

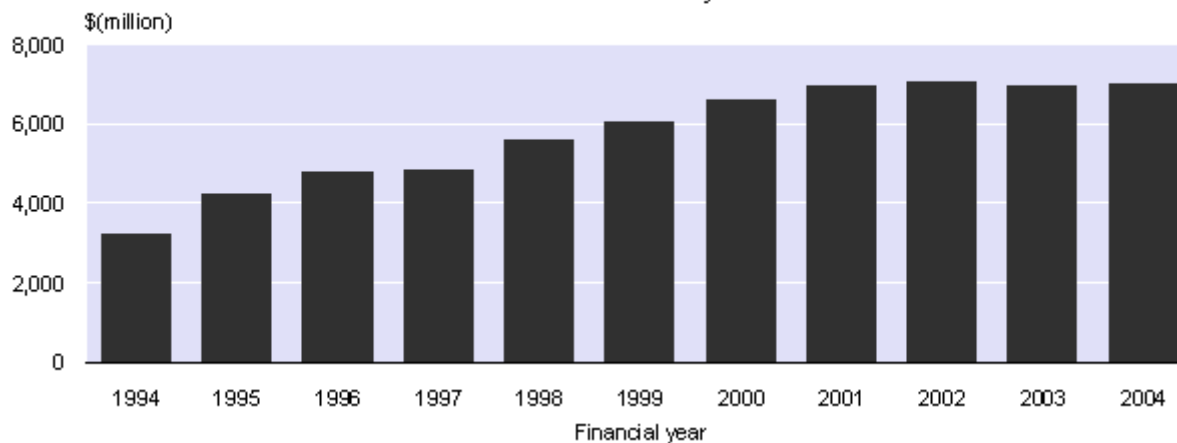
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Information Technology Survey: 2004 financial year

Highlights

- Sales of information technology (IT) goods and services (excluding communication services) increased 0.6 percent to \$7,015 million in the 2004 financial year.
- Total exports of IT goods and services (excluding communication services) decreased 14.9 percent to \$576.3 million.
- Total software sales (excluding communication services) increased 14.4 percent to \$963.5 million.
- Sales of IT goods and services (excluding communication services) made to New Zealand customers increased by 2.2 percent to \$6,439 million.

Total IT Sales (Excluding Communication Services)
1994–2004 financial year



Ian Ewing
Acting Government Statistician

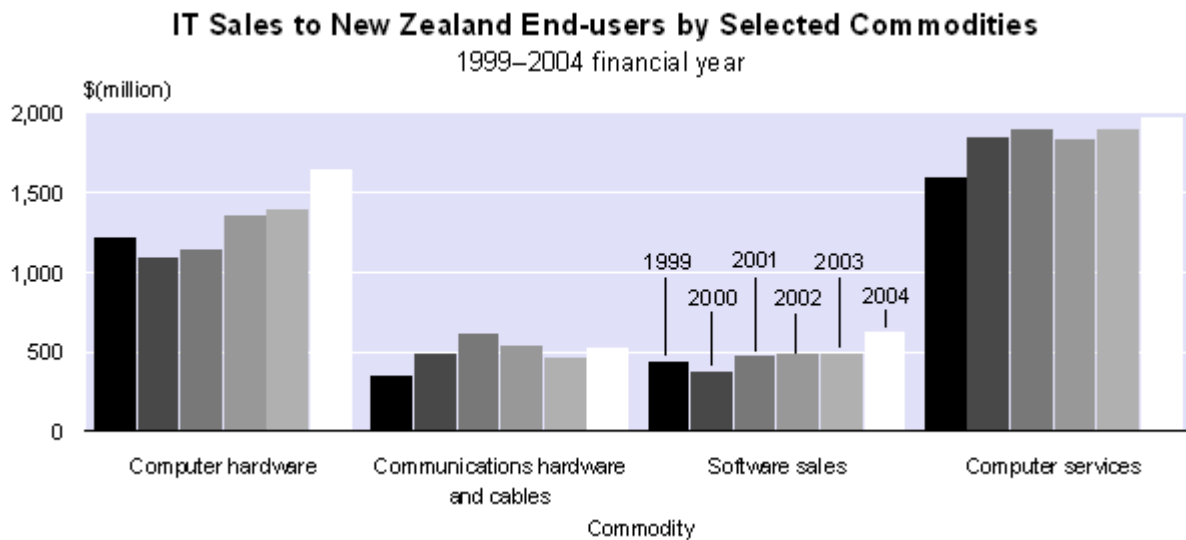
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Commentary

Total information technology sales

Results from the 2004 Information Technology Survey show that the total sales of information technology (IT) commodities (excluding communication services) for the 2004 financial year were valued at \$7,015.3 million. This is a 0.6 percent increase on the result for the 2003 financial year.

