Household income and housing cost statistics – HES (Income)

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Abstract

Household income and housing cost statistics is collected through the Household Economic Survey (HES). HES collects information on household income, savings, and expenditure, as well as demographic information on individuals and households. HES has three components: HES income, HES expenditure, and HES household net worth (HNW). The survey runs every year, from 1 July to 30 June of the following year.

• HES income is the main vehicle and it is run every year; it includes household income, housing costs, and material well-being – this is 'core HES
•

HES expenditure includes additional components – an expenditure diary and an expanded household expenditure questionnaire. It runs every three years
•

HES household net worth is the same as HES Income but includes additional questions on household assets and liabilities. It also runs every three years

Purpose

The primary objective of HES is to facilitate the analysis and monitoring of the social and economic welfare of New Zealanders. The main users are government and other social and economic analysts involved in the development, implementation, and evaluation of social and economic policies. Economic standard of living data are used by economic and social analysts and policy makers to:

• understand the distribution of economic resources among private households in New Zealand
•

identify households most at risk of experiencing economic hardship and poverty
•

understand the effects of taxation and income support systems on the wellbeing of people and households.

The social and economic welfare of New Zealanders is measured through income, expenditure, housing costs, net worth, and non-monetary measures. Specifically, the HES survey aims to:

• provide annual information on the distribution of household gross and disposable annual income
•

understand the economic resources available to households once housing costs are accounted for
•

provide annual information on the distribution of non-monetary material well-being and hardship
•

Provide information for the annual monitoring of child poverty (9 measures)
•

Provide average weekly household expenditure every three years
•

Provide itemised household expenditure for use in the CPI weights every three years
•

Provide information on the distribution and composition of net worth (assets -liabilities) in New Zealand every three years

The (core HES) survey is designed to give robust estimates of household income and housing costs at the national level and for 12 regional council areas. (Expenditure and net worth are not at this detailed level).

It also allows for analysis of income and non-monetary wellbeing by ethnicity, particularly for Māori and Pacific communities, by disability status and by gender. It also allows analysis for potentially disadvantaged groups such as pensioners, one-parent families and the unemployed.

Household Economic Survey data collection

In all cases, contact with the selected households is made through personal visits by interviewers. The number of eligible households on the panel list is the target number of respondents for the selected area. Thus, the aim of the data collection operation is to obtain completed documents from as many eligible addresses as the survey's financial and time constraints allow. On average, this is four eligible responding households per panel.

When we cannot contact a household on the first visit, the interviewer makes at least two further visits at different times of the day to establish contact with the household. If, after the third visit, we still can't contact the household, the household is a non-respondent. If an address contains more than one household, the interviewer randomly selects and surveys one household. Each household is interviewed and asked to keep an expenditure diary for the following two weeks.

Methodology

######Target population and survey population

The survey scope defines the target population and who is of interest for the survey. This defines the benchmarks that are used (the size of the target population is equal to the total of the benchmarks).

The target population is all usually resident individuals living in private dwellings in urban and rural areas in the North Island, South Island and Waiheke Island of New Zealand. The following people are out of scope:

• Overseas visitors who have been or expect to be, in New Zealand for less than 12 months
•
Residents of non-private dwellings such as hotels, motels, hostels, and boarding houses
•
Long-term residents of institutions such as hospitals and/or prisons. Persons in homes for the aged (including rest homes) where there are communal cooking facilities (where long-term is defined as more than 6 weeks)
•
Members of permanent armed forces who live in non-private dwellings e.g. barracks
•
Members of overseas New Zealand armed forces
•
Non-NZ diplomats and their families
•
New Zealand usual residents of offshore islands with the exception of Waiheke Island.

The **survey population** identifies any exclusions from the target population due to practical survey difficulties. The survey population is the target population excluding:

• New Zealand usual residents temporarily overseas who do not return within the survey period (defined as 1 month)
•
New Zealand usual residents temporarily staying elsewhere in NZ who don't return within the survey period (see below)
•
People residing at a wharf or landing place (i.e. people in ships, boats etc).

Children at boarding schools are also not surveyed, but housing costs on behalf of those children are included in the record-keeping of the parent or guardian. The survey population is therefore marginally different from the target population.

HES components

HES (Income) has four survey components:

• a household questionnaire
• an housing expenditure questionnaire
• an income questionnaire for each household member aged 15+
• a material well-being questionnaire for one member per household who is aged 18+ (chosen randomly).

