National Accounts - Income and Expenditure

New Zealand Government

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National Accounts - Income and Expenditure

Abstract

This annual release provides information about income, expenditure, and saving for the six sectors of the economy: non-financial businesses, financial businesses, general government, non-profit institutions serving households, households, and rest of the world. This replaces the Institutional Sector Accounts release.

Purpose

These releases provide production, income and outlay, and capital accounts for six sectors of the economy: non-financial businesses, financial businesses, general government, non-profit institutions serving households, households, and rest of the world.

The detailed and inter-related information in this release will inform studies on the source and disposal of incomes, income distribution, the origin of savings, savings behaviour, capital investment and its financing, government expenditure, and taxation. It can be linked to other accounts, such as gross domestic product by industry and the balance of payments, to make informed economic and monetary policy decision.

This release replaces the Institutional Sector Accounts release, which was discontinued in November 2012. National Accounts (Income and Expenditure) includes additional years with provisional estimates for selected sectors and variables. It also includes the consolidated accounts of the nation, which record the incomes earned by various groups within the economy, their consumption and investment, and the economic relationship with the rest of the world.

National Accounts - Income and Expenditure

Methodology

General information

Information about the tables

In New Zealand's national accounting system, data is presented as a set of self-balancing and interrelated accounts. These are: production, income and outlay, capital, financial, reconciliation accounts, and balance sheets. We have not yet developed financial accounts, reconciliation accounts, or balance sheets, but have started a project to progressively fill these gaps in the system of accounts by 2021.

For each sector, or the economy as a whole, the following accounts are compiled.

Production account

The production account records the current value of goods and services produced and the costs associated with their production. Value added is the sum of all production (output) less the consumption of intermediate goods and services in the production process. The production of all resident institutional sectors sums to national production (or gross domestic product).

Gross domestic product and expenditure on gross domestic product

Gross domestic product (GDP) is a measure of the value added from all economic activity in New Zealand. This account shows the main forms of income generated by the economy and the categories of final expenditure on GDP.

Income and outlay account

This account shows the income received from the various factors of production and how this income is either redistributed or used for final consumption expenditure across the sectors. The balancing item is national saving, which is a major source of finance for investment in assets or for reducing financial liabilities.

Capital account

The capital account records net capital transfers, consumption of fixed capital (depreciation), and net purchases of non-financial assets, inventories, and fixed assets. It also shows whether capital expenditure is financed from saving generated within the current period or from borrowing. The balancing item is net lending.

External account

This account brings together all transactions with the rest of the world and is in two parts: current and capital. The current account records receipts and disbursements for merchandise trade, services, international investment income, and transfers, while the capital account introduces net capital transfers. The residual records New Zealand's net lending/borrowing with the rest of the world. The items in this account are derived from the overseas balance of payments statistics.

Within any sector, these three accounts share variables. The production account is linked to the income and outlay account through value added, which represents the income available to distribute. The income and outlay account is linked to the capital account through saving, which is the total amount available to invest or retain for future use. The capital account is linked to the production account through consumption of fixed capital in the production process.

Institutional sectors

The institutional sectors are consistent with the Statistical Classification for Institutional Sectors (SCIS) and control classification. The institutional sector tables are combined as follows:

Summary analysis tables by institutional sector

The summary analysis tables are a re-expression of the sector tables. They bring together the aggregated flows for each sector and highlight the links between the sector accounts and the consolidated national accounts.

The tables include the 'rest of the world' sector, presented from the viewpoint of an overseas resident. Interest paid, for example, is shown as a positive amount representing interest earned by overseas enterprises from investment in New Zealand. Similarly, in most years net lending with the rest of the world is shown as a positive total. This reflects that the rest of the world is a net lender to New Zealand.

Factor income

The production account section of the tables distinguishes current transactions beginning with factor incomes generated from the production of goods and services. GDP equals the sum of factor incomes plus consumption of fixed capital (which is recorded in the capital account).

Income and outlay

This section of the tables summarises transactions related to the redistribution of the factor incomes.

All expenditure transactions in the table (subsidies paid by government, inter-sector transfer payments, consumption, balance on external goods and services, and capital accumulation) are presented as negative entries. Therefore, saving or net lending can be computed simply by adding all the component transactions that appear in the 'factor income' and 'income and outlay' sections. For some variables, the receipts and payments have been presented in the same row, usually for variables where the inter-sector flows are in one direction. For example, the 'income tax' row has government receiving income tax (positive entry), while the other domestic sectors are paying income tax to the government sector (negative entries).

Expenditure and saving

Current transactions relate to final demand (consumption and balance on external goods and services). The balance on external goods and services is exports of goods and services less imports of goods and services. Gross domestic expenditure equals consumption and the balance on external goods and services plus net investment on fixed assets and inventories, recorded in the capital account. Saving is the residual item.

Capital account

The capital account summarises capital transactions, presenting the sources of funding followed by the various types of capital accumulation. Net lending is the residual item.

The concepts of saving and net worth

Saving is estimated as the residual between total income and outlay components. Income and expenditure estimates (including interest and dividend flows) are reconciled within the institutional sector framework.

If we produced the full set of institutional accounts, including balance sheets, we would be able to derive an estimate of net worth. Net worth is, for example, the market value of a sector's stock of assets less the market value of its stock of liabilities (capital gains). Wealth estimates are outside the current scope of the institutional sector accounts.

Saving excludes the following items that affect net worth:
-capital gains (or holding gains), which reflect changes in the prices of existing assets and therefore do not represent additions to real stock of produced assets
-capital transfers, which reflect changes in ownership of existing assets
-events such as the Canterbury earthquakes, which result in changes in the real stock of existing assets but do not reflect an economic transaction.

An example of how household sector saving (as measured in this release) differs from the change in net worth is illustrated as follows. An increase in the value of the owner-occupied housing stock is included in measures of household net worth but not included in household saving. However, increases in mortgage interest payments related to increases in housing values do affect (reduce) household saving.

This means that measuring saving as a flow measure (income not spent) or net worth as a stock measure (change in net worth) are not competing methodologies. Instead, the key objective should be to reconcile them in a full set of accounts.

Methodology for compiling the accounts

The income and expenditure accounts are compiled by transaction (flows). Each transaction is allocated to sectors separately, and then full-sector accounts are compiled.

Business surveys and administrative data are the principal data sources for most transactions in the national accounts statistics. Business surveys, such as the Annual Enterprise Survey, collect information on financial flows and productive activity. We supplement our surveys and administrative data with data from other sources (eg Reserve Bank data is used to estimate household interest flows).

Large financial flows are reconciled as far as possible at the enterprise level. For example, large dividends paid by New Zealand-resident enterprises in the balance of payments statistics are checked against dividends paid recorded in business surveys. Large inter-company flows are also cross-checked. Where the data sources are inconsistent, other sources (including annual reports) are consulted, and the source data is then adjusted. By this reconciliation process the gap between national totals for transactions (such as interest paid and interest received) are brought close together. A final adjustment is made to match the flows exactly.

In general, gross data is recorded. Even between institutional units within the same sub-sector, receipts are not netted off payments, and vice versa. Where inter-company financial flows are recorded in unconsolidated form, level shifts in some series can occur that are entirely due to the inter-company flows. An example of this would be a company receiving a dividend from a subsidiary, then passing on the same dividend to an overseas parent company. In the accounts such a dividend is effectively recorded several times: paid by the subsidiary and the company, and received by the company and the rest of world, respectively. For large dividends, payments have been matched against receipts, and the accounts are correct on a grossed up basis.

Interpretation of Household Economic Survey (HES) data and the national accounts

The HES and annual national accounts releases provide insights into the New Zealand household sector. HES is a specific survey designed to measure household income and spending. It is not designed to measure saving. It also provides information on how income and expenditure is distributed within the household sector.

The national accounts statistics present a broader measure of household income and expenditure, which is consistent with other macro-economic statistics. The household sector in the national accounts is consistent with government and business sector information and is the official measure of New Zealand's household saving.

HES is one of many statistics used to compile the national accounts statistics. There are differences in coverage, timing, and measures between these two statistics. For example, imputed rent (to account for people living in the dwellings they own) is included in the national accounts household sector but is outside the scope of the HES.

Standard treatments concepts

Capital gains and losses

Capital gains and losses associated with holding or trading capital and financial assets are recorded in reconciliation accounts. Therefore, these gains/losses are excluded from the concept of saving.

Owner-occupied dwellings

Ownership of owner-occupied dwellings is a market activity undertaken by households. Both gross fixed capital formation and intermediate consumption are excluded from final consumption expenditure. This is because expenditure associated with purchasing of owner-occupied dwellings is classified as gross fixed capital formation, and expenditure on ordinary repairs and maintenance is classified as intermediate consumption. Payment of imputed rent by owner-occupiers is included in final consumption expenditure. This measures an income flow back to households, valued at market rates.

Consumption of fixed capital (depreciation) is recorded separately in the household capital account. Consequently, the saving residual in the household income and outlay account is net of depreciation on owner-occupied dwellings.