This increase in total sales was primarily due to higher sales of software, up \$121.2 million (14.4 percent) and computer services, up \$34.1 million (1.4 percent). These increases were partly offset by a decrease of \$94.9 million (10.8 percent) in the total sales of communications hardware and cables.

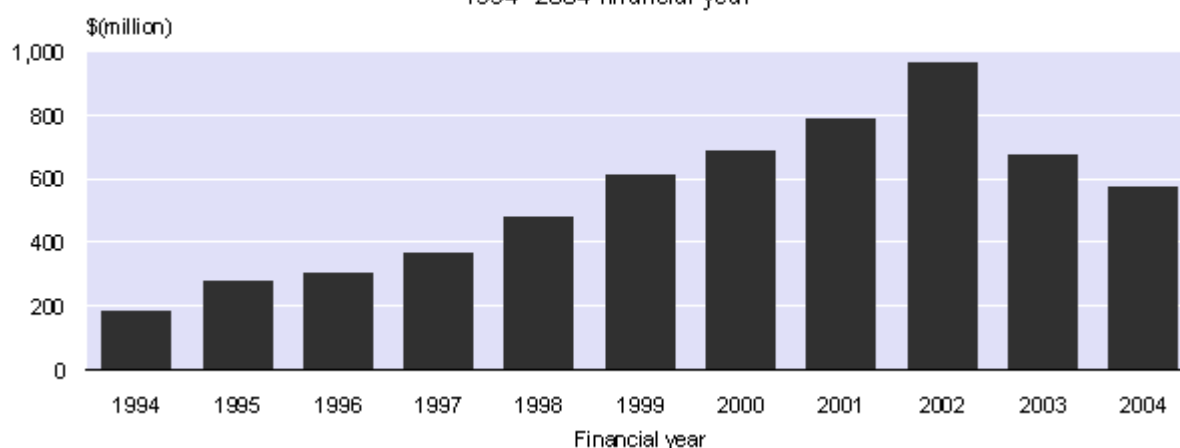


IT exports

The total value of export sales of IT goods and services (excluding communication services) during the 2004 financial year was \$576.3 million. This is a decrease of \$100.6 million (14.9 percent), when compared with the 2003 financial year.

Total IT Exports (Excluding Communication Services)

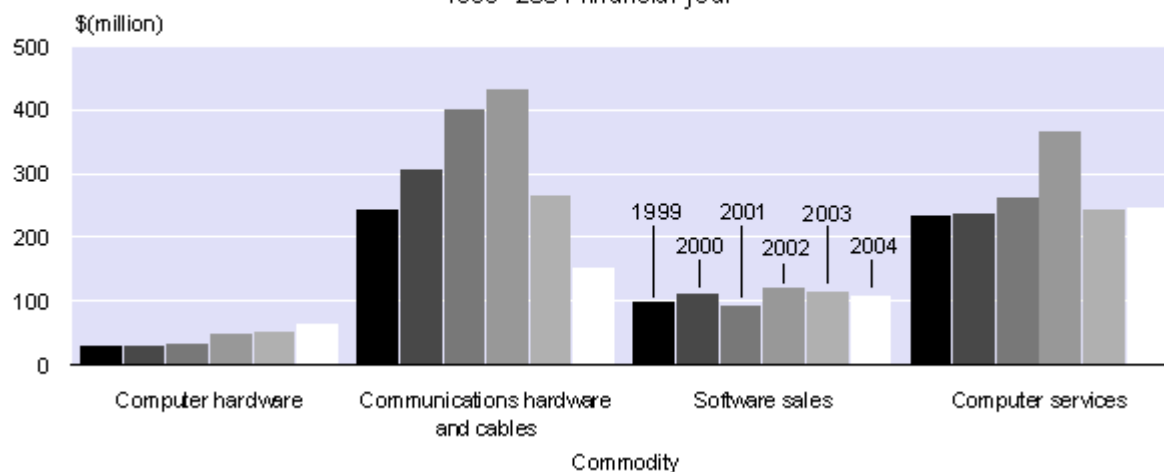
1994–2004 financial year



Between the 2003 and 2004 financial years, exports of communication hardware and cables decreased by \$113.1 million (42.7 percent), while exports of computer services increased to \$248.8 million (1.3 percent).