Data collection methodology

Data is collected by Stats NZ team of survey interviewers who visit selected households and complete face to face interviews (where possible) with each eligible household member.
Information is collected using:

*A household level computer assisted interview questionnaire which collected information on household characteristics, including housing costs

*An individual computer assisted interview questionnaire which collected information on income, employment and other personal characteristics from each usual resident aged 15 years and over

*An individual computer assisted interview questionnaire that collected material wellbeing information from one randomly selected usual resident aged 18 years or over.

*A section of computer assisted self-complete questions used to collect personal demographics.

The 2019/20 Household Economic Survey flowcharts can be found under Questionnaire & Forms section.

Sample design information

The HES uses a stratified, multistage, cluster design. The first stage involves the selection of a sample of Primary Sampling Units (PSUs) from the Household Survey Frame (HSF). We select a first-stage sample of 2,500 PSUs.

At the first stage of sample selection, PSU's are stratified according to Census information for each PSU on the household frame. Stratification is done to:

• Ensure representation of different subgroups (e.g. regional councils) in the sample.
•

Control the sampling rate in more expensive strata that would result in reducing total survey cost.
•

Reduce the sampling variance of the estimates.

The HES 19/20 sample design uses the following stratification:

• Regional stratification 12 geographical strata based on regional council areas. West Coast, Tasman, Nelson, and Marlborough regions, and Gisborne and Hawke's Bay regions were merged to create larger regions.
•

Urban/rural stratification We used an urban/rural sampling ratio of 1.35:1 to control collection costs for Stats NZ as rural PSUs are more expensive than urban PSUs to survey.
•

Stratification according to NZDep13 Index which is an index of socioeconomic deprivation. It provides a deprivation score for each meshblock (smallest geographical area) in New Zealand (University of Otago, 2014). The inclusion of NZDep13 ensures a good spread of areas by socio-economic conditions
•

Stratification according to child poverty indicators at PSU level. This ensures we have a good representation of PSUs with high numbers of lower socio-economic children
•

Stratification according to household income (defined as total gross income from the 2013 Census)

The second stage of the sample selection consists of selecting dwellings within the selected PSUs. We select an achieved cluster size of eight households per PSU. This means an initial sample of 11.4 households, on average, will be selected in each PSU. After selecting sample dwellings, all individuals aged 15 years and over are interviewed within each selected dwelling. Selections are distributed across the twelve-month survey period so that survey results are representative of income patterns across the year.

######Oversampling Māori
To ensure we achieved a better representation of Māori in our sample than we would achieve by chance, we implemented an oversample of Māori using the Māori descent information on the electoral roll. This information is available for the whole population regardless of which roll they chose to be on for voting purposes. This information enables us to identify dwellings that are likely to contain at least one person who identified as Māori and then sample them at a higher rate.

Within each PSU, dwellings with at least one Māori household member have a higher chance of being selected into the sample. Once selected, we interview the household in the normal way regardless of whether they are of Māori descent or not.

In the end, we added 4,387 households in the form of a booster panel. All of which had at least one person of potential Māori descent as per the election roll.
At the analysis stage, our weighting methodology adjusts for these different selection probabilities as well as adjusting for non-response.

#####Sample size
A sample is selected of 2,500 primary sampling units (PSUs), which is equal to around 28,500 households, to yield a sample of 20,000 responding households (an achieved sample rate of 70 percent).

Reliability of survey estimates

Two types of error are possible in estimates based on a sample survey – sampling error and non-sampling error.

######Sampling error:

Sampling error is a measure of the variability that occurs by chance because a sample rather than an entire population is surveyed. We can calculate the level of uncertainty around a survey estimate by exploring how that estimate would change if we were to draw many survey samples for the same time period instead of just one. This allows us to define a range around the estimate (known as a "confidence interval") and to state how likely it is that the real value that the survey is trying to measure lies within that range. Confidence intervals are typically set up so that we can be 95% sure that the true value lies within the range – in which case this range is referred to as a "95% confidence interval".

Confidence intervals are used as a guide to the size of sampling error. A wider confidence interval indicates a greater uncertainty around the estimate. Generally, a smaller sample size will lead to estimates that have a wider confidence interval than estimates from larger sample sizes. This is because a smaller sample is less likely than a larger sample to reflect the characteristics of the total population and therefore there will be more uncertainty around the estimate derived from the sample. The 95% confidence interval (CI) is used in HES reporting and is calculated as the estimate plus or minus the sampling error.

