



Hot Off The Press

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National Accounts

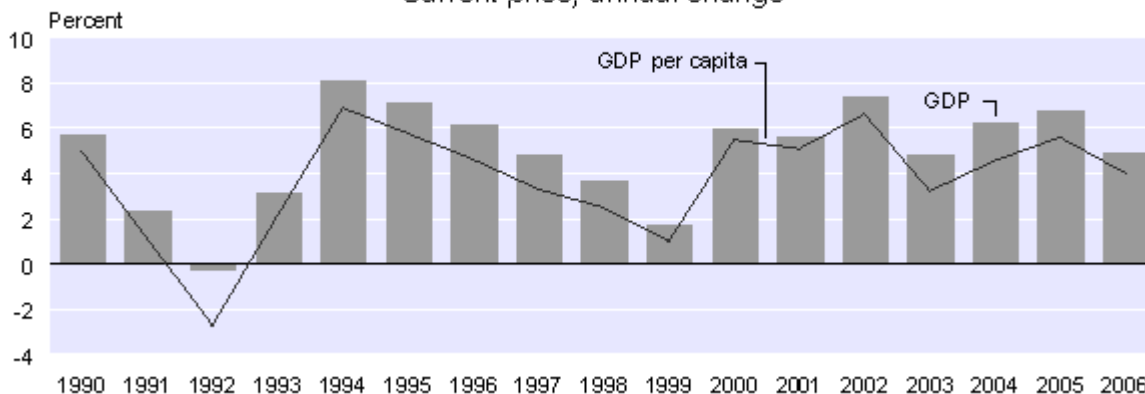
Year ended March 2006

Highlights

- **Current price gross domestic product (GDP) increased 5.0 percent**, while GDP per capita increased 4.0 percent in the year ended March 2006.
- **National saving was \$2,347 million**, down from \$5,549 million in the year ended March 2005.
- **National disposable income rose 3.9 percent**. Compensation of employees increased 7.0 percent and gross operating surplus was up 2.5 percent.
- **Final consumption expenditure increased**, with household spending up 6.5 percent. Central and local government expenditure increased by 9.0 percent and 6.6 percent, respectively.
- **Capital investment rose**, with fixed asset investment up 6.7 percent and a build-up of \$1,299 million in inventories.
- **Net borrowing from overseas increased significantly**, from \$10,822 million to \$15,247 million, in the year ending March 2006.

Gross Domestic Product and Gross Domestic Product per Capita

Current price, annual change



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There is a companion Media Release published – [National Accounts: Year ended March 2006](#).

Commentary

Changes in this issue

Improvements in this release include:

- System of National Accounts 1993 estimates have been incorporated into the consolidated accounts of the nation for the years 1972–1986
- additional breakdown of gross fixed capital formation intangible assets into computer software, and mineral and other exploration
- concurrent release of the experimental household income and outlay account.

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

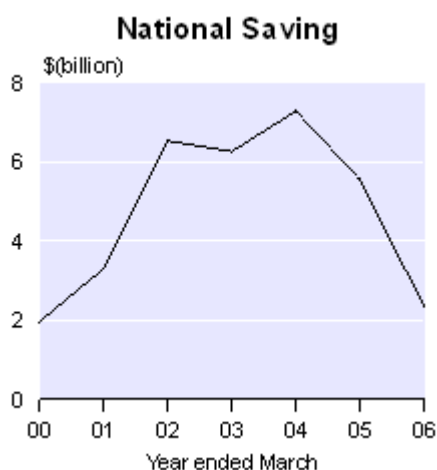
National saving

Gross domestic product (GDP) increased 5.0 percent in the year ended March 2006, following a 6.9 percent increase in the previous March year.

National disposable income, which measures the income available to New Zealand residents for current consumption or saving, rose 3.9 percent. National saving was \$2,347 million in the March 2006 year, down from \$5,549 million in the previous year.

The latest increase in current price GDP has been driven by internal demand (up 6.6 percent). Household consumption expenditure increased 6.5 percent, and central and local government spending rose 9.0 percent and 6.6 percent, respectively. Business investment in fixed assets increased 8.6 percent, with non-residential building showing strong growth for the second consecutive year (up 23.2 percent). Transport equipment (up 13.1 percent) rebounded from the 2005 decline, and new residential housing increased 2.1 percent, following stronger increases in the previous three years.