IT Exports by Selected Commodities

1999–2004 financial year



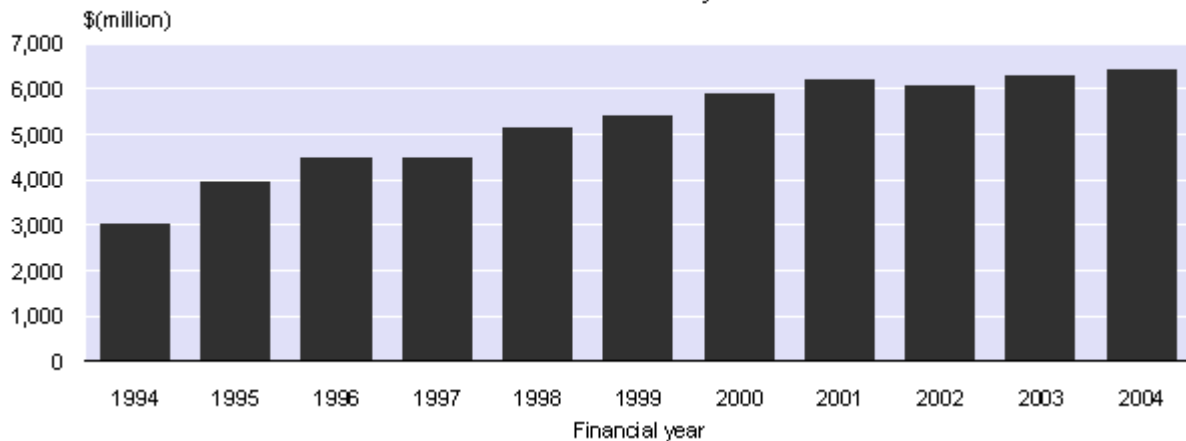
Total IT sales to New Zealand customers

The 2004 IT Survey splits New Zealand customers into end-users and other customers. Statistics New Zealand defines New Zealand end-user sales as "sales to those purchasers who buy goods for their own use, rather than on-selling". Sales to other customers are defined as "sales not classed as exports or sales to New Zealand end-users". This category includes sales to businesses that on-sell the IT goods or services.

For the 2004 financial year, the total sales of IT goods and services to New Zealand end-users and New Zealand other customers (excluding communication services) was valued at \$6,439.4 million, an increase of \$140.9 million (2.2 percent) from the 2003 financial year. This is the highest total sales to New Zealand customers recorded since the IT Survey first ran in 1994.

Total IT Sales to New Zealand Customers (Excluding Communication Services)

1994–2004 financial year



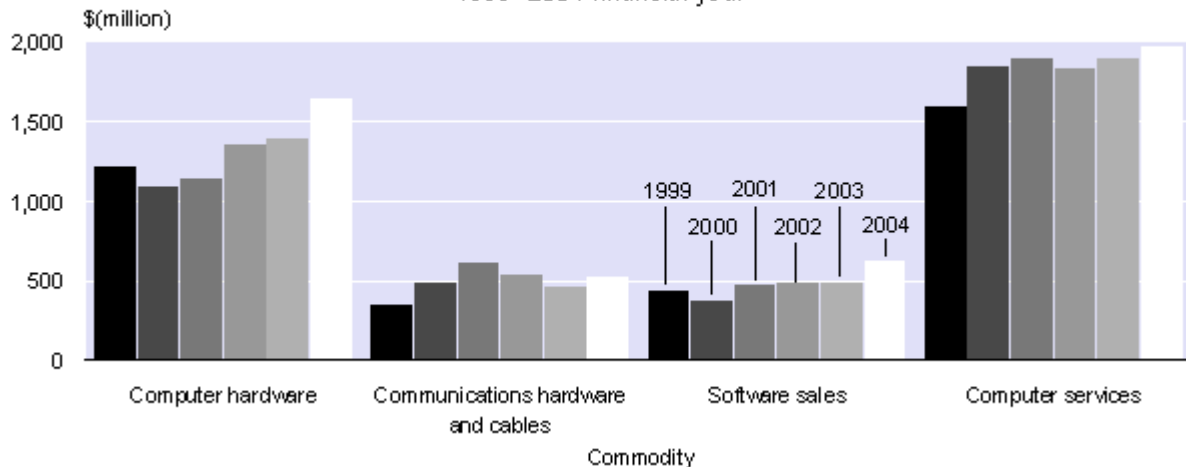
IT sales to New Zealand end-users

The total value of sales of IT goods and services to New Zealand end-users (excluding on-selling activities and communication services) was \$4,853.7 million, an increase of \$487.1 million (11.2 percent) from the 2003 financial year.