Pension and social security schemes

According to the New Zealand System of National Accounts, income for life insurance, superannuation, and pension schemes are imputed. Employer contributions to these schemes are part of an individual’s income. Since the accumulated pension and superannuation funds are regarded as household assets, interest earned by the funds is included in household income. To avoid double-counting this income, actual pension payments are treated as a rundown in assets. Internationally, there may be differences in where the line is drawn between funded social security schemes (not classified as part of private saving) and funded pension schemes (usually for state employees). The estimates do not include income earned by New Zealand residents’ investment in overseas pension funds, due to the difficulty of measurement.

Insurance premiums and pension-fund contributions

Only the service or administration charge component of insurance premiums and pension-fund contributions paid by households is treated as final consumption expenditure. The balance is treated as a transfer payment and classified as secondary income payable.

Special features of New Zealand data and methods

Keep in mind the following features of New Zealand's business, tax, and historical context when viewing these accounts.

Relationship between non-corporate businesses and households

The relationship between households and businesses, especially small, owner-operated businesses, may be blurred in many ways.
Household owners of businesses may hold property through years of losses, expecting capital gains at sale.
Business debts may be held within the household sector rather than the business sector.
Some final consumption of households that operate farms may be reported as business (farm) expenses.

Statistics NZ classifies non-corporate enterprises to the producer (business) sector. Only the net entrepreneurial income from the business is included as a profit transfer in the household account – no retained earnings (saving) of non-corporate businesses are included in the producer sector. The total net earnings are recorded as being transferred to the household owners, where they mix with other sources of household income before income tax is assessed. While every effort is made to ensure that business-related expenses are excluded from household consumption expenditure, any that remain will overstate household outlays.

Since household owners withdraw all net current income from non-corporate businesses, any actual retained earnings of these businesses has to be shown as a capital contribution from householders. Consequently, household saving is also a source of finance for capital accumulation in the non-corporate producers sector. Net lending for the household sector therefore reflects the lending to the non-corporate businesses they own.

The exception to this occurs where households with rental property businesses hold property through years of losses, expecting capital gains when they sell. This is the reason negative saving is recorded in the non-corporate producers sector.

Dividend imputation credits

As dividend imputation credits are essentially a tax credit, dividends are estimated net of these credits.

Future development of methodology

Future methodological changes may cause revisions to the institutional sector accounts. The following areas warrant further investigation. While investigation is underway we expect to address these and potentially other issues in the future.

Trust income

Family trusts are a popular means of holding productive real and financial assets. In the national accounts, family trusts, as the owners of ‘household’ assets, are classified to the household sector. Income earned by the trust is included in household income. However, the different forms of asset ownership possible are quite complex, as are the ways in which the relevant trust flows might be captured in the source data used to compile the accounts. Trust income (especially beneficiary income) is recorded in household income. In principle, some may be recorded in the producer sector. Inland Revenue statistics suggest that this component of trustee income has increased significantly in recent years.

Retained earnings

Under New Zealand law, qualifying companies (by treating the company and its shareholders as one entity as much as possible for income tax purposes) allow a number of tax benefits. Analysis suggests that after changes to the top personal income tax rate in 2000, a greater proportion of earnings were retained within these companies rather than paid out to the working proprietors (as entrepreneurial withdrawals). This is reflected in the institutional sector accounts, where the retained earnings of corporations are not reported as household income. Given that the working proprietor has ready access to the retained earnings of the company, saving recorded in the household income and outlay account was lower than it might be without this particular tax law.

Transfers

Additional analysis of transfers may include a further review of government internal transfers, as these do not always net out.

More information

Statistics in this release have been produced in accordance with the TitleOfficial Statistics System principles and protocols for producers of Tier 1 statistics for quality. They conform to the Statistics NZ Methodological Standard for Reporting of Data Quality.

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Collection Events

Frequency

4 Annual

Related Materials

Other

- National Accounts - Income and Expenditure

- National Accounts (Income and Expenditure) – information releases
- Accounting for the economic effects of the 2010/11 Canterbury earthquakes in New Zealand's national accounts
- Financial intermediation services indirectly measured (FISIM) in the national accounts
- National Accounts - past releases
- Measuring capital stock in the New Zealand economy (published 2013)
- Additional information about National Accounts & GDP
- Annual national accounts sources and methods

Variables

Concepts

National Accounts - Total Concepts

Name	Description
Actual collective consumption	value of the collective (as opposed to individual) consumption services provided to a community by general government (central and local). This is equal to final consumption expenditure minus the value of social transfers in kind.
Actual final consumption	goods and services acquired by households, whether purchased by them directly, or by government or non-profit institutions on their behalf.
Actual individual consumption	household consumption of goods and services acquired by purchase, government transfer, or private non-profit services to households. All private non-profit services are treated as individual consumption (social transfers in kind).
Additions to fixed assets (Annual Enterprise Survey)	These are the purchase of fixed assets (including land) plus capital works by own employees. Revaluations are excluded.
Adjustment for net-equity on pension funds	In the household sector accounts we treat contributions to and pensions from privately funded schemes as current transfers that affect disposable income. However, logically they should be seen as ‘acquisition and disposal of financial assets’ as the pension reserves are owned by the households with claims on them (this is recognised in the financial accounts and balance sheets). To reconcile these two approaches we need to add back pension contributions to, and subtract pension receipts from, household disposable income. This means measured saving will reflect any change in households’ net equity in pension funds. We make the opposite adjustment to pension providers’ use of income accounts.
Adjustment for net-equity on pension funds (National Accounts - Income and Expenditure)	In the household sector accounts we treat contributions to and pensions from privately funded schemes as current transfers that affect disposable income. However, logically they should be seen as ‘acquisition and disposal of financial assets’ as the pension reserves are owned by the households with claims on them (this is recognised in the financial accounts and balance sheets). To reconcile these two approaches we need to add back pension contributions to, and subtract pension receipts from, household disposable income. This means measured saving will reflect any change in households’ net equity in pension funds. We make the opposite adjustment to pension providers’ use of income accounts.
Amortisation	is the gradual writing-off of the value of an asset over time. It is charged on intangible assets such as software.
Assets	represent a store of value, and can be a source of income or generate economic benefit when used. Assets are either current or non-current.
Australian and New Zealand Standard Industrial Classification 1996 (ANZSIC96)	Developed for use in Australia and New Zealand for the production and analysis of industry statistics. This classification is used to allocate enterprises undertaking similar productive activities to the same industry. It has been progressively replaced by the Australian and New Zealand Standard Industrial Classification 2006 (ANZSIC06).

Australian and New Zealand Standard Industrial Classification 2006 (ANZSIC06)	Developed for use in Australia and New Zealand for the production and analysis of industry statistics. This classification is used to allocate enterprises undertaking similar productive activities to the same industry.
Average annual growth rate (Productivity Measures Statistics)	reflects the average increase (or decrease) in a variable across a period of time. Rates are calculated as geometric means, which take account of the compounding of growth rates over time. Arithmetic averages give higher growth rates and would lead to a different index figure for the latest year when applied to the base year.
Balance of payments	New Zealand's balance of payments statements are records of the value of New Zealand's transactions in goods, services, income and transfers with the rest of the world, and the changes in New Zealand's financial claims on (assets), and liabilities to, the rest of the world.
Balance on the external current account	excess of current receipts over current disbursements
Balance sheets	measure the values of stocks of assets or liabilities. They are typically compiled at the beginning and end of the accounting period.
Basic prices	The price received by the producer exclusive of indirect taxes (less subsidies), and transport and trade margins. That is, the ex-plant price.
Business investment	measures the investment of producers in land improvements; non-residential building; other construction; transport equipment; weapons systems; plant, machinery, and equipment; and intangibles (mining exploration, research and development, and computer software).
Capacity utilisation	is the difference between the potential and actual use of an input. Capacity utilisation is high when actual output is close to potential output because the most use is being made of labour and capital. In the productivity measures produced by Statistics NZ, it is assumed that capital and labour are utilised at a constant rate over time.
Capital account	records all transactions of non-financial assets, and how these are financed after net capital transfers have been accounted for. Net lending is the balancing item of the capital account.
Capital deepening	is a positive growth in the capital-to-labour ratio. See also ‘contribution of capital deepening’.
Capital income	is that part of the cost of producing gross domestic product (GDP) that consists of gross payments to capital. It represents the value added by capital in production, and is equivalent to the gross operating surplus less, the labour income of working proprietors, plus the capital proportion of taxes, less subsidies on production.
Capital productivity	is measured as a ratio of output to capital input. The ratio is derived by dividing the index of the chain-volume measure of GDP by an index of capital services. Capital productivity reflects not only the contribution of capital to changes in production, but also the contribution by labour and other factors affecting production.
Capital services	reflects the amount of 'service' each asset provides during a period. For each asset, the services provided in a period are directly proportional to the asset's productive capital value in the period. As an asset ages and its efficiency declines so does the productive capital value and the services the asset provides. Capital services is the appropriate measure of capital input in production analysis.
Capital shallowing	A decline in the capital-to-labour ratio.
Capital transactions	relate to establishing or owning an asset. Capital transactions must be linked to a particular purpose. For example, charges for development work (eg building new subdivisions or buildings) to cover additional infrastructure costs incurred by government.
Capital transfer	a transaction in which one institutional unit provides a capital asset to another unit without receiving anything in return.
Capital transfer (National Accounts - Income and Expenditure)	involves the transfer of ownership of fixed assets or the transfer of funds linked to them without any counterpart transactions. Also includes insurance claims arising from exceptional events.