The balance on the external current account rose from \$10,930 million to \$14,920 million in the March 2006 year. Higher net property income flows to non-residents and a deteriorating net trade balance (with a deficit of \$4,179 million in the year ended March 2006 after a deficit of \$1,571 million in the year ended March 2005) were both contributing factors.



National disposable income

Compensation of employees and business profits (gross operating surplus) are the two key components of national income.

Compensation of employees increased 7.0 percent in the March 2006 year, following a 7.4 percent increase in the March 2005 year. Compensation of employees comprises salaries and wages, employers' contribution to superannuation funds, ACC levies, fringe benefits and redundancy payments. Salaries and wages is the major component.

Both employment and average earnings increased during the March 2006 year. The number of salary and wage earners employed, as measured by the Household Labour Force Survey, showed a lesser increase than the previous March year, which contributed to the slower growth in compensation of employees for the 2006 year.

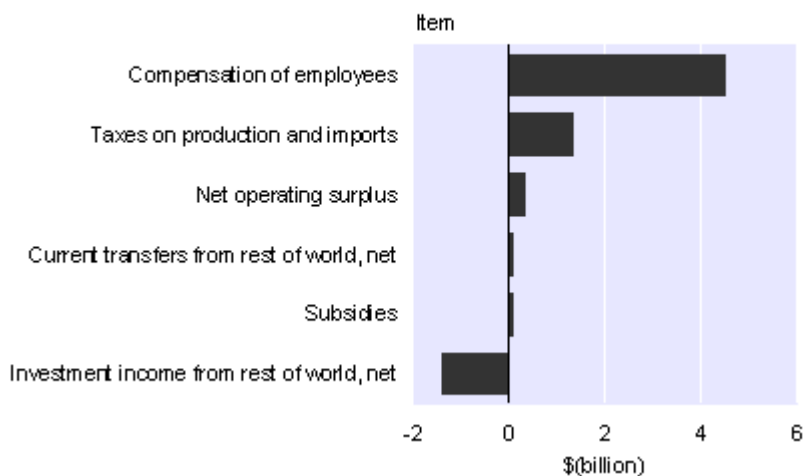
Gross operating surplus rose 2.5 percent in the March 2006 year, with increases in finance and insurance, property and business services, real estate, wholesale trade, retail trade, accommodation, restaurants and bars, and construction being partly offset by a decline in agriculture. When the provision for consumption of fixed capital is deducted, net operating surplus rose 0.7 percent. This follows rises of 6.3 percent and 6.6 percent in the years ending March 2005 and March 2004, respectively. The concept of net operating surplus approximates pre-tax business profits before the deduction of net interest payments.

Net investment income paid to the rest of the world rose to \$11,182 million in the March 2006 year. Investment income paid to the rest of the world increased to \$13,229 million (up 5.1 percent), while investment income receipts fell to \$2,046 million (down 28.2 percent).

National disposable income, which measures the total income available to New Zealanders (from all sources, both domestic and overseas) for consumption or saving, rose 3.9 percent. This follows a 5.3 percent rise in the March 2005 year.

Contribution to Annual Change in National Disposable Income

Year ended March 2006



Use of national disposable income and saving

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

Household consumption expenditure increased by 6.5 percent in the year ended March 2006, following an increase of 6.9 percent in the March 2005 year. Consumption expenditure in New Zealand increased 4.9 percent on services, 7.1 percent on non-durable goods and 5.2 percent on durables. Major increases were recorded in food and beverages, up 6.7 percent, and purchases of transport services, in particular increases in motor vehicle operations (which includes fuel), up 12.4 percent. Spending by New Zealanders travelling overseas rose 9.8 percent, following an increase of 19.8 percent in the previous year.

Central government consumption expenditure increased 9.0 percent in the March 2006 year, largely the result of increases in salaries and wages. Local government consumption expenditure grew by 6.6 percent in the March 2006 year, following an increase of 5.0 percent in the previous year.

