June



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

Material standard of living

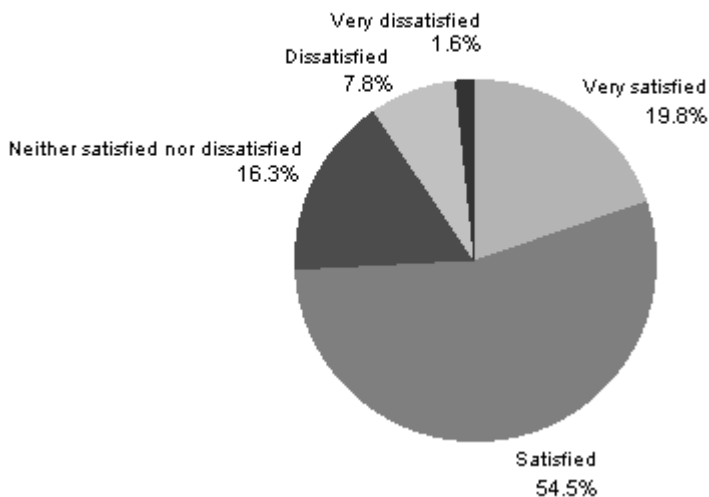
Material standard of living is defined as the capacity to obtain the things that money can buy. Questions on material standard of living asked people how they rated their standard of living, how satisfied they were with their standard of living, and how adequately their income met their everyday needs.

In 2008/09, most people were either satisfied or very satisfied with their material standard of living:

- 74 percent of households were satisfied or very satisfied, with 20 percent being very satisfied
- 9 percent were dissatisfied or very dissatisfied
- the remaining 16 percent were neither satisfied nor dissatisfied.

Household Satisfaction with Material Standard of Living

Year ended 30 June 2009



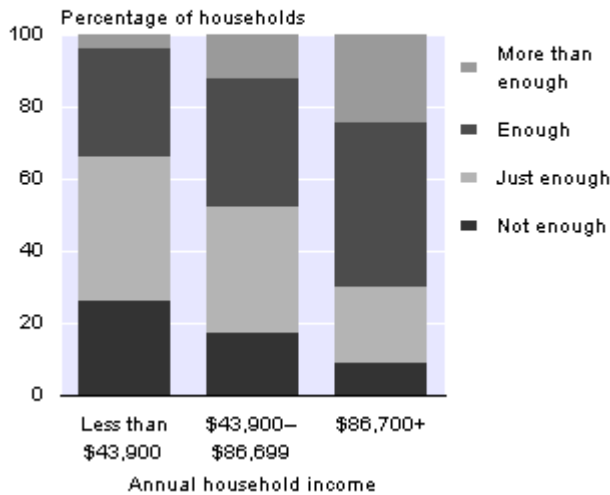
Households were also asked how they rated their current level of material standard of living. The majority of New Zealand households (92 percent) rated their current level as either medium or above (medium, fairly high, or high).

Fifty-one 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 \$43,900, 34 percent reported that their income was enough or more than enough to meet their everyday needs. This result contrasts with households with a total income of \$86,700 and over, where the proportion was 70 percent.

Adequacy of Income to Meet Everyday Needs

By annual household income

Year ended 30 June 2009



Next release ...

Household Economic Survey: Year ended June 2010 will be released in November 2010.

For technical information contact:
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Technical notes

Background to the Household Economic Survey (Income)

The full Household Economic Survey (HES) ran annually from 1973 until the year ended March 1998, and since then it has been run triennially. The full HES gives a comprehensive range of statistics relating to income and expenditure, as well as demographic information on households and individuals. The latest data available for the full HES is for the year ended June 2007.

Running the full HES triennially created an information gap for the two intervening years between each full HES. Consequently, as part of the Programme of Official Social Statistics, a shortened version of the full HES called HES (Income) was created to run 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 that monitors standard of living over time. HES (Income) was run for the first time in the year ended 30 June 2008.

The full HES is currently in the field for the 2009/10 year.