There were strong increases in all sales categories except training and education in IT, which fell \$35.8 million (29.9 percent) to \$83.9 million. Sales of computer services increased 4 percent to reach \$1,971.8 million, peripheral computer equipment increased \$200.6 million (46.2 percent) and software also increased \$136.1 million (27.8 percent) to \$624.8 million.

IT Sales to New Zealand End-users by Selected Commodities

1999–2004 financial year

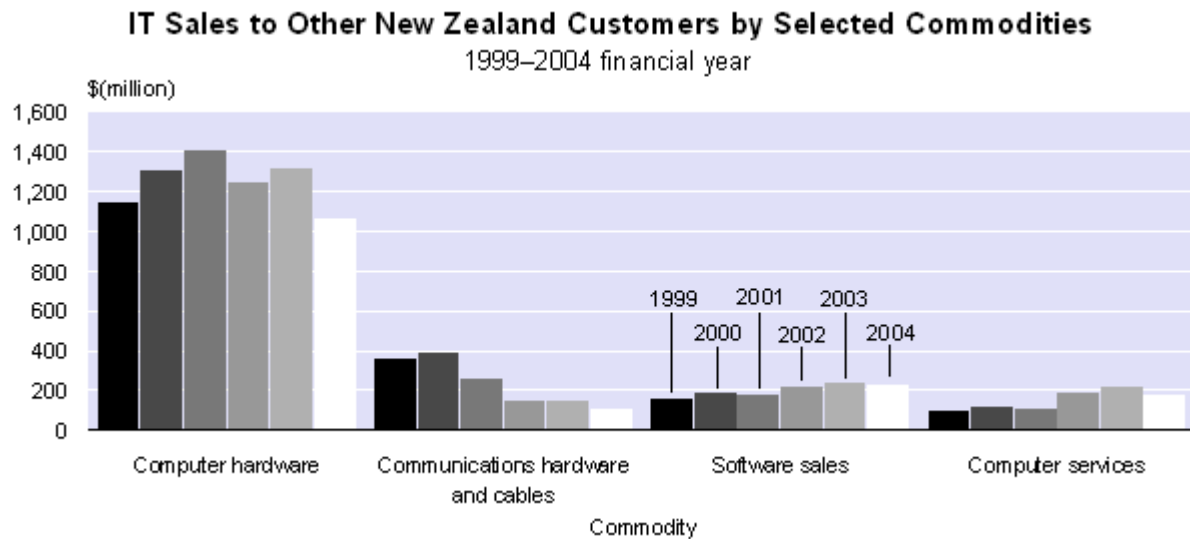


IT sales to other New Zealand customers

Sales to other New Zealand customers are sales made to businesses that on-sell the goods or services (including sales to retail or wholesaling outlets).

Total IT sales (excluding communication services) to other New Zealand customers decreased 17.9 percent in the 2004 financial year, to \$1,585.7 million.