National saving fell to \$2,347 million in the March 2006 year, following stronger annual levels of national saving from 2001 to 2005.

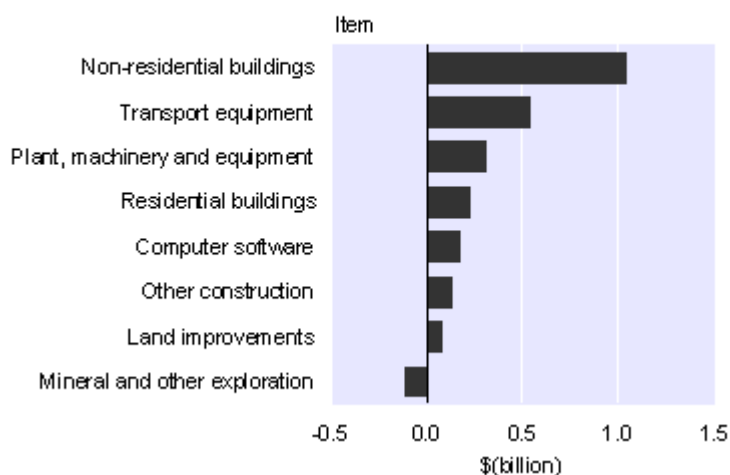
Investment and borrowing

Investment in fixed assets grew 6.7 percent in the March 2006 year, following four years of strong growth. Non-residential building has grown strongly over the last two years, increasing 23.2 percent and 24.6 percent in the March 2006 and March 2005 years, respectively. Transport equipment increased by 13.1 percent, following a 9.8 percent decrease in the previous year.

Spending on new housing increased by 2.1 percent in the year ended March 2006, following rises of 11.7 percent, 23.9 percent and 27.4 percent between the March 2005 and March 2003 years, respectively.

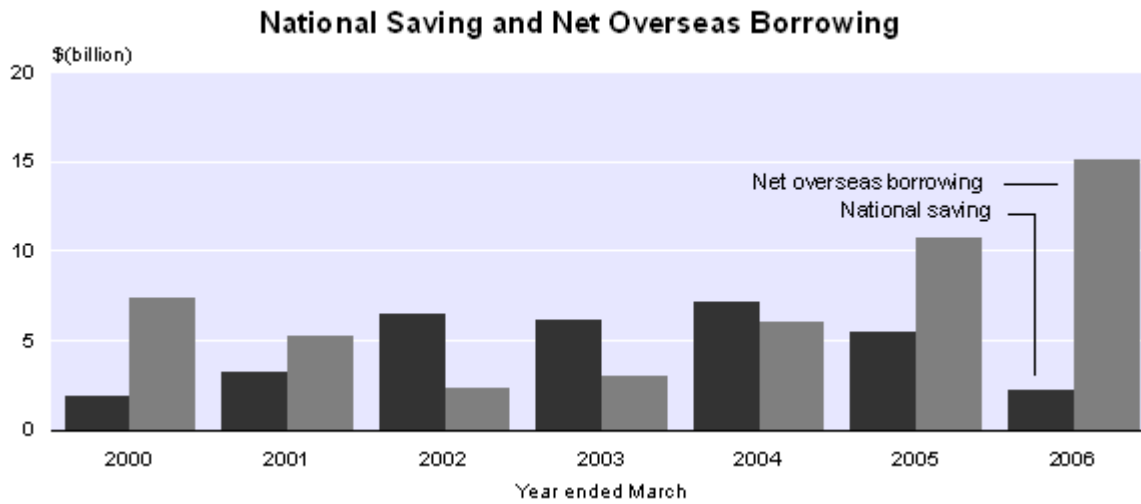
Contribution to Annual Change in Investment by Asset Type

Year ended March 2006



There was a \$1,299 million build-up in inventories for the year to March 2006. Excluding natural growth in standing timber and livestock, inventory levels increased \$604 million.

With national saving dropping to \$2,347 million, much of the increase in capital investment was financed externally. Net borrowing from the rest of the world increased from \$10,822 million (7.3 percent of GDP) to \$15,247 million (9.8 percent of GDP) in the March 2006 year.