Capital transfers from the rest of the world, net	The excess of capital transfers by non-residents to New Zealand residents over the value of similar transfers by residents to non-residents. Capital transfers are unrequited transfers in cash or in kind which are not considered by the recipient as adding to current income, nor by the donor as reducing current income. Examples are unilateral transfers of capital goods, legacies, investment grants, and transfers of migrants' funds. In the New Zealand System of National Accounts (NZSNA) it has only been possible to separately identify some of these flows since 1984/85, otherwise they have been included in current transfers to/from the rest of the world.
Capital-to-labour ratio	is a measure of the capital input index divided by the labour input index.
Central government	the organisational units of central government responsible for such functions as taxation, law and order, and defence, and those responsible for advancing the economic and social well-being of the country. Central government enterprises are excluded.
Central government enterprises	state-owned enterprises and other central government institutions that operate on a market basis.
Chain volume measures	Annually-reweighted chain Laspeyres volume indexes referenced to the current-price values in a chosen reference year (ie the year when the quarterly chain volume measures sum to the current-price annual values). Chain Laspeyres volume measures are compiled by linking together (compounding) movements in volumes, calculated using the average prices of the previous financial year, and applying the compounded movements to the current-price estimates of the reference year.
Chain-volume series expressed in 2009/10 prices (National Accounts - Quarterlies)	are best described as annually reweighted, chained Laspeyres volume indexes. Series are expressed in 2009/10 dollars rather than as index numbers, since this has the advantage of showing the relative size of each component. Volume series were first expressed in 2009/10 prices in Gross Domestic Product: September 2014 quarter. Previously, we used 1995/96 prices.
Change in inventories	the change in the value of inventories of raw materials, work-in-progress, and finished goods, over a given period. The change is measured in the appropriate prices in the market at the time additions and withdrawals are made.
Change in inventories (National Accounts - Income and Expenditure)	the change in the value of inventories of raw materials, work-inprogress, and finished goods, over a given period. The value of change in inventories excludes the effect of price change over the holding period.
Characteristic tourism industry	An industry that "...would either cease to exist in its present form, producing its present product(s) or would be significantly affected if tourism were to cease". Organisation for Economic and Cultural Development (OECD)
Classification of Functions of Government (COFOG)	the Classification of Functions of Government is a detailed classification of the functions, or socioeconomic objectives, that government units aim to achieve through various outlays.
Compensation of employees	the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the employee during the accounting period. It has two sub-components: wages and salaries; and employers' social contributions. Compensation of employees is not payable for unpaid work undertaken voluntarily, including the work done by members of a household within an unincorporated enterprise owned by the same household. Compensation of employees excludes any taxes payable by the employer on the wage and salary bill (eg payroll tax, fringe benefits tax).

Compensation of employees	the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the employee during the accounting period. It has two sub-components: wages and salaries; and employers' social contributions, which includes contributions paid on employees' behalf to superannuation funds, private pension schemes, the Accident Compensation Corporation, casualty and life insurance schemes, and redundancy payments. Compensation of employees is not payable for unpaid work undertaken voluntarily, including the work done by members of a household within an unincorporated enterprise owned by the same household. Compensation of employees excludes any taxes payable by the employer on the wage and salary bill (eg payroll tax, fringe benefits tax).
Compensation of employees to/from the rest of the world	In principle, these items cover the compensation residents of one country earn from employment in another where, because their stay is for a period of less than 12 months, they are classed as non-resident. In practice, data available does not permit estimates of these items.
Compensation of employees to/from the rest of the world	these items cover the compensation residents of one country earn from employment in another where, because their stay is for a period of less than 12 months, they are classed as non-resident.
Compulsory Fees	These are payments made to either central or local government by households for regulatory services eg passport fees and dog licence fees. The payments are obligatory and unavoidable, and their value bears no relation to the cost of providing the service.
Consumption of fixed capital	This measures the decline in value of fixed assets used in production, as a result of physical deterioration and normal obsolesce.
Contribution of capital deepening	is the growth in the capital-to-labour ratio, weighted by capital’s share of total income. Given that capital’s share of total income is always less than 100 percent, the contribution of capital deepening is always less than the growth in capital deepening. It is used for growth accounting for labour productivity
Contribution of capital input	is the growth in the capital input index, weighted by capital’s share of total income. Given that capital’s share of total income is always less than 100 percent, the contribution of capital input is always less than the growth in capital input. It is used for growth accounting for output.
Contribution of labour input	is the growth in the labour input index, weighted by labour’s share of total income. Given that labour’s share of total income is always less than 100 percent, the contribution of labour input is always less than the growth in labour input. It is used for growth accounting for output.
Current assets	are short-term assets or those readily converted to cash. Examples include: cash and bank deposits, stocks held, short-term accounts receivable, pre-payments, Treasury bills, and short-term loans.
Current grants, subsidies, and donations income	include grants, subsidies, and levies from central government, and other local authorities and organisations. Grants treated as equity contributions are not included.
Current liabilities	are short-term debts due to be paid within the next twelve months. These include short-term loans, short-term provision for employee entitlements, short-term accounts payable, and pre-payments.
Current operations	relate to the provision of core services by local authorities.
Current ratio	Current ratio is current assets divided by current liabilities.
Current transfer	a transaction in which one unit provides goods, a service, or an asset to another unit for the purposes of current expense without receiving anything in return.
Current transfers (National Accounts - Income and Expenditure)	Transfers are secondary incomes in which one institutional unit provides goods, a service, or an asset to another unit without receiving anything in return. Current transfers do not relate to fixed assets or financial assets.
Current transfers from the rest of the world, net	These items cover all current transfers other than investment income.
Depreciation	is the gradual writing-off over time of the value of physical asset such as infrastructural assets, restricted assets, buildings, mobile equipment, and other plant, machinery and office equipment.

Development and financial contributions	Development contributions are charges developers pay for development work (such as subdivisions or buildings) to cover additional infrastructure costs incurred by councils. Financial contributions are charges that fund local authorities' management of natural and physical resources.
Direct tourism value add	The value added by producers from the production of goods and services that are sold directly to tourists. This results in a measure of the contribution of tourism to GDP that is consistent with that measured for other industries in the economy.
Disposable income	the balancing item in the secondary distribution of income account. It is derived from the balance of primary incomes of the institutional sector by: adding all current transfers (except social transfers in kind) receivable by that unit or sector, and subtracting all current transfers (except social transfers in kind) payable by that unit or sector.
Dissaving	results when consumption is greater than income.
Dividends	Dividends are actual distributions to owners paid by incorporated enterprises, including imputation credits and tax payable by dividend recipients. Under accruals, dividends should be recorded when they are declared rather than when they are paid.
Domestic tourism expenditure	Comprises household, business and government tourist expenditure.
Domestic tourist	A New Zealand resident who travels within New Zealand but outside their usual environment. While travelling they do not stay in any one place for more than 12 months.
Durable goods	are goods that are not consumed in one use (eg appliances and electronic goods).
Earnings attributable to insurance and pensions policy holder	Insurance and pension providers maintain reserves to meet future claims and benefits. The earnings are attributable to the policy holders or beneficiaries, and we record them this way in the national accounts.
Economically Significant Enterprise	An enterprise which meets at least one of the following criteria: • has greater than $30,000 annual GST expenses or sales; • has RME greater than three (see below for a definition of RME) • is in a GST-exempt industry except residential property leasing and rental; • is part of a group of enterprises; • is a new GST registration that is compulsory, special or forced (this means the business is expected to exceed the $30,000 boundary.); • is registered for GST and is involved in agriculture or forestry.
Employee costs ((Local Authority Statistics and Local Authority Financial Statistics))	are the gross earnings of all paid employees of the local authority. Includes overtime, sick and holiday pay, severance and redundancy payments, levies paid to the Accident Compensation Corporation, and employer contributions to superannuation schemes.
Employee count (EC)	Employee count (EC) is head count of salary and wage earners sourced from taxation data. EC data is available on a monthly basis. This is mostly employees but can include a small number of working proprietors (who pay themselves a salary or wage).
Employee expenses	are the gross earnings of all paid employees. Includes overtime, sick and holiday pay, severance and redundancy payments, levies paid to the Accident Compensation Corporation (ACC), and employer contributions to superannuation schemes. Wages and salaries paid to employees, which were involved in own account capital formation, are no longer included in employee expenses.
Enterprise	a business or service entity operating in New Zealand, including a company, partnership, trust, estate, incorporated society, producer board, local or central government organisation, voluntary organisation, or self-employed individual. An enterprise makes financing and distributive decisions on behalf of its group of firms. It can operate at one or several locations.