Statistical significance - some changes in estimates from one year to the next will be the result of different samples being chosen, whilst other changes will reflect real world changes in income across the population. Sample errors can be used to identify changes in the data that are statistically significant; that is, they are unlikely to have occurred by chance due to a particular sample being chosen. If an observed change from one year to the next is larger than the associated sample error, then this change is unlikely to be the result of chance and is therefore statistically significant.

We calculate sampling errors using the jackknife method which is based on the variation between estimates of different subsamples taken from the whole sample.

With the achieved sample size of 20,000, it is expected that:

*Sample errors (95% confidence intervals) for the annual change in rates for the 9 child poverty measures are to be 1.5 pp or less.

*Sample errors (95% confidence intervals) for the annual change in rates for Māori children are to be 3.9 pp or less.

Note that the achieved sample size in HES 2020 was less than the 20,000 achieved households as the survey collection ended in March 2020 due to the COVID-19 lockdown. Sample errors are therefore higher than for HES 2019.

######Non-sampling errors:

Non-sampling error can occur in any survey, whether the estimates are derived from a sample or a census. Sources of non-sampling error include non-response, errors in reporting by respondents or recording of answers by interviewers, and errors in coding and processing the data.

Non-sampling errors are difficult to quantify. Non-response can affect the reliability of results and can introduce a bias if the people who don't respond differ from those who do on some important characteristic. For example, if people with low-income tend not to respond to surveys as much as others then the survey may not represent this end of the distribution well.

Prior to the new HES being developed in 18/19 there is some evidence to suggest that the previous much smaller HES may have had some non-response bias particularly in years where expenditure was also collected and response rates were consequently a little lower, for example the 15/16 HES. The changes made to the design and weighting methodology in 2019 are expected to reduce the likelihood of non-response bias and as a consequence we expect low-income and material hardship rates could be slightly higher than they otherwise would have been.

Every effort is made to reduce non-sample error to a minimum by careful design and testing, training of interviewers and editing and quality control procedures during data processing. We have also employed additional effort in the field to focus on ensuring we have achieved as high a response rate from low socio-economic groups as possible.

The use of admin data from tax records will reduce the likelihood of respondent error in recalling wage and salary and benefit amounts affecting the results.

Our weighting methodology described below under Population weighting adjustments will also reduce any remaining non-response bias as much as possible.

######Proxy interviews

Attempts are made to ensure that, as much as possible, interviews are completed by the selected respondent, to ensure collection of accurate information. However, there are some circumstances where all members of a household cannot be reached to complete an interview. In some circumstances, information collected from another person in the household on behalf of the respondent is allowed. This is known as a proxy response.

In HES a proxy may provide information in 'family type' households where:

*the whole household is informed about the survey. All agree to participate, but are not able to be present when the questionnaires are administered

*children are away at boarding school

*people don't work and have no source of income

*people are elderly, sick, or mentally incapacitated.

In all proxy interviews, the interviewer must be convinced the proxy is totally familiar with the other respondent's information.

######Non-response and Imputation

Despite the best efforts of our survey interviewers there will always be a proportion of households that cannot be contacted or do not respond to the survey. There are two types of non-response: total or unit non-response (when no information is collected on a sampled unit or where the amount or quality of the information supplied is insufficient to be a response) and partial or item non-response (when the absence of information is limited only to some variables). Ignoring non-response has the potential to introduce bias in survey results if respondents and non-respondents are different according to key characteristics of interest. For example, if people on low income are more likely to be unable to be contacted for our survey or refuse to participate then the resulting estimates may under-represent the number of low-income people in the population if left untreated.

In general, the effects of unit non-response bias in our surveys are treated using a form of weight adjustment to increase the survey weight of respondents.

We imputed the following variables in HES 2019/20:

• Age
•

Gender

•

Sex

•

Ethnicity

•

Highest qualification

•

Disability status

######Population rebase

HES is a sample survey that uses statistical weights to calculate income, housing costs and material well-being estimates for the total New Zealand population. We revise the weights following each census, based on the latest population counts (called a populationrebase). For the current HES, we used the weights based on the 2013 Census population.