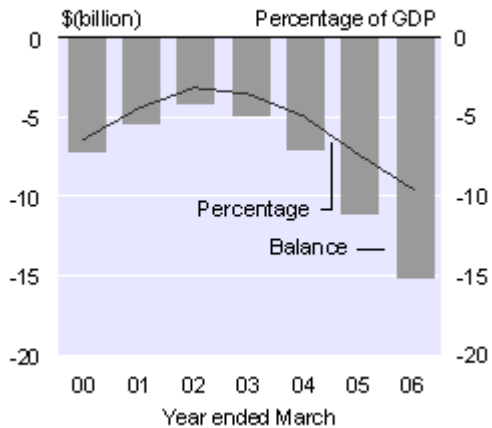


External account

Within the external account, the current account deficit rose from \$10,930 million to \$14,920 million in the March 2006 year. A key factor was the deteriorating trade balance for both goods and services, which recorded a deficit of \$4,179 million in the March 2006 year, following a deficit of \$1,571 million in the March 2005 year. Also contributing was higher net property income flows to non-residents.

Exports of goods in the March 2006 year increased \$371 million, while imports of goods increased \$2,374 million. The surplus on trade in services fell from \$679 million to \$73 million in the March 2006 year.

Balance on External Current Account



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Technical notes

Status of the published figures

The figures for the years 2004 to 2006 are provisional. Please note that data may not sum to stated totals due to rounding.

The National Accounts for the year ended March 2006 will be re-released in May 2007. 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 up to and including 2004
- contain minor revisions to 2005 and 2006.

The National Accounts for the year ended March 2007 will be released in November 2007 and will include revised estimates for the years ended March 2005 and 2006. 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.

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 2004 onwards
- additional System of National Accounts 1993 changes to gross fixed capital formation
- balance of payments revisions
- Crown Account revisions.

Revisions incorporated in this publication will also be reflected in the *Gross Domestic Product: September 2006 quarter* Hot Off The Press to be released on 21 December 2006.

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 ...

National Accounts: Year ended March 2007 will be released in November 2007.

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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 (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

A number of series have not been updated for this release and remain as published in the annual *National Accounts (Revised): Year ended March 2005*. These series will be updated as part of the annual *National Accounts (Revised): Year ended March 2006* release in May 2007.

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 2.1 Contribution to GDP, by industry, current prices

Table 2.2 Components of gross domestic product, by industry

Table 2.3 Components of gross domestic product, by sector of ownership

Table 2.5 Agricultural output analysis

Table 2.6 Agriculture intermediate consumption analysis

Analytical tables (Long term)

Consolidated accounts full series

Table 1.1 Gross domestic product and expenditure account (1972–2006)

Table 1.2 National income and outlay account (1972–2006)

Table 1.3 National capital account (1972–2006)

Table 1.4 External account (1972–2006)

Household income and outlay account

Table 1.5 Household income and outlay account (1987–2006)

Note:

The household income and outlay account is available on the Statistics New Zealand 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. Statistics New Zealand is currently reviewing the measurement of disposable income (including trust income). The results of this review will be released in 2007.

Taxes on production

Table 2.7 Taxes on production breakdown (1987–2006)

Capital stock

Capital stock 1A Consumption of fixed capital by industry, current prices (1972–2003)

Capital stock 1B Consumption of fixed capital by sector, current prices (1972–2006)

Capital stock 2A Gross fixed capital formation by asset type, current prices (1972–2006)

Capital stock 2B Gross fixed capital formation by industry, current prices (1972–2003)

Capital stock 2C Gross fixed capital formation by sector, current prices (1972–2006)

Capital stock 3A Net capital stock by asset type, current prices, replacement cost (1972–2006)

Capital stock 3B Net capital stock by industry, current prices, replacement cost (1972–2003)

Capital stock 3C Net capital stock by sector, current prices, replacement cost (1972–2006)

Capital stock 4A Productive capital stock by asset type, chain-volume series expressed in 1995/96 prices (1972–2006)

Capital stock 4B Productive capital stock by industry, chain-volume series expressed in 1995/96 prices (1972–2003)

Capital stock 4C Productive capital stock by sector, chain-volume series expressed in 1995/96 prices (1972–2006)