Entrepreneurial income (National Accounts - Income and Expenditure)	Entrepreneurial income consists of the operating surplus, plus property income receivable, less property income payable, of unincorporated businesses (ie businesses owned and operated by individuals or partnerships). We also include the salaries and wages of working proprietors of private companies – which we treat as operating surplus in the New Zealand national accounts because they are more in the nature of profit withdrawals than payments to paid employees in return for their labour. Entrepreneurial income in the household sector accounts is split into 'farm' and 'non-farm' entrepreneurial income. We derive farm entrepreneurial income from the annual agriculture industry estimates. Table 1 lists the sources and methods for estimating the components for each agriculture industry. We split their income and expenditure estimates for into two institutional sectors – '1111 Private corporate producer enterprises' and '1121 Private non-corporate producer enterprises', based on ownership proportions derived from the Annual Enterprise Survey (AES) and IR10 tax data. We include all operating surplus and property income of the 1121 Private non-corporate units in the agriculture industry in the entrepreneurial income estimates. For 1111 Private producer enterprises, only salaries and wages of working proprietors of closely held private companies and cooperatives are within the scope of entrepreneurial income estimation. The non-farm estimates for entrepreneurial income are based mainly on AES data.
Entrepreneurial income (National Accounts - Income and Expenditure)	an enterprise's operating surplus (or mixed income), plus property income receivable on the assets owned by the enterprise, less interest payable on the enterprise's liabilities and rents payable on land or other tangible non-produced assets rented by the enterprise. Entrepreneurial income in the household sector accounts is split into 'farm' and 'non-farm' entrepreneurial income.
Equity	Equity refers to the provision of funds by an investor, in exchange for an ownership interest in a company. Ordinary shares are an example of equity capital.
Equity accounted investments	a balance sheet asset covering government equity in state-owned enterprises and market operating crown entities
Expenditure approach to GDP (GDP (E))	The expenditure approach to GDP (also known as gross domestic expenditure or GDE) measures the final purchases of goods and services produced in the New Zealand domestic territory. Exports are added to domestic consumption, as they represent goods and services produced in New Zealand, while imports are subtracted. Imports represent goods and services produced by other economies.
Expense (Government Finance Statistics)	a decrease in net worth resulting from a transaction.
Exports of goods and services	All goods and services produced by New Zealand residents and purchased by the rest of the world. Exports of merchandise are valued free-on-board (f.o.b.).
External account	The external account shows the links between the New Zealand economy and the rest of the world. This account distinguishes current and capital flows. Reinvested earnings are displayed as memorandum items of investment income.
Final consumption expenditure	Final consumption expenditure; Private Households - All outlays on consumer goods and services, including expenditure on durables such as motor vehicles and furniture and the imputed rent of owner-occupied dwellings. Households consist of New Zealand resident individuals and families and consumption expenditure relates to their outlays both within New Zealand and overseas. Final consumption expenditure; General (Central and Local) Government Services and Private Non-Profit Services to Households - Total current expenditure by these producers less the value of any sales or own account capital formation (that is, the total net current costs incurred in providing the services).

Final consumption expenditure (FCE)	Private FCE is the sum of household spending on consumer goods and services, and the spending on non-capital items by private non-profit organisations serving households. General government FCE includes both central and local government spending on non-capital goods and services.
Financial account	In the macroeconomic accounts we capture economic depreciation of fixed assets as consumption of fixed capital (CoFC). This term distinguishes depreciation reported in financial accounts from CoFC, which incorporates other economic concepts. A major conceptual difference is that CoFC accounts for the effect of outdated technology as well as wear and tear. See "Measuring capital stock in the New Zealand economy" for more about how we calculate CoFC.
Financial assets	consist of financial claims, monetary gold, and special drawing rights allocated by the International Monetary Fund (IMF). Examples include: cash and bank deposits, stocks held, short-term accounts receivable, pre-payments, Treasury bills, and short-term loans.
Financial intermediate services indirectly measured (FISIM)	FISIM is one way that banks and similar institutions charge for services. FISIM is derived from interest received and paid by banking service providers, and is measured indirectly because the value is not explicit within actual interest flows. This represents the value of the services associated with loans and deposits. Further details of the FISIM concept can be found in the FISIM in the national accounts report.
Fixed assets	assets that are used repeatedly or continuously in the production processes for more than one year, and cannot easily be converted into cash. Examples of fixed assets are land, buildings, other construction, motor vehicles, and plant and machinery.
Former measured sector (Productivity Statistics)	this is similar to the measured sector but has a narrower industry coverage, but longer time series. It includes industries AA1-KK1 and RS1. The series are available from 1978.
GDP income measure	this approach directly measures the income received by the owners of the factors of production. These represent the returns to the labour and capital employed such as wages, salaries, and profits.
GDP production measure	total market value of goods and services produced in New Zealand, minus the cost of goods and services used in the production process.
Goods for resale	Goods acquired for the purpose of reselling and without further processing or transformation.
Goods-producing industries	this industry grouping consists of the manufacturing; electricity, gas, water, and waste services; and construction industries.
Goods-producing sector	Includes manufacturing, electricity, gas, and water supply, and construction.
Government revenue (Crown Research Institute Statistics)	includes revenue received from the former Ministry of Research, Science and Technology, and the Foundation for Research, Science and Technology. The Ministry of Research, Science and Technology, and the Foundation for Research, Science and Technology is now part of the Ministry of Business, Innovation and Employment.
Gross disposable income (National Accounts - Income and Expenditure)	Gross disposable income is the total primary and secondary income receipts less the total primary and secondary income payments. This is the income available for final consumption and saving.
Gross domestic product (GDP)	is the total market value of goods and services produced in New Zealand within a given period, after deducting the cost of goods and services used up in the process of production, but before deducting allowances for the consumption of fixed capital. Thus, GDP is 'at market prices'. It is equivalent to gross national expenditure, plus exports of goods and services, less imports of goods and services.
Gross domestic product (GDP) expenditure measure	the main component is final purchases of goods and services provided in the New Zealand domestic territory. Exports are added to domestic consumption as they represent goods and services produced in New Zealand, while imports are subtracted. Imports represent goods and services produced by other economies.

Gross fixed capital formation	The outlays of producers on durable fixed assets, such as buildings, motor vehicles, plant and machinery, hydro-electric construction, roading, and improvements to land. In measuring the outlays, sales of similar goods are deducted. Land is excluded from gross fixed capital formation. Included is the value of construction work done by a firm's own employees. The term "gross" indicates that consumption of fixed capital has not been deducted from the value of the outlays.
Gross mixed income	is where the balancing item on a businesses’ inputs and outputs contains an element of labour remuneration that cannot be separately identified from the return to the owner.
Gross national disposable income (GNDI)	is the income received (less income payable) by New Zealand residents, from both domestic and overseas sources, after taking account of income redistribution by way of international transfers, or gross national income plus net international transfers.
Gross National Expenditure	The total final expenditure within a given period on goods and services by New Zealand residents (ie excluding goods and services used up during the process of production).
Gross national income	all income received by New Zealand residents as a result of participating in a production process (domestic or foreign) or as a result of the assets they own. This income consists of remuneration of employees, interest, dividends, taxes, and subsidies related to production, and imports.
Gross National Product (GNP)	The income accruing within a given period to New Zealand residents from their services in supplying factors of production in New Zealand and overseas, plus net indirect taxes, and before the deduction of allowances for the consumption of fixed capital.
Gross Operating Surplus	This is a residual item, being gross output at producer's values less the sum of intermediate consumption, compensation of employees, and taxes on production and imports net of subsidies. It is approximately equal to accounting profit before the deduction of direct taxes, dividends, depreciation, interest paid and bad debts, and before the addition of interest and dividends received.
Gross operating surplus and gross mixed income	represents the sum of gross operating surplus and gross mixed income.
Gross operating surplus - owner occupied dwellings	This item represents the surplus, inclusive of interest paid and consumption of fixed capital, from the notional activity of the operation of owner-occupied dwellings.
Gross output at producer's values	Gross output at producer's values; Market Production Groups - The total market value including commodity taxes of all goods and services produced during the year, including stocks of work-in-progress. Included is the production of goods and services for sale in the market, and for capital formation on own account. Gross output at producer's values; Non-market Production Groups - These producers may sell a proportion of their output in the market, and such receipts are included in total output. Most of the services produced, however, represent unmarketed output and are valued at cost price. This assumption is necessary because there is no other basis for valuation. In both cases, an adjustment has been made to gross output for goods and services that have been provided to employees free of charge, or at a markedly reduced cost. These goods and services (or fringe benefits) have been revalued at the cost of production and are included in gross output. A similar amount is included in compensation of employees.
Gross saving (National Accounts - Income and Expenditure)	Gross saving is gross disposable income after deducting final consumption. This represents the resources available for investment.
Growth accounting	decomposes the growth rate of an industry’s output into the part due to the increase in factors of production (labour and capital) – and that which cannot be accounted for by changes in labour and capital utilisation. This residual growth in output that can't be accounted for is known as multifactor productivity (the extent to which an industry is getting more output from the same amount of inputs).