We applied the last rebase to HES in the 2014/15 HES (Income) year. The revised data applied to the income, housing costs and material well-being data from 2006/07 to 2013/14, and to the expenditure data for 2006/07, 2009/10, and 2012/13.

See Household Economic Survey population rebase: year ended June 2007–15 for more information about the revisions.

######Population weighting adjustments

Weighting is used to estimate the population from the sample. Each unit in the sample is given a weight that indicates the number of households and people it represents in the final population estimate. Weighting ensures that estimates reflect the sample design, adjust for non-response, and align with the current population estimates.

For HES, deriving the weight is a multi-stage process.

The first stage of weighting involves calculating a household's initial weight. The initial weight depends on the sample design and equals the inverse of the selection probability.

The second stage involves adjusting the initial weights to account for unit non-response. The initial weight of a non-responding household is reduced to zero, while initial weights of responding households are scaled up by a rate-up factor based on the inverse of the weighted response rate of households. This is done in weighting classes formed by cross-classifying variables that are correlated with likelihood to respond, (e.g. region, NZDEP2013, ethnic densities, urban/rural, and interview quarter).

The final stage in the weighting process is calibration. Calibration is used to adjust the adjusted response weights to expected population totals or benchmarks. Calibration adjusts for under-coverage of the target population. A form of calibration, integrated weighting, is used to ensure that all individuals in the same household are given the same weight and that household statistics derived from person-level data match the same statistic calculated directly from household-level data.

The benchmark variables used for the HES income were obtained from two sources: benchmarks based on the estimated resident population (ERP), and benchmarks from admin data available in the IDI. From HES1920 onwards we are using Census 2018 base ERP estimates, adjusted by births, deaths and net migration. HES18/19 has been revised from using the Census 2013 base ERP to Census 2018 base ERP estimates. See Rebase for more information.

The benchmark variables/categories used in the calibration process are listed below:

Benchmarks based on the Estimated Residential Population (ERP) are:

*Children benchmarks (3 age groups: 0-4, 5-9, 10-14)

*Age by sex benchmarks (2 sex groups: Male, Female by 14 age groups: 15-17, 18-19, 20-24, 25-29, 30-34, 35-39, 40-44, 45-49, 50-54, 55-59, 60-64, 65-69, 70-74, 75+)

*Regional benchmarks. There are 12 regions (Northland, Auckland, Waikato, Bay of plenty, Gisborne and Hawke's Bay, Taranaki, Manawatu-Wanganui, Wellington, West coast- Tasman- Nelson – Marlborough, Canterbury, Otago, Southland)

*Number of Māori adults by age group (2 Māori age groups: 15-29, 30+)

*Number of households by 12 HLFS regions by 2 household types (2-adult, non 2-adult households).

Benchmarks from the admin data:

*Number of people who received any Government benefit excluding NZ Superannuation and Veterans Pension in the 18/19 year.

*Calibrate to the income distribution of adults. Income deciles using total income (sum of income from all regular income sources) at the individual level in the IDI.

The calibration process was carried out using two steps: In the first step, the HES income distribution of adults was calibrated to the income distribution of adults obtained from the IDI. In the second step, the adjusted weights in the first step are calibrated to the other benchmarks (i.e., ERP benchmarks and number of people who receive any benefit from the IDI).

######HES benchmarks

The benchmark variables used for the HES income were obtained from two sources: benchmarks based on the estimated resident population (ERP), and benchmarks from admin data available in the IDI..

The person benchmarks used for HES are: regional population estimates; children sub-population estimates by three age

groups; adult sub-population estimates by sex and 13 age groups (including 75 years and over); and adult Māori sub-population estimates by two age groups (including 30 years and over).

The household benchmarks are two categories of household composition (two-adult households and non-two-adult households), and these categories split further by regions.

######Consistency with other periods

Although we adjust survey results 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.

######Using material well-being data

The material well-being questionnaire asks about ownership of particular items, or doing certain activities, and the extent that people economise. We also ask respondents how they rate their life satisfaction and whether income meets everyday needs.

From the material well-being questionnaire we publish selected results for satisfaction levels, and for adequacy of income to meet everyday needs. Stats NZ does not produce an index measurement of material well-being 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.

######Suppressed estimates

For confidentiality purposes, we suppress data in the released tables if a cell is based on fewer than five people or households. Data is no longer suppressed if a relative sample error is 51 percent or higher (21 percent for cross-tabulated data).