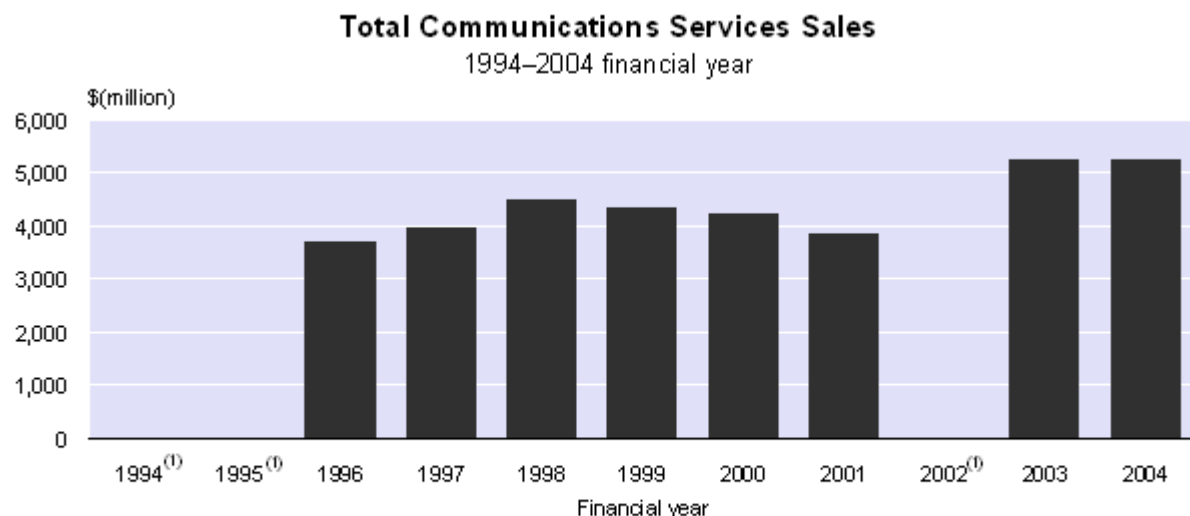
There were large decreases in most sales categories in the 2004 financial year. Sales of computer hardware decreased \$251.1 million (19.1 percent) to \$1,065.2 million. Communications hardware and cabling decreased by \$42.7 million (28.8 percent) to \$105.8 million, and computer services also decreased \$44.9 million (19.9 percent) to \$180.9 million.



Total communication services sales

Total communication services sales decreased \$1.7 million to \$5,256.1 million (0.03 percent) in the 2004 financial year.

Sales of communications services are combined from the export, New Zealand end-user and other New Zealand customers categories in the IT Survey. This aggregation is done to adhere to Statistics New Zealand confidentiality standards.



(1) The data for 1994, 1995 and 2002 was suppressed in accordance with Statistics New Zealand's confidentiality procedures.

IT goods and services pricing

The data reported in the 2004 IT Survey is collected and reported in nominal dollar values at time of sale. These nominal sales figures combine price and volume movements. Price movements of these goods and services may disguise the volume or quantity changes in goods and services sold.

The changes in prices of goods are measured by price indexes, including the Capital Goods Price Index and the Producers Price Index. For example, the Capital Goods Price Index records that the 'Computer machinery' category decreased 13.1 percent in value in the March 2003 to March 2004 year.

Although quantifying the exact impact is not possible in this publication, price changes for goods and services will have impacted on the underlying real or quantity change experienced.

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Technical notes

These statistics are drawn from the 2004 Information Technology Survey. The objective of this survey is to provide information on the total income, export income and the domestic income from sales of information technology (IT) in New Zealand.

Reference period

The reference period for the survey was the 2003/2004 accounting year. For enterprises with balance dates falling between 1 January and 30 September, this is financial data for the year ending 2004. For enterprises with balance dates falling between 1 October and 31 December, this is financial data for the year ending 2003.

Population

The target population for this survey is all Kind-of-Activity Units (KAUs) with 2.0 or more rolling mean employees (RME) engaged in IT activity in New Zealand. RME is the average size of the enterprise employment count over the past 12 months. The population for the 2004 Information Technology Survey contained 1,822 enterprises.

All units with greater than 2.0 RME that were classified on the Statistics New Zealand Business Frame to the following ANZSIC codes are included in the survey:

F461300 Computer Wholesaling

Units mainly engaged in the wholesaling of computers or computer peripheral equipment.

J712000 Telecommunication Services

Units mainly engaged in providing telecommunication services to the public by wire, cable or radio.

L783100 Data Processing Services

Units mainly engaged in providing data processing services. Also included are units mainly engaged in providing time-sharing services.

L783200 Information Storage and Retrieval Services

Units mainly engaged in providing information storage and retrieval services (other than library and bibliographic services).

L783300 Computer Maintenance Services

Units mainly engaged in providing computer maintenance or repair services.

L783400 Computer Consultancy Services

Units mainly engaged in providing computer consultancy services, computer systems analysis or computer programming services.

In addition, enterprises are also added if they have greater than 2.0 RME and are a member of one of the following lists:

- New Zealand Software Association (NZSA)
- Information Technology Association of New Zealand (ITANZ)
- Companies identified by New Zealand Trade and Enterprise (NZTE) as the IT industry.

Also included are any other enterprises that have more than 2.0 RMEs and are known to be significant participants in the IT industry outside the above sources, and who are not classified on the Business Frame to any of the above ANZSIC codes. Known information technology retailers were also added to the population.