Growth cycle	is the span of years between the peak of one cycle and the peak of a following cycle. Peaks are determined using statistical techniques, and are chosen to represent high points in capacity utilisation of the economy. Productivity is best analysed over growth cycles, as annual movements can be volatile and don’t usually represent true changes to the underlying production function.
GST on production	The Goods and Services Tax (GST) was introduced on 1 October 1986 and is imposed on all goods and services supplied in New Zealand, other than exempt supply. Registered suppliers of taxable goods and services pay GST on their intermediate purchases but credit may be claimed for this tax. As a result of this credit-offset mechanism, the final expense of GST levied on the supplies of registered producers is, in general, borne by the domestic consumer. GST is not a cost to businesses unless the business deals in or purchases exempt goods and services, provides employee fringe benefits, or does not register. The New Zealand System of National Accounts (NZSNA) reflects these valuations. The transactions of registered producers are recorded excluding GST while those of final consumers (including producers of exempt goods and services) are recorded at actual market prices. The potential imbalance between the value of goods and services produced and the value ultimately consumed is removed by including the item "GST on production" in the GDP account. This item produces a measure of the amount of GST included in the valuation of the final demand categories.
Household consumption expenditure (HCE)	covers all outlays on consumer goods and services, including expenditure on durables such as motor vehicles and furniture, payments made by the government on behalf of households, and the imputed rent of owner-occupied dwellings. Households consist of New Zealand-resident individuals and families and consumption expenditure relates to their outlays both within New Zealand and overseas. As much of the source data used records total spending in New Zealand, final consumption expenditure of households is derived as follows: Final consumption expenditure in the domestic market plus expenditure overseas by New Zealand residents minus expenditure in New Zealand by foreign residents. Final consumption expenditure by New Zealand resident households Included is expenditure on: new durable and non-durable goods, excluding dwellings services and second-hand goods, reduced by the value of sales by households of similar goods. Transactions directly between households net out (e.g. garage sales) and for transactions between households through a dealer, only the dealer's margin plus any associated transfer costs are included (e.g. second-hand cars).
Household Labour Force Survey (HLFS)	Statistics NZ’s quarterly Household Labour Force Survey (HLFS) produces a range of statistics on the employed, unemployed, and those not in the labour force. The target population of the HLFS is the civilian, usually resident, non-institutionalised population aged 15 years and over. It therefore excludes people in non-private dwellings such as hospitals and prisons, visitors from overseas who are staying for less than 12 months, the armed forces, overseas diplomats in New Zealand, and people living on offshore islands (except Waiheke Island). The HLFS provides the FTE figures that are used in this release to calculate incidence rates.
Household sector	**Household sector** New Zealand-resident individuals, families, whānau, hapū, and subsidiary iwi (not rūnanga iwi) in their role as final consumers and as owners of factors of production.
Implicit price deflators (IPDs)	provide a broad measure of price change for total economic activity and each of the expenditure components of Gross Domestic Product (GDP)

Import duties and other unallocated indirect taxes	These indirect taxes are levied on the purchaser of the taxed commodity and not on the seller so they are not recorded in the production accounts as a charge against the value of output. Consequently when GDP is derived by consolidating production accounts, the indirect taxes excluded must be added on. Import duties also appear as part of intermediate and final consumption, and stamp duty on purchases of land and buildings forms part of gross fixed capital formation.
Imports of Goods And Services	All goods and services produced by the rest of the world and purchased by New Zealand residents. Imports of merchandise are valued at cost, including insurance and freight (c.i.f.).
Imports of goods and services (National Accounts - Income and Expenditure)	all goods and services produced by the rest of the world and purchased by New Zealand residents. Imports of merchandise are valued at value for duty (the Customs value of imported goods, which excludes New Zealand duties and taxes, and excludes the freight and insurance costs associated with the international transit).
Income and outlay account	records factor incomes and the subsequent redistributive flows not associated with production. Saving is derived as the residual and represents the part of disposable income that is not spent on final consumption of goods and services.
Income approach to GDP (GDP (I))	The income approach to GDP measures the income received by the owners of the factors of production. These represent the returns to the labour and capital employed (eg wages, salaries, and profits).
Income Tax	Income tax is the taxes on incomes and profits paid (net of refunds) to government.
Increase in Stocks	In the tables, this transaction is termed the value of the Physical Increase in Stocks to distinguish it from the book value changes recorded in most business accounting records. It is equivalent to the book value change less a stock valuation adjustment which removes the capital gains and losses that may arise through holding stocks purchased at prices either higher or lower than those ruling during the period of account. The value of the physical increase in stocks effectively values the change in stocks at the average prices for the period
Index	is a simple way of expressing, in percentage terms, the change in some variable from a given point-in-time to another point-in-time.
Indirect Taxes	Taxes which are assessed on producers in respect of the production, sale, purchase and use of goods and services, and which add to the market prices of those goods and services. Includes sales tax, local authority rates, import and excise duties, fringe benefits tax, and also registration fees such as motor vehicle registration, which are paid by producers. In the consolidated accounts of the nation this figure includes goods and services tax.
Indirect tourism value add	The value added generated from the purchase of goods that are subsequently resold to tourists, or the purchase of goods and services used in producing products that are sold directly to tourists. Producers of both these products have no direct relationship with the tourist.
Institutional sector classification (NZISC96)	This classification is no longer in use in National Accounts from November 2017. Series have been backdated to incorporate the new Statistical Classification for Institutional Sectors. This is a hierarchical classification which groups together enterprises who play a similar role in the economic process, and who can be expected to have similar reactions to market, fiscal and monetary policy stimuli. At the highest level there are 6 categories: producers, financial intermediaries, government, private non-profit organisations serving households, household sand rest of world
Institutional sector	the five broad economic sectors that make up the total economy, as classified under the Statistical Classification for Institutional Sectors: non-financial businesses (sector 1), financial businesses (sector 2), general government (sector 3), non-profit institutions serving households (sector 4) and households (sector 5). A sector for the rest of the world (sector 6), exists for transactions between New Zealand resident units and non-residents. Institutional sectors group transactors in the economy according to their broad economic role.

Institutional unit	an entity that is capable, in its own right, of owning assets, incurring liabilities, and engaging in economic activities and in transactions with other entities. There are two main types of institutional unit: ? persons or groups of persons in the form of households ? legal or social entities whose existence is recognised by law or society independently of the persons, or other entities, that may own or control them. Legal or social entities that engage in economic activities in their own right – such as corporations, private non-profit organisations serving households, or government units – are institutional units as they are responsible and accountable for the economic decisions or actions they take. Institutional units are allocated to sector according to the nature of the economic activity they undertake.
Insurance liabilities	represents the present value of expected future payment of claims. Includes ACC liabilities and earthquake-related insurance liabilities.
Intangible fixed assets	A subset of nonfinancial, produced fixed assets including assets such as exploration, computer software, and research and development.
Intangible fixed assets	A subset of nonfinancial, produced fixed assets including assets such as exploration, computer software, and research and development.
Interest	Interest is the amount that a debtor is liable to pay to a creditor in a given time period without reducing the amount of principal outstanding. There are many kinds of financial instruments apart from traditional deposits, securities, and loans. Interest on these instruments may be paid in various different ways. In the macroeconomic accounts, we record interest continuously on an accrual basis, not according to the amount paid or due to be paid. The amount of interest payable to, or receivable from, financial intermediaries includes two elements: the true interest and the cost of providing services for which no explicit charges are made. We regard the cost of services as sales output (known as FISIM), and record it as such in the production accounts.
Interest expenditure	interest charged on public debt and other liabilities.
Interest income	includes interest earned from deposits, short-term and long-term investments, loans and other interest-bearing investments
Intermediate consumption	The value of non-durable goods and services used in production. Valuation is at purchaser's values.
Intermediate consumption (National Accounts - Income and Expenditure)	value of all goods and services consumed as inputs during the production process excluding fixed assets whose consumption is recorded as consumption of fixed capital.
International tourism expenditure	Comprises both international visitors' and international students' expenditure.
International tourist	A person who travels to a country other than that in which they have their usual residence, and outside their usual environment. While travelling, they do not stay in any one place for more than 12 months.
Inventories	are a class of produced non-financial assets consisting of: stocks of outputs that are still held by the units that produced them before being further processed, sold, delivered to other units, or used in any other ways; and stocks of products acquired from other units that are intended to be used for intermediate consumption or for resale without further processing.
Investment income from the rest of the world	Earnings of New Zealand residents on their investments overseas that are received by New Zealanders or retained overseas.
Investment income to the rest of the world	Earnings of foreign residents on their investments in New Zealand that are paid out to foreign residents or retained in New Zealand.
Investments	the commitment of money or capital to the purchase of financial instruments or other assets to gain profitable returns in the form of interest, income (dividends), or appreciation (capital gains) of the value of the instrument. It includes investments in financial assets such as listed shares, securities other than shares such as bonds and debentures, notes issued and preferred stocks, as well as financial derivatives.
Kind of Activity Unit (KAU)	an enterprise subdivision that is engaged in predominantly one activity and for which a single set of accounting records is available.