See the Reliability of survey estimates section above.

Significant events impacting this study series

HES is subject to revision on a regular basis due to changes to income-related information requirements, or when supplementary questions are added to or deleted from HES.

This results in possible changes to the definitions of items of information collected in the survey; changes to item codes and coding instructions; the addition or deletion of items from the survey; changes to descriptions of items in the survey, as well as changes to specific questions.

The survey began in July 1973 and operated on a July to June year until 30 June 1975. It then changed to an April to March survey year for the year ended March 1976, and ran annually on a March year until 1998. It then became a three-yearly survey, and moved back to a July–June year.

The survey was renamed the Household Economic Survey during 1993/94, from the Household Expenditure and Income Survey (HEIS) between 1983/84 and 1992/93, and the Household Survey before that.

In the three survey years ending March 1995, March 1996, and March 1997, we asked a series of questions on health status and the use of various health-related services in a health supplement. We asked them of everyone in the survey then introduced the questions into a revised HES as part of a plan to develop a household statistics collection strategy.

One component of this strategy was to develop the capacity to include supplements in HES. For 2000/01, we included an internet questionnaire as a supplement. It asked people to record any purchases they had made over the internet in the past year.

2000/01 was the first year of a new three-yearly cycle. We also introduced integrated weighting that year. This new method was successfully adopted and applied to back years.

Between the 2003/04 and 2006/07 periods, HES underwent significant redevelopment, with major changes to the collection methodology and classifications used.

• Until the 2006/07 survey, HES was interviewer-administered using paper questionnaires. HES now uses computer-assisted interviewing (CAI) to collect and store the data, with interviewers using laptop computers to administer most of the survey. The expenditure diary continues to be completed on paper by respondents, and this data is manually entered at Stats NZ.

• We developed a new expenditure classification to meet the need for a common household consumption classification – to better align with the consumers price index, national accounts, and international standards. Consequently, there is a break in the expenditure time series, and 2006/07 expenditure data is not directly comparable with previous years. The income time series is relatively unaffected.

• We included the Economic Living Standard Index (ELSI) (short-form version) questionnaire in HES for the first time in the 2006/07 survey.

• For HES 2018/19, we used income data from the Integrated Data Infrastructure (IDI) to replace some sources of income for eligible individuals as well as increased the sample size to 28,500 dwellings for HES income to provide a more accurate picture of child poverty in New Zealand.
•

In HES 2019/20 we added a self-complete component to the questionnaire wherein we asked questions relating to personal demographics. We also asked questions relating to gender, sexual orientation and sex at birth for the first time in this module. Questions on disability were also included in this module. Also, respondents were not asked to provide amounts for income variables (wages and salaries; benefits; and other payments received from the New Zealand Government) since we are able to obtain these from admin data sources.

Frequency

• Annual

Main users of the data

The Treasury and Ministry of Social Development

Variables

Household income and housing cost statistics – HES (Income) (Published)

Name	Range
Aggregate	Numeric
Average (mean)	Numeric
Average annual household income	Numeric
Average weekly household expenditure	Numeric
Building-related insurance	Numeric
Deciles	Numeric
DEP-17 index	Numeric
Disability status	Text
Disposable household income	Numeric
Disposable income	Numeric
Tenure	Numeric
Equalised disposable income after housing costs	Numeric
Equivalised disposable household income	Numeric
Ethnic group	Text
Gender	Text
Highest qualification	Text
Household	Numeric
Household composition	Text
Household crowding	Numeric
Household income	Numeric
Household size	Text
Housing costs - total	Numeric
Housing-costs-to-household-income ratio	Numeric
Gross Income	Numeric
Adequacy of income to meet everyday needs	Numeric
Income received from this source	Numeric
Investment income	Numeric
Irregular income	Numeric
Labour force status	Text
Life satisfaction	Text
Material wellbeing index	Numeric
Median	Numeric
Mortgage payments	Numeric

Name	Range
New Zealand Superannuation and war pensions	Numeric
Other government benefits	Numeric
Other housing costs	Numeric
Other payments connected with renting	Numeric
Other sources of regular and recurring income	Numeric
Percentage of households reporting	Numeric
Percentile	Numeric
Property rates payments	Numeric
Quintile	Numeric
Region	Text
Rent payments	Numeric
Self-employment income	Numeric
Tenure of household	Text
Total household income	Numeric
Total household income (Gross)	Numeric
Total housing costs	Numeric
Total personal income	Numeric
Wages and salaries	Numeric