About the Household Economic Survey (Income) design

Scope of the 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 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.

Household Economic Survey (Income) components

HES (Income) has four survey components:

- 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 (ELSI) short-form for one member per household who is aged 18 years and over (chosen randomly).

This survey uses computer-assisted interviewing (CAI), first introduced in the 2006/07 interview period. Copies of the questions asked in the survey can be found on the Statistics New Zealand website (www.stats.govt.nz).

Revisions to 2007/08 HES (Income) data

For some types of tax credits, income that was not allocated in 2007/08 has now been included in 'Other government benefits'. This change has no effect on the main income categories such as wages and salaries, but the change does affect any income totals that include 'other government benefits', such as total regular income. The affect on the average annual total regular income over all households for the 2007/08 data, was an increase of \$706, from \$73,952 to \$74,658. Revised income data is marked with an 'R' in the tables.

Updates have also been made to the 2007/08 ELSI data. Even though the weighted numbers have changed, the overall proportions have changed little. A revised table 5 for 2007/08 is available from Statistics New Zealand on request by contacting our Information Centre on 0508 525 525 toll-free or email info@stats.govt.nz.

In addition, the total households shown in the household demographic table (table 7) for 2007/08 has been revised to include the unspecified tenure data. This has resulted in a minor change upwards in the total from 1,591,600 to 1,591,900.

Survey recall and reference periods

The survey was carried out from 1 July 2008 to 30 June 2009.

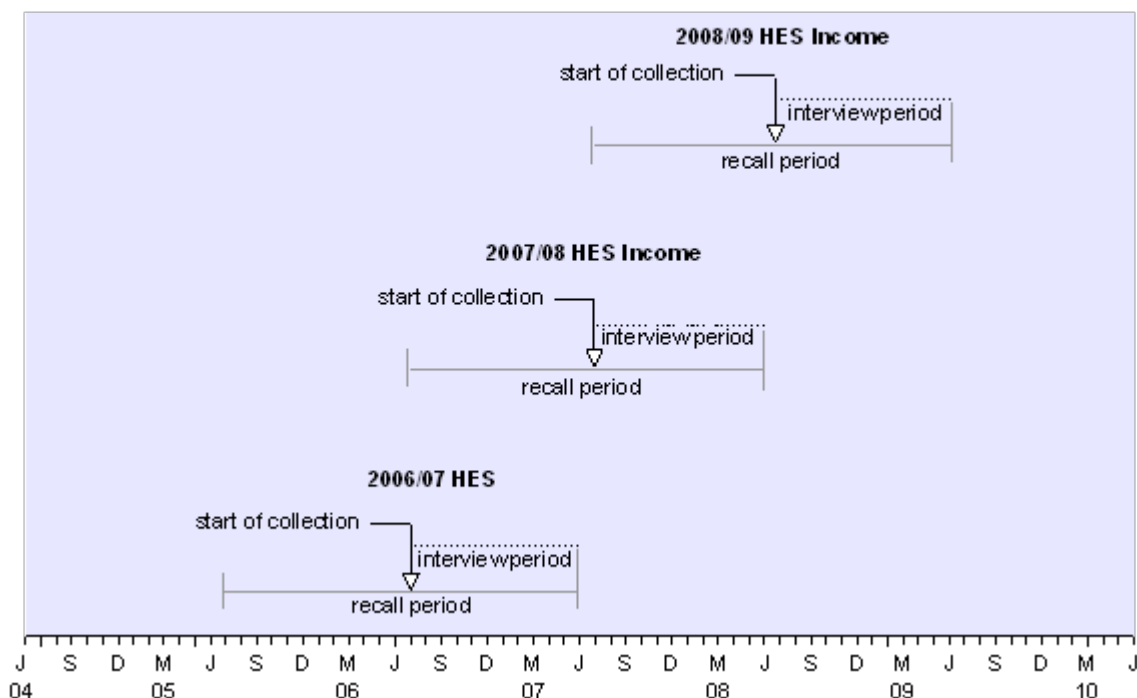
Most of the housing cost expenditure was collected as 'latest payment'. However, for some housing costs, respondents were asked about their spending for the 12-month period before the interview. Examples of these housing costs include easement or ground rent, and lump sum payments connected with renting, 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 2008 for households interviewed in that month, through to 30 June 2009 for households interviewed then).