Labour income	is the part of the cost of producing GDP that consists of gross payments to labour. It represents the value added by labour in production, and is equivalent to compensation of employees, plus the labour income of working proprietors, plus the labour proportion of taxes, less subsidies on production.
Labour input index	is an index of the weighted number of hours paid in the measured sector. It is created by weighting together the industry-level labour volume series using labour income weights.
Labour productivity	is measured as a ratio of output to labour input. Labour productivity estimates are indexes of real GDP per hour paid. Labour productivity reflects the contribution of labour to changes in product per labour unit, but is also influenced by the contribution of capital and other factors affecting production.
Labour volume series (LVS)	is an estimate of the total number of hours paid in paid employment per week for the whole economy or a given industry.
LEED: Linked Employer-Employee Data	is an integration project that brings together Inland Revenue administrative data with Statistics NZ's Business Frame data, to provide employment statistics by industry and region. LEED data is available at the geographic unit level.
Liabilities	are debts that establish an obligation to provide economic benefits to another party that holds the corresponding financial claims.
Liabilities structures (Annual Enterprise Survey)	Liability structures are shareholders' funds divided by total capital and liabilities.
Local Authorities	are city councils, district councils, unitary authorities, and regional councils in New Zealand.
Local government	refers to the non-trading organisations of local government that are responsible for the general administration of territorial authorities in New Zealand. They are responsible for various activities related to roading, transportation, water supply, planning and regulation, culture, and recreation and sports facilities. Local government enterprises are excluded.
Local government enterprises	local authority trading enterprises and trading divisions of local authorities.
Low-value imports (National Accounts)	are imports of goods purchased directly by New Zealand households that have a value of less than $1,000. We estimate these separately as they are not captured in the administrative data used to measure imports of goods.
Margin on sale of goods for resale (Annual Enterprise Survey)	Margin on sales of goods for resale are sales of goods not further processed less purchases of goods bought for resale, as a percentage of sales of goods not further processed.
Market entity	provides goods or services at prices that are economically significant.
Market output	is output sold at economically significantly prices or otherwise disposed of on the market
Measured sector	The industry coverage of the productivity statistics is defined as the ‘measured sector’. It consists of industries for which estimates of inputs and outputs are independently derived in volume terms. Industries for which real value added in the national accounts is largely measured using input methods, such as number of employees, are excluded. These are mainly government non-market industries that provide services, (eg administration, health, and education), free or at nominal charges.
Multifactor productivity (MFP)	Estimates are indexes of real GDP per combined unit of labour and capital. They are derived by dividing chain-volume estimates of market sector GDP by a combined measure of hours paid and capital services. An increase in value is referred to as technical change or efficiency growth. However, it is more accurately interpreted as some combination of technological progress, efficiency gains, deviations from constant returns to scale, unobserved changes in capacity utilisation, or departures from economy-wide long-run equilibrium. MFP is essentially a residual, and so also captures the impact of unobserved inputs on production.
National disposable income	The total income of New Zealand residents from all sources available for final consumption or saving, and after net payment of current transfers to the rest of the world..

National income	This aggregate is equivalent to gross national product after the deduction of allowances for consumption of fixed capital. It is a measure of income accruing to New Zealanders from supplying factors of production in New Zealand and overseas, plus taxes on production and imports
Net acquisition of foreign financial assets	The change in actual claims by New Zealanders on non-residents. It relates to the purchase, less the sale, of financial claims, such as those described below for the net incurrence of foreign liabilities. It also includes changes in New Zealand's holdings of special drawing rights in its reserve position at the International Monetary Fund, and in the assets of the New Zealand banking system.
Net capital stock	The depreciated value of fixed assets valued at current replacement cost. It is derived as accumulated investment less accumulated consumption of fixed capital. It can be thought of as the value of the flow of services that assets in existence can produce over the remainder of their service lives.
Net capital stock	The depreciated value of fixed assets valued at current replacement cost. It is derived as accumulated investment less accumulated consumption of fixed capital. It can be thought of as the value of the flow of services that assets in existence can produce over the remainder of their service lives.
Net capital taxes (National Accounts - Income and Expenditure)	Net capital taxes are those levied at irregular and very infrequent intervals on the values of the assets or net worth owned by institutional units, or on the values of assets transferred between institutional units as a result of legacies, gifts, or other transfers.
Net capital transfers (National Accounts - Income and Expenditure)	Net capital transfers are transactions (either cash or in kind) in which: ownership of an asset (other than cash or inventories) transfers from one institutional unit to another, or cash is transferred so the recipient can acquire another asset, or funds realised by disposing of another asset are transferred. The asset may be a fixed or financial asset. In practice, capital transfers tend to be large, infrequent, and irregular. They do not affect disposable income. Capital transfers are unrequited and they do not add to current income for the recipient, or reduce income for the donor. They are designed to finance accumulation and only indirectly to influence consumption through changing the recipient or donor’s wealth or assets. Examples are unilateral transfers, or capital goods, legacies, and investment grants.
Net equity position	is the difference between the value of assets and liabilities.
Net financial worth	is equal to the total value of all financial assets less the total value of all liabilities. It is an important component of total net worth.
Net incurrence of foreign liabilities	The change in actual indebtedness of New Zealanders to non-residents. It relates to the issue, less the redemption, of financial claims, such as currency and transferable deposits, bonds, corporate equities, loans, and long term trade credits. Changes in the holdings of paid-up capital of companies, and changes in inter-company indebtedness are also included.
Net lending to the rest of the world	The excess of New Zealand's net acquisition of financial assets over its net incurrence of liabilities, recorded in the National Capital Account
Net lending/borrowing (National Accounts - Income and Expenditure)	Net/lending borrowing is the balancing item of the capital account. A surplus represents funds available to lend to other sectors, and a deficit represents borrowing needed to fund investment.
Net lending/borrowing position	is an indicator of the financial impact of government activity on the rest of the economy. It shows a government's financing requirement and is calculated as the net operating balance less the net acquisition of non-financial assets. A positive net lending/borrowing position indicates a net lending position. After accounting for all operating transactions and their net acquisition of non-financial assets, a government is still in surplus and has funds it can invest or lend. A negative net lending/borrowing position indicates a net borrowing position. After accounting for all operating transactions and their net acquisition of non-financial assets, a government will need to borrow (or run down its financial investments) to fund all its expenditure.

Net non-life insurance premiums (National Accounts - Income and Expenditure)	The total non-life insurance premiums net of the service charge includes general insurance and health insurance only. We treat the service charge as sales output and record it in the production account.
Net operating balance	is the change in the net worth of government due to transactions, rather than to provisions and valuation or other changes. It is equal to total operating income less total operating expenses, and is important when measuring the ongoing sustainability of government operations. Provisions and valuation or other changes are treated as other economic flows in government finance statistics rather than transactions.
Net purchases of land (National Accounts - Income and Expenditure)	Land is the ground, including the soil covering it and any associated surface waters, over which ownership rights are enforced; major improvements that cannot be physically separated from the land itself are included. Land excludes: any buildings or other structures situated on it or running through it; cultivated crops, trees, and animals; subsoil assets; non-cultivated biological resources; and water resources below the ground.
Net saving and net worth (National Accounts - Income and Expenditure)	Saving is a derived variable, at the broadest level, that we estimate as: Income receivable, less income payable, less consumption of fixed capital. The sum of the savings of the domestic sectors (all sectors excluding the rest of the world) equals national saving. In addition to the income variables (described in the ‘income and outlay’ section above), gross operating surplus is a major income variable in the domestic sectors. In the household sector, we include compensation of employees as the largest component of total income receivable. If we produced the full set of institutional accounts, including balance sheets, we could derive an estimate of net worth. Net worth is, for example, the market value of a sector’s stock of assets less the market value of its stock of liabilities (capital gains). However, wealth estimates are outside the current scope of the institutional sector accounts. Saving excludes these items that affect net worth: ? capital gains (or holding gains), which reflect changes in the prices of existing assets and therefore do not represent additions to real stock of produced assets ? capital transfers, which reflect changes in ownership of existing assets ? events such as the 2010/11 Christchurch earthquakes, which result in changes in the real stock of existing assets but do not reflect an economic transaction.
Net saving – corporations	equal to the gross income receivable by corporations less income payable and consumption of fixed capital. Income receivable by corporations includes gross operating surplus, property income, and current transfers.
Net saving – general government	the surplus of general government gross income over current use of income. Current use of income includes final consumption expenditure and current transfers.
Net saving – households	equal to gross household disposable income less household final consumption expenditure and consumption of fixed capital. Household saving is estimated as the balancing item in the household income and outlay account.
Net worth	is the difference between the total value of all assets and the total value of all liabilities.
New Zealand System of National Accounts (NZSNA)	New Zealand System of National Accounts is a comprehensive accounting framework based on an international standard, the 2008 System of National Accounts. The structure and content of the NZSNA transforms the countless economic transactions that take place each day into a framework, to analyse and compare important economic variables over time.

Nominal industry (bank service charge)	A large proportion of the income of banks and financial institutions consists of an excess of interest and other property income over payments rather than from direct charges for services. As New Zealand System of National Accounts (NZSNA) records this income in the income and outlay accounts rather than as an item of gross output in the production account, operating surplus would be negative. To overcome this a service charge is imputed, equal to net interest and other property income. Conceptual problems of how to allocate the charge to the users of services provided by financial institutions, (such as whether to allocate on the basis of the number or value of loan transactions), are overcome by creating a nominal industry which pays the total charge. The nominal industry has no gross output and makes a negative contribution to GDP. Its negative operating surplus counteracts the increased operating surplus of all other industries which are not recorded as paying any of the imputed bank service charge.
Non-current assets	can be fixed assets, such as infrastructure, land and buildings, or long-term investments, long-term receivable, and long-term loans.
Non-current liabilities	are obligations to pay off debt due in more than 12 months. These include term debt and other non-current liabilities like long-term provision for employee entitlements, long-term accounts payable, and long-term provision for landfill aftercare.
Non-durable goods	are goods that are either consumed immediately in one use or within three years.
Non-financial assets	all economic assets other than financial assets. These can be fixed assets, such as infrastructure and buildings, inventories, valuables, or non-produced assets.
Non-life insurance claims (National Accounts - Income and Expenditure)	Non-life insurance claims are those accrued by insurance providers on general and health policies.
Non-operating transactions (Local Authority Statistics and Local Authority Financial Statistics)	mainly arise from valuation changes. This means that local authorities have re-assessed the value of their assets and liabilities.
Non-tourism-specific industry	Any industry that is not a tourism-characteristic industry or a tourism-related industry. However, a non-tourism-specific industry may still sell some of its products to tourists.
Operating deficit	occurs as a result of operating expenditure exceeding operating income.
Operating expenditure (Local Authority Statistics and Local Authority Financial Statistics)	is the amount spent on providing core services.
Operating expenses (Crown Research Institute Statistics)	a company’s expenses related to the production of its goods and services.
Operating income (Crown Research Institute Statistics)	a company’s income from the goods and services it provides.
Operating income (Local Authority Statistics and Local Authority Financial Statistics)	is funding earned to provide core services.
Operating profit before income tax	Total income less total expenditure (excluding non-operating items) plus change in stocks.
Operating surplus	This is a residual item, being gross output at producer's values less the sum of intermediate consumption, compensation of employees, consumption of fixed capital, and indirect taxes net of subsidies. It is approximately equal to accounting profit before the deduction of direct taxes, dividends, interest paid and bad debts, and before the addition of interest and dividends received. The residual occurs as a result of operating income exceeding operating expenses.
Other assets (Crown Research Institute Statistics)	includes intangible and deferred assets.
Other comprehensive income	are non-operating transactions, such as bad debts recovered, provisions, and valuation changes (this means that Crown Research Institutes have re-assessed the value of their assets and liabilities).