Concepts

Household Economic Concepts

Name	Description
Accident Compensation Corporation levy	**Accident Compensation Corporation levy** ACC levy is calculated using the appropriate ACC rate, maximum ACC-leviable income, and wage and salary and self-employed income.
Actual rents	**Actual rents** Rent payments paid by the household. 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) is not reported. Includes rent paid for primary property, and for other properties, and other payments connected with renting – that is, bonds, ground rent, and easements.
After-housing-costs income and equivalised after-housing-costs income	**After-housing-costs income and equivalised after-housing-costs income** After-housing-costs income is disposable household income after subtracting housing costs. Equivalised after-housing-costs income is the after-housing-costs income that has been equivalised. This provides a measure of the income available to households after paying for housing.
Agender	**Agender** someone who does not identify with any gender
Another gender	**Another gender** Used to encompass any genders that are not male or female. This term is used in the Stats NZ gender question format and classification.

Asexual

Asexual
A person who experiences a persistent lack of sexual attraction or desire for sexual activity. Asexuality is distinct from celibacy, which is the deliberate abstention from sexual activity.

Average weekly household expenditure

Average weekly household expenditure
Sum of the weekly household expenditure of people reporting a type of expenditure, divided by the sum of the number of households in the population.

Average (mean)

Average (mean)
The average value – the mean is calculated by adding two or more figures and dividing the sum by the number of figures.

Bisexual

Bisexual
A person who is sexually attracted to more than one sex or gender, including their own.

Building-related insurance

Building-related insurance
A household has expenditure on building-related insurance when it pays premiums to an insurance company or broker for coverage in the event of damage occurring to a dwelling.

Child

Child
For counting the number of children in poverty, the Child Poverty Reduction Act defines a child as a person who is aged under 18 years (0–17 years).

Child's household

Child's household
A child is a member of the surveyed household if they live there four or more nights a week. Children who spend equal time between two separate households (eg when parents are separated), are included in the household that is surveyed if they are present during the week the survey is undertaken.

Cisgender

Cisgender
Refers to a person whose gender is the same as the sex recorded at their birth

Decile

Deciles
Deciles are formed by dividing the population into 10 equal groups, from lowest to highest. The bottom decile (decile 1) is the lowest 10 percent of the population, while the top decile (decile 10) is the highest 10 percent.

Demisexual

Demisexual
A person who only experiences sexual attraction to people with whom they form an emotional connection (from [Outline NZ](https://outline.org.nz/glossary/)).

Disability status

Disability status
A disability reflects any limitation or lack of ability that a person experiences in performing an activity in the manner or within the range considered normal for a person, in other words, a limitation in learning, speaking, walking or some other activity

Disposable household income

Disposable household income
Disposable household income is the sum of disposable personal income for all members in a household who are 15 years and over.

Disposable personal income

Disposable personal income
Disposable personal income is the total of total personal income (defined above) plus tax credits, less ACC levy, less tax payable.

Dwelling ownership

Dwelling ownership
An aggregation of categories from the 'tenure of household' classification. Tenure refers to the occupancy a household has in a private dwelling. It does not refer to the tenure of the land on which the dwelling is situated. The dwelling can be classified in two ways:

* Owned or partly owned: dwellings that are held (or not held) in a family trust, regardless of whether mortgage payments are made or not made for the dwelling.

* Dwelling not owned: dwellings where the household does not own the dwelling, and either pays rent or lives there rent-free.

Equivalised disposable household income

Equivalised disposable household income
We divide disposable household income by the scale factor calculated for each household to give equivalised disposable household income.