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 also covers a two-year period.

The graph, Recall Period for Income Measures in HES and HES Income, demonstrates how the recall period can overlap with a previous reporting period.

Recall Period for Income Measures in HES and HES Income

2006/07, 2007/08, and 2008/09



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.

The key benefits to using integrated weighting are:

- improving the robustness and accuracy of the survey estimates
- reducing the effect of bias in estimates resulting from undercoverage
- decreasing the level of sampling error for benchmark variables.

For the 2006/07 full HES and HES (Income) 2007/08 and 2008/09, 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. The target response rate for HES (Income) is 75 percent. For 2008/09, the achieved response rate was 74 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 2008/09 the estimated average annual household income for wages and salaries was \$57,511. This result is subject to a percentage sampling error at the 95 percent confidence interval of plus or minus 5 percent. This means there is a 95 percent likelihood that the true value lies between \$54,636 and \$60,387.

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 'Sample errors' section.

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 these differences 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
- a bias associated with non-response affects some statistics.

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

Differences between the full HES and HES (Income)

Housing costs

As only certain types of household expenditure are collected in HES (Income), no fortnightly diary-keeping is required. To allow for comparison with the full HES, which does 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 New Zealand Household Expenditure Classification (NZHEC) is used to classify expenditure for the HES (Income). The NZHEC 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 the HES (Income) is only capturing a portion of the housing cost expenditure that the full HES does, a subset of the full NZHEC is used for the 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
- 11.4.06.0.0.04 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. Statistics NZ does not produce an index measurement of economic standard of living 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 give an indication of the material standard of living of New Zealanders.

Some components of the ELSI (short-form) 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 full HES 2006/07, the HES (Income) 2007/08, and the HES (Income) 2008/09 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, and for 2008/09, it was 74 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 changes to appear slightly more extreme for certain estimates. The differences in response rates between 2007/08 and 2008/09 may have also caused some bias, but not as great as between 2006/07 and 2007/08.

Sample errors

The tables below summarise the sampling errors for 2007/08 and 2008/09, by income source and housing cost type. The tables give an indication of the change in the variability of the estimates for the two samples.

As a guide, care should be taken when interpreting income or expenditure estimates with sampling errors greater than 20 percent, as they will be less statistically reliable than those with sampling errors less than or equal to 20 percent.

Average Annual Household Income, by Income Source		
<i>Sampling errors</i>		
Years ended 30 June 2008 and 2009		
Income source	Sampling error (%)	
	2007/08	2008/09
Wage and salaries	4	5
Self-employment	34	30
Investments	18	23
Private superannuation	37	27
New Zealand Superannuation and war pensions	3	3
Other government benefits	9	9
Other sources	33	31
Total regular income	4	4

Average Weekly Household Expenditure, by Housing Cost Type		
<i>Sampling errors</i>		
Years ended 30 June 2008 and 2009		
Housing cost type	Sampling error (%)	
	2007/08	2008/09
Property and ground rent	7	7
Other payments connected with renting	30	24
Mortgage principal repayments	25	18
Mortgage interest payments	11	12
Application and service fees for mortgages	41	46
Property rates	5	6
Building related insurance	6	7
Other housing costs	57	62
Total housing costs	6	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 the 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, 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, that is, 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.

Quintile: Formed by dividing the population into 5 groups by ranking individuals by the amount of income they receive. The bottom quintile (quintile 1) is the lowest 20 percent of the population in terms of income, while the top quintile (quintile 5) is the highest 20 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. The 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 the Northland, Waikato, Bay of Plenty, Gisborne, Hawke's Bay, Taranaki and Manawatu-Wanganui regional council areas.

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

More information

For more information about the 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