Other current transfers	These include all transfers of income not specifically included in other categories of the household income and outlay account. The transfers are made from current income of households and add to the current income of recipients for such purposes as consumption or production expenditure, eg gifts, net casualty insurance premiums and insurance claims.
Other current transfers to/from the rest of the world	Conceptually, these items cover all current transfers other than property and entrepreneurial income. However, in practice, it has not been possible to identify all these transfers separately, and the figures are deficient in two respects. First, not all current transfers can be identified. In particular, those associated with insurance transactions are omitted, since all insurance flows are recorded as either exports or imports of services. Second, it has proved difficult to distinguish between current and capital transfers to the rest of the world, and in the NZSNA some of these transactions are treated as current.
Other non-market output	is output consisting of goods and services produced by government or non-profit institutions serving households for free, or at prices that are not economically significant. Such output may be produced because it may be technically impossible to charge individuals for collective services (eg defence), it may be technically impossible to charge individuals for collective services (eg defence), goods and services are not charged for as a matter of social or economic policy (eg health services).
Other operating expenses (Crown Research Institute Statistics)	includes donations, royalties and patent fees, business insurance premiums, fringe benefit tax, local authority rates, other local or central government fees and levies, and other operating costs.
Other operating income (Crown Research Institute Statistics)	a company’s income from the goods and services it provides.
Other taxes (National Accounts - Income and Expenditure	The other taxes component consists of a wide array of taxes, fines, and levies (eg motor vehicle registration).
Output	value of goods and services produced during a time period, regardless of whether they are produced for sale or own use.
Own final use	is output retained for own use by the owners of the enterprises in which they are produced (eg own account capital formation, the imputed rent of owner occupied dwellings, owner-builders' construction work, and the output of private households with employed persons)
Pension fund benefits (National Accounts - Income and Expenditure)	Pension fund benefits are payable to households by enterprises administering privately funded pension schemes, and Government Superannuation Fund (GFS) benefits.
Pension fund contributions (National Accounts - Income and Expenditure)	Households make pension fund payments (or contributions) to enterprises administering privately funded pension schemes, plus GSF contributions.
Population (Annual Enterprise Survey)	The target population for AES is all economically significant businesses operating within New Zealand. However, some industries are excluded on pragmatic grounds. The Australian and New Zealand Standard Industrial Classification 2006 (ANZSIC06) industry exclusions are: • residential property operators (L671100); • foreign government representation (O755200); religious services (S954000); • private households employing staff and undifferentiated goods- and service-producing activities of households for own use (S960100-300). Superannuation funds (K633000) are included in the population. However, they are excluded from the release tables.

Primary income	income directly linked to the production process: - compensation of employees - gross operating surplus - entrepreneurial income - net taxes on production - property income (rent on natural resources, interest, dividends, and earnings attributed to insurance policyholders). Primary incomes exclude social contribution and benefits, and current taxes on income, wealth, and other current transfers.
Primary sector\ Primary Industries	Includes agriculture, forestry, fishing, and mining.
Private corporate producer enterprises	a subgroup that includes incorporated enterprises, co-operatives, and business associations that are recognised as independent legal entities through registration under acts of Parliament.
Private non-corporate producer enterprises	a subgroup that includes unincorporated enterprises, partnerships, and sole proprietorships engaged in a measurable amount of productive activity. In practice, this means that only enterprises that keep accounts adequate for taxation purposes are included. Where adequate accounts are not kept, production is generally an extension of the owner's household activity, and is therefore included in sector 5 (households).
Private non-profit organisations serving households	non-market non-profit organisations that provide goods or services to households, either free or at prices or fees that are not economically significant, and usually mainly provide services to their own members (eg trade unions, professional or learned societies, consumers' associations, and political parties).
Producer enterprises	enterprises (whether incorporated or unincorporated) that are mainly engaged in producing goods and services in New Zealand and selling these at market prices. They include all entities operating in New Zealand, irrespective of where the owners reside.
Production account	has two parts: non-market and market. These two parts record the current value of goods and services produced, and the costs associated in producing them. Key items measured in this account are services for own use (for non-market activity) and value added (for market activity).
Production approach to GDP (GDP (P))	The production approach to GDP measures the total value of goods and services produced in New Zealand, after deducting the cost of goods and services used in the production process. This is also known as the value-added approach.
Productive capital stock	is a measure of productive capacity that forms the basis for the measure of capital services. Productive capital stock estimates are derived as the written-down value of each asset its efficiency decline due to age. This stock is measured in units of 'standardised efficiency'.
Property and entrepreneurial income to/from the rest of the world	The property income component of these items is defined above (excluding any imputed interest which is entirely a resident-to-resident flow). The entrepreneurial income refers to the actual withdrawals of income from enterprises operating overseas, such as overseas branches of New Zealand companies. Retained earnings are excluded from these flows.
Property income	Property income refers to transfers of income accruing to the owners of financial assets, intangible assets such as patents, copyrights and concessions, and mineral rights. This income is mainly in the form of interest, dividends and royalties. In the household income and outlay account, interest received is split between "actual" and "imputed". Imputed interest consists of the earnings of life insurance and pension funds which are imputed to households who, following the UNSNA guidelines, are considered to be the owners of the fund's assets. This imputed interest flow is then reinvested, via savings, in householders' financial assets, namely "net equity in life insurance reserves and pension funds".

Property income (National Accounts - Income and Expenditure)	Property income is often referred to as investment income. This includes income received from owning financial assets, land, and other intangible non-produced assets. It consists of: - interest - corporations' distributed income (dividends and withdrawals from income of unincorporated businesses) - reinvested earnings on direct foreign investment - property income attributed to insurance policy holders - rent on land and natural assets. Total property income is the sum of all five components, less an adjustment for financial intermediation services indirectly measured (FISIM).
Purchase of intangible assets from the rest of the world, net	The value of purchases by residents from non-residents of intangible assets, less sales of such assets by residents to non-residents. Examples of these types of assets are mineral rights, fishing quotas, patents, copyrights, and trademarks. In the NZSNA, flows associated with this item are not distinguishable in the source data and consequently are included in exports/imports of goods and services.
Purchasers' Price	The amount paid by the purchaser inclusive of indirect taxes (less subsidies), trade margins (wholesale and retail) and transport costs. That is, the price for commodities supplied to the purchaser.
Purchases and other operating expenses	Purchases and operating expenditure are something obtained, especially for a price in money or its equivalent. The following are included: , purchases of goods, fuels, and materials (whether for production or resale) ,general expenses (eg advertising, freight, insurance, motor vehicle, rates, rent, repairs, utilities) , management fees and payments to other businesses or divisions , payments to welfare and superannuation schemes (eg ACC, KiwiSaver) , royalties and patent fees. While these are excluded: , interest, dividends, donations, and bad debts , excise duty, fringe benefit tax, and road user charges , extraordinary items (eg exchange rate losses, losses on sales of fixed assets) , depreciation.
Purchases of non-produced non-financial assets from the rest of the world, net	**Purchases of non-produced non-financial assets from the rest of the world, net** purchase or sale of intangible, non-financial assets such as patents, copyrights, trademarks, franchises, and licences; and acquisition of land by a government or international organisation, or the disposal of land.
Quick ratio (Annual Enterprise Survey)	Quick ratios refer to current assets less closing stocks divided by current liabilities.
Rates	includes all forms of rates, such as uniform annual general charges, water rates, and targeted rates. Targeted rates are those that enable a council to apply a special purpose rate to particular properties, such as waste-water, sewerage, or town centre rates. Rates collected on behalf of other local authorities (such as regional councils) are not included.
Real gross national disposable income (RGNDI)	measures the real purchasing power of national disposable income, taking into account changes in the terms of trade, and real gains or losses from net investment and transfer income with the rest of the world. Effectively, it is a measure of the volume of goods and services New Zealand residents have command over.
Regulatory income and petrol tax	includes fees and fines. Examples of fees include parking fines, building consents, and dog registration. Admission and parking charges are excluded from this category as they are treated as sales of goods and services.
Reinvested earnings on direct investment in New Zealand	Earnings of foreign residents on their investments in New Zealand and that are retained in New Zealand.
Reinvested earnings on overseas direct investment	Earnings of New Zealand residents on their investments overseas (eg share equity, deposits, and other financial instruments) and that are retained overseas.