Equalised disposable income after housing costs	**Equalised disposable income after housing costs** After-housing-costs income is disposable household income after subtracting housing costs. Equivalised after-housing-costs income is the after-housing-costs income that has been equivalised. This provides a measure of the income available to households after paying for housing.
Equivalence scale	**Equivalence scale** We adjust disposable household income for household size and composition to allow living standards to be compared across households. This is equivalisation. Equivalisation reflects the two common-sense notions that: * a larger household needs more income than a smaller household for the two households to have similar standards of living (all else being equal) * there are economies of scale as household size increases.
Expenditure	**Expenditure** The amount of money spent on specified items or services. All expenditure includes goods and services tax (GST) and excise duties.
Gay	**Gay** A person who is sexually attracted to people of the same sex or gender. More commonly used in relation to males.
Gender	**Gender** Refers to a person's social and personal identity as male, female, or another gender or genders that may be non-binary. Gender may include gender identity and/or gender expression. A person's current gender may differ from the sex recorded at their birth and may differ from what is indicated on their current legal documents. A person's gender may change over time. Some people may not identify with any gender.
Genderqueer	**Genderqueer** Umbrella term for people whose gender identity and/or expression is different to the binary male or female (from [Outline NZ](https://outline.org.nz/glossary/)).
Gender fluid	**Gender fluid** A person who does not identify as having a fixed gender (from [Outline NZ](https://outline.org.nz/glossary/)).
Gender identity	**Gender identity** Refers to a person's internal and individual experience of gender
Gini coefficient	**Gini coefficient** The Gini coefficient is a summary measure of income (or wealth) dispersion in the population. Typically, Gini coefficients are scaled from 0 to 100 per cent, with a value of 0 indicating perfect equality and a value of 100 indicating that one household or individual has all the income.
Heterosexual	**Heterosexual** A person who is sexually attracted to people of a different sex or gender than their own. Straight is an alternative term
Household	**Household** 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 crowding	**Household crowding** Whether an individual's considers they have enough rooms in their household required for the number of people in the household
Housing costs	**Housing costs** Total housing costs consist of expenditure on: mortgage payments, rent payments, property rates payments, and payments associated with building-related insurance.

Housing-costs-to-household-income ratio	**Housing-costs-to-household-income ratio** Housing-costs-to-household-income ratio is the aggregate housing costs for all households as a proportion of the aggregate household disposable income for all households. This measure is often used to indicate housing affordability. This measure includes households that do not make mortgage or rent payments.
Imputation	**Imputation** Imputation replaces missing values with actual values from similar respondents. For more information, see imputation under Data Collections for respective surveys.
Income	**Income** All references to income, unless stated otherwise, refers to before-tax (gross) income.
Income received from this source	**Income received from this source** Includes only people or households that receive the specified source of income used in calculating averages and medians (so excludes people reporting no income from the specified source).
Investment income	**Investment income** Net profit or loss received from investments. Investments captured in this collection are rent, rents from Māori land or other leased land, dividends from New Zealand companies, royalties, or interest from: banks, other financial institutions, bonds, stocks, money-market funds, debentures, or securities.
Irregular income	**Irregular income** Includes income from inheritances, matrimonial settlements, lump-sum life insurance pay-outs, lump-sum bursaries and prizes, and gifts of money from other New Zealand households.
Lesbian	**Lesbian** A woman who is sexually attracted to people of the same sex or gender
Māori children	**Māori children** Māori children are those for whom an ethnicity of Māori (and possibly some other ethnicity) is selected. ' Total response' means each person is assigned to all ethnicities they identify with. For this reason, total response estimates will sum to more than 100 percent.
Median	**Median** The point where half the population is above and half below the stated amount.
Mortgage payments	**Mortgage payments** Mortgage payments consist of mortgage principal repayments, mortgage interest payments, and application and service fees for mortgages.
New Zealand Superannuation and war pensions	**New Zealand Superannuation and war pensions** This covers NZ Superannuation, and veteran's, war disablement, and surviving spouse pensions.
Non-binary	**Non-binary** A term to describe a person who does not identify exclusively as a man or a woman. There are many different ways that people may be non-binary. In the context of this report, it is used to describe people who reported their gender as 'another gender'. This is to improve plain English sentences in line with how these groups are typically described in Aotearoa. While there is broad alignment with these terms conceptually, note that not all respondents grouped here will identify with the term non-binary or another gender. Terms people used to further specify their gender in the survey included genderfluid, takatāpui, and trans.
Other government benefits	**Other government benefits** Includes main benefits (eg jobseeker support, sole parent support, supported living payment), and student allowances, emergency benefits, and supplements (accommodation supplement).
Other sources of regular and recurring income	**Other sources of regular and recurring income** This includes income received from trusts, annuities, alimony, educational scholarships, and income protection insurance.