Response rate

A target response rate of 75 percent was specified in terms of the number of Kind-of-Activity Units from the survey population. Key businesses that accounted for the highest sales in each category were also identified from the 2003 IT Survey. The response rate for these key businesses was targeted at 99 percent.

An overall response rate of 75 percent was achieved, and 91 of the top 93 units responded.

Non-sampling error

Non-sampling error occurs for reasons such as respondent error, frame quality and errors in processing. While every effort is made to minimise these types of error, they may still occur. It is not possible to quantify their effect.

Statistics New Zealand has used standard procedures in attempting to control non-sample error. This includes pilot testing of questionnaires and survey quality control procedures.

The 2002 data for sales of training and education in IT has been suppressed due to quality concerns.

Analysis of results

The survey results have been compared with annual reports, trade data and other indicators published by Statistics New Zealand. Where the survey results differed substantially, more detailed study of the data was made. In some cases, however, exact comparisons are not possible, due to differences in timing or definition of commodities.

Confidentiality

Data published from the Information Technology Survey must conform to the provisions of the Statistics Act 1975, which requires that all statistical information published by Statistics New Zealand shall be arranged in such a manner as to prevent any particulars belonging to any respondent from being identifiable. Cell suppression has been used to prevent the disclosure of sensitive information.

Concepts and terms

ANZSIC

The Australian and New Zealand Standard Industrial Classification (ANZSIC).

Business Frame

A register of all economically significant businesses operating in New Zealand from which the survey population is drawn. This register is maintained by Statistics New Zealand.

Enterprise

A single business entity operating in New Zealand either as a legally constituted body, such as a company, trust, local or central government trading organisation, incorporated society, or self-employed individual.

Rolling Mean Employment (RME)

The average size of the enterprise employment count over the past 12 months. This number is sourced from the Business Frame, which is updated on a monthly basis by employers.

Kind-of-Activity Unit

A sub-division of an enterprise that consists of one or more geographic units that are engaged in a similar activity and for which a single set of accounting records is available.

Commodity definitions

Computer hardware

Comprises complete computer systems or major upgrades. Excludes peripherals when sold separately. Includes items below, but is not limited to these.

- system processors or central processing units (with any associated power supplies and cooling equipment)
- storage sub-systems
- printer sub-systems
- front-end communication processors
- extended channels used for control, calculation and communication.

Single-user systems

Includes general use computers intended primarily for a single user in an office or home.

Multi-user systems

Primarily intended to service multiple users simultaneously, including dedicated file servers, minicomputers, mainframes and super computers.

Peripheral computer equipment

Includes any equipment distinct from the central processing unit that may provide the system with outside communication or additional facilities when sold separately to the peripherals in computer hardware above. Examples include modems, screens, mice, scanners, disk drives, tape drives, tape silos, CD ROM drives, CD writers, printers, EFTPOS terminals, banking devices, betting terminals, add-on boards and blank media (including diskettes, tapes and toner cartridges).

Communications hardware

Includes switching equipment, transmission equipment, customer equipment (fixed or mobile) and satellite and any other radio communications equipment (not including household broadcast radio receivers).

Communication cables

Assemblies of insulated conductors sheathed in insulation, which are used for the transmission of telecommunications. Examples include coaxial, twisted pair copper and fibre optic.

Software sales

Includes programs, procedures, routines and any documentation associated with the operation of a computer system. Includes all software available for sale to more than one customer. Excludes software specifically written for a single customer.

Computer services

Any or all of the following when undertaken for specific customers:

- systems analysis, design and programming
- system integration
- software maintenance
- facilities management
- data entry, processing and time-sharing
- information network and database services
- hardware and systems servicing and repairs
- installation and cabling services
- computer-related consultancy not covered by the above.

Training and education

Includes any IT training and education.

Communication services

Includes telecommunications carrier services (eg, fixed and mobile network access, local and long distance telephony and data), value added services (eg, packet switching) and network management services, including Internet access.

Sales

Sales in New Zealand dollars for each IT category.

Exports

Excludes goods sold to other New Zealand businesses who will export the goods at a later stage.

Sales to New Zealand end-users

Sales to those purchasers who buy goods for their own use, rather than on-selling.

Sales to other New Zealand customers

Sales not classed as exports or sales to New Zealand end-users. This category includes sales to businesses that on-sell the IT goods or services.

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.

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.

List of tables

1. Information technology survey, sales of IT commodities
2. Information technology survey, sales of IT commodities - change from previous year