Rent on natural assets (National Accounts - Income and Expenditure)	In recent years, most rent payments on natural resources have been from energy royalties and Crown forest licences, with payments generally coming from producer enterprises to central government.
Rental prices	Also referred to as the 'user cost of capital'. It is the unit cost for the use of an asset for one period. That is, the price for employing or obtaining one unit of capital services. The rental price for an asset is determined by its price index when new, its rate of economic depreciation, the average tax rate on production within the industry, and an exogenous real rate of return (set at 4 percent).
Return on total assets (Annual Enterprise Survey)	Surplus before income tax divided by total assets
Return to equity (Annual Enterprise Survey)	Return on equity is surplus before income tax divided by shareholders' funds .
Revenue (Government Finance Statistics)	an increase in net worth resulting from a transaction.
Rolling mean employment (RME)	Rolling mean employment (RME) is the twelve month moving average of the monthly employee-count figure.
Sales and other operating income (Quarterly Local Authority Survey)	includes admission charges, water sold by meter, and other miscellaneous operating income. It does not include sales of goods and services charged within the authority (such as overheads).
Sales of Goods and Services	Goods and materials manufactured from purchased materials; includes repairs and other services provided and sales of goods purchased for resale.
Saving	The residual item in both the national and household income and outlay accounts after all current receipts and disbursements have been accounted for.
Saving ratio	Represents the household sector's saving as a percentage of household net disposable income.
Secondary income	covers redistribution in the form of current transfers, including current taxes on wealth and income, social security, and pension transfers.
Securities	are securities other than shares are negotiable financial instruments serving as evidence that units have obligations to settle by means of providing cash, a financial instrument, or some other item of economic value. Examples include bills, bonds and debentures, commercial paper, negotiable certificates of deposit and tradable depository receipts.
Services (National Accounts)	are products other than tangible goods. Services result from production activity that changes the conditions of the consuming units, or makes the exchange of products or financial assets possible.
Services for own use	the non-market production of services for consumption within the same unit. For the household sector, this includes the value of services provided to households by paid domestic staff.
Social assistance benefits (National Accounts - Income and Expenditure)	Social assistance benefits are education, welfare, and other benefits paid to individuals and households. They include unemployment benefit, domestic purposes benefit, New Zealand Superannuation, and disability allowances.
Social assistance grants	Includes all monetary benefits paid to individuals and households by public authorities, private non-profit organisations and private enterprises, eg unemployment benefits, national superannuation and education scholarships.
Social benefits	transfers in cash or kind to protect the entire population, or specific segments of it, against certain social risks. Examples of social benefits include providing medical services and unemployment compensation.
Social security benefits (National Accounts - Income and Expenditure)	Social insurance benefits are payable in cash to households by social security funds. These consist of receipts from, and contributions to, ACC.
Social security benefits and contributions	These consist of receipts from, and contributions to, the Accident Compensation Corporation (ACC) which is classified as a social security fund.

Social security contributions	actual or imputed receipts from either employers on behalf of their employees or from employees, on their own behalf, that secure entitlement to social benefits for the contributors, their dependants, or their survivors. The contributions may be voluntary or compulsory.
Social security contributions (National Accounts - Income and Expenditure)	Social security contributions are paid by employers to the Accident Compensation Corporation (ACC), which we classify as a social security fund.
Social transfers in kind	goods and services provided by general government and non-profit institutions serving households that are delivered to individual households. Examples include health and education services.
Statistical classification for institutional sectors	The main purpose of classifying statistics by institutional sectors is to provide information that supports economic analysis and macroeconomic management. This is done by grouping economic units that have similar roles and which respond to economic events and interventions in a similar manner. At the highest level there are 6 categories: on-financial businesses, financial businesses, general government, non-profit institutions serving households, households, and rest of the world.
Statistical Discrepancy	In the New Zealand System of National Accounts (NZSNA) we estimate the items making up GDP and expenditure on GDP independently, using diverse data sources. The combination of survey and other measurement and timing errors in the various components results in a difference between the estimates, known as the statistical discrepancy. The discrepancy is outside our GDP and expenditure on GDP calculations.
Subsidies	Grants made by Government to market-oriented producers who regard the transfers as an addition to income from current production. These grants include payments to ensure a guaranteed price, or to enable market prices of goods and services to be held below the cost of production. Transfers made by local authorities out of rates receipts to finance the losses of their trading departments, and deliberately incurred losses of government trading organisations are also included.
Subsidies (National Accounts - Income and Expenditure)	government grants to market-oriented producers who regard the transfers as an addition to income from current production. These payments may be intended to influence levels of production, the prices at which outputs are sold, or the remuneration of the institutional units engaged in production.
Supply and use framework	Framework within the national accounts that we use to confront and reconcile the annual production and expenditure estimates of GDP. The approach also provides the basis for checking consistency of the measures of the supply and use of goods and services, which are estimated from different statistical sources.
Surplus before income tax (Annual Enterprise Survey)	Surplus before income tax is total income less total expenditure plus change in stocks.
Surplus of the nation on current transactions	The excess in the External Transactions Account of current receipts over current disbursements.
Surplus per rolling mean employment (Annual Enterprise Survey)	Surplus per rolling mean employment (RME) is surplus before income tax divided by rolling mean employment.
Tangible fixed assets	**Tangible fixed assets** A subset of nonfinancial, produced fixed assets including assets such as houses, other buildings and structures, machinery and equipment, and cultivated assets.
Tangible non-produced assets	**Tangible non-produced assets** land, subsoil assets, non-cultivated biological resources, and water resources. Environmental assets over which ownership rights have not, or cannot, be enforced, such as international waters or air space, are excluded.
Taxes on production and imports	are assessed on producers for the production, sale, purchase, and use of goods and services, and which add to their market prices. Taxes include sales tax, local authority rates, import and excise duties, and fringe benefit tax. In the consolidated accounts of the nation we include goods and services tax.

Taxes on the use of goods	These are levies, designed primarily to raise revenue, made by Government on the possession or use of goods by households. They include motor vehicle registration and licence fees.
Term debt	is debt due to be paid after the next 12 months.
Total assets	is the total of the business's current assets; fixed assets (including those operated by a business under finance lease arrangements (hire purchases); intangibles (e.g. goodwill, brands and trademarks); other non-current assets (e.g. shares in associated or subsidiary companies, other shares, long term loans).
Total income	The part of the cost of producing GDP that consists of gross payments to factors of production (labour and capital). It represents the value added by these factors in the process of production and is equivalent to current-price GDP.
Tourism demand	GST-exclusive expenditure made by, or on behalf of, a tourist before, during, and after a trip. Tourism demand is equivalent to tourism expenditure, excluding GST
Tourism expenditure	Spending by, or on behalf of, a tourist before, during, and after a trip. This expenditure occurs either on the trip, or is travel related. The trip must be taken outside the usual environment of the tourist. This expenditure includes goods and services tax (GST).
Tourism Industry	The producing units belonging to tourism characteristic activities and other establishments not belonging to these activities but identified as serving principally visitors. World Tourism Organisation
Tourism intermediate consumption	The goods and services used in the process of production of products sold to tourists
Tourism output	The value of goods and services purchased by tourists, excluding imports sold directly to tourists. It is derived from tourism demand by removing the imports sold directly to tourists by retailers and comprises the following components:
Tourism product ratio	The proportion of the total supply of a product or service that is consumed by tourists. It provides the means of classifying tourism products as outlined below.
Tourism Ratio	A tourism ratio represents the proportion of total supply of an industry, attributable to tourism demand. Organisation for Economic and Cultural Development (OECD)
Tourism value added	The 'value' a producer adds to the raw material goods and services and/or transformed goods it purchases in the process of production.
Tourism-characteristic product	is an item that would cease to exist in meaningful quantity, or for which the level of consumption would be significantly reduced, in the absence of tourists. A product is classified as a tourism-characteristic product if at least 25 percent of its production is purchased by tourists, or at least 25 percent of the industry's output is purchased by tourists, or the industry's output includes a tourism-characteristic product.
Tourist	Any person travelling to a place other than their usual environment for less than 12 months and whose main purpose is other than the exercise of an activity remunerated from within the place visited.
Transaction	an economic flow that is an interaction between institutional units by mutual agreement or through the operation of law, or an action within an institutional unit that is analytically useful to treat like a transaction such as the consumption of fixed capital.
Usual environment	The place or places a person occupies within their regular routine of life (except places visited for leisure or recreational activities only).
Value added (National Accounts - Income and Expenditure)	income formed in the production process. Value added equals output minus intermediate consumption. Value added is the income available to reward the production factors involved.
Value added (National Accounts)	is the amount added to goods and services by the contributions of capital and labour (ie the value of output after the cost of bought-in materials and services has been deducted).
Vested assets	involve the transfer of ownership or control of assets by a third party to local authorities. Includes the transfer of roads and land from developers, or special purpose (restricted use) transfers such as reserve land.