Pansexual	**Pansexual** A person who is sexually attracted to other people regardless of their sex or gender
Percentage of households reporting	**Percentage of households reporting** Sum of the households reporting a type of expenditure or income, divided by the sum of the number of households in the population.
Property rates payments	**Property rates payments** Property rates payments include both regional and local government rates.
Private superannuation income	**Private superannuation income** Private superannuation income includes income received from both job-related superannuation schemes and other private schemes but excludes income from NZ Superannuation.
Queer	**Queer** An umbrella term encompassing all identities and expressions outside of the heterosexual, monogamous, and gender normative majority (from [Outline NZ](https://outline.org.nz/glossary/)).
Quintile	**Quintile** Quintiles are formed by dividing the population into five equal groups, from lowest to highest. The bottom quintile (quintile 1) is the lowest 20 percent of the population, while the top quintile (quintile 5) is the highest 20 percent.
Region	**Region** With an expanded sample size of 20,000 households, HES sample design now provides data on 12 regions. These include Northland, Auckland, Waikato, Bay of plenty, Gisborne and Hawke's Bay, Taranaki, Manawatu-Wanganui, Wellington, West coast- Tasman-Nelson – Marlborough, Canterbury, Otago, and Southland.
Rent payments	**Rent payments** Rent payments include rent paid for primary property and for other properties, and other payments connected with renting – that is, bonds paid in the last 12 months, ground rent, and easements.
Self-employment income	**Self-employment income** Self-employed income is the combined income received from self-employment activities. This could include net profit or loss received, wages or salaries, or lump sum payments from all current and previous self-employment jobs held over the reference period. It includes drawings (cash or goods the respondent takes from the business instead of a 'wage').
Sexual orientation	**Sexual orientation** Covers three key aspects – sexual attraction, sexual behaviour, and sexual identity. These are related – sexual orientation is generally based on sexual attraction; sexual attraction can result in different sexual behaviours and sexual identities. **sexual attraction** – refers to sexual interest in another person. Sexual attraction is having sexual feelings towards someone. A person may be attracted to one specific gender or sex, to more than one gender or sex, or to no one. **sexual behaviour** – how a person behaves sexually. It is whether they have sexual partners of another gender or sex, the same gender or sex, or refrain from sexual behaviour. **sexual Identity** – how a person thinks of their own sexuality and which terms they identify with. Sexual identity terms include lesbian, gay, straight, asexual, takatāpui, bisexual, or pansexual.
Takatāpui	**Takatāpui** Also spelt 'takataapui', is a traditional Māori term that means 'intimate companion of the same sex'. It has been reclaimed by some Māori to describe their diverse sexual orientation, gender identity or expression, and sex characteristics (New Zealand Human Rights Commission, 2020).
Tax credits	**Tax credits** Working for Families tax credits and Independent Earner tax credit.
Tax payable	**Tax payable** Tax payable is calculated by applying the appropriate tax scales to taxable income.

Total housing costs	**Total housing costs** Consists of expenditure from: mortgage principal repayments, mortgage interest payments, mortgage application fees, rent payments, other payments associated with renting (eg bonds paid in the last 12 months), property rates payments (both regional and local government), and payments associated with building-related insurance.
Total personal income	**Total personal income** Total personal income is income from all sources for the financial year. It is collected using the New Zealand standard for classification of sources of personal income. Total personal income includes income from: employment (wages and salaries and self-employment income), financial or non-financial investment (eg ownership of assets), and current transfers received (social assistance and transfers from other households). It includes both taxable and non-taxable income.
Total household income	**Total household income (Gross)** Total household income is the sum of total personal income for all members in a household who are 15 years and over.
Transgender	**Transgender** Refers to a person whose gender is different from the sex recorded at their birth. The criterion used to classify a person as cisgender or transgender is self-defined. It is the status the person provides to the transgender status question or what is derived based on the responses provided to the gender and sex questions. It is important to note that this does not ascribe an identity to someone (that is, it should not be assumed that people identify with any of these terms). Instead, this classification sorts responses into categories to compare groups. Being classified into a cisgender or transgender category reflects the relationship between a person's sex at birth and their gender, and whether these differ or align. It is not a statement about the terms that someone identifies with.
Wages and salaries	**Wages and salaries** Wages and salaries consist of income received from all current and previous wage and salary jobs held over the reference period. This includes any job-related bonuses, commissions, redundancies, or other taxable income such as honoraria or directors' fees.