

Appendix H Input-output accounting for the New Zealand economy

The Commission conducted an input-output analysis to gain a more in-depth understanding of the role that services play in the economy. The input-output analysis is presented in Table H.1.

Input-output accounting and methodology

Table H.1 is based on Statistics New Zealand's input-output tables for the New Zealand economy in 2006-2007, but with some adjustments:

- The data have been updated to 2011-2012 by fitting the official 2011-2012 national income and expenditure accounts data to the input-output structure of the New Zealand economy as it was in 2006-2007. This is the latest year for which official input-output tables are available. Updating these tables is a resource-intensive exercise, so only occurs about every five years.
- The classification of industries is based on the OECD's classification of industries (to enable comparison with other countries). See Appendices B and D for details of the OECD classification.
- The owner-occupied housing "industry" has been omitted. This means that GDP, as shown in Table H.1, is less than the official measure of GDP.

Other relevant aspects of the methodology include:

- Factor inputs (capital and labour) are measured at factor prices, while final outputs are measured at market prices (notably, including GST). The "indirect taxes less subsidies" row in the table accounts for this difference in the pricing basis on which factor (labour and capital) inputs and outputs are incorporated into input-output tables.
- Output of capital goods (such as buildings and machinery) is recorded as going to a final use, labelled as investment. This investment adds to the capital stock and is used as input to production in future years. The cost of the capital used in production is a combination of the amount of capital used-up (depreciation) and the return to the owners of capital (the firm's profit).
- The inputs and outputs for wholesale and retail trade included in Table H.1 are gross amounts, not just the wholesale and retail margin.
- Exports are attributed to the firm that enters into the export transaction. Hence, exports by wholesalers are classified as services-sector exports. This explains the relatively large amount of services sector exports.
- An input-output table is based on transactions and therefore does not include an industry's use of natural endowments in their raw state. However, the inputs used in, for example, extracting minerals or cultivating crops are captured. So too are the outputs from those activities and their use in any subsequent stages of production.

Table H.1 Input-output accounting for the New Zealand economy, 2011/12, \$million

		Uses of outputs								Total gross output (incl. intermediate output)	Total final output
		Used as inputs by...				Final uses					
		Primary sector	Goods-producing sector	Services sector (market)	Services sector (government)	Services sector	Household consumption	Government consumption	Investment		
Input sources	Primary sector	2882	9264	6465	995	1280	233	223	4747	27600	6483
	Goods-producing sector	3034	24842	17389	5783	18453	120	11343	27787	118315	57704
	Services sector (market-provided)	5200	21843	48202	14182	56968	5671	9750	26644	197407	99033
	Services sector (government)	1321	3992	9618	6722	13644	29455	2678	2670	73054	48447
	Imports	1775	11061	13762	3440						(30038)
	Capital (operating surplus + depreciation)	6937	14202	42403	12374						
	Labour (wages and salaries)	3049	16525	42231	29663						
	Indirect taxes less subsidies	2610	2824	9871	3476						
	Total gross input (incl. intermediate input)	26792	109156	189559	76605						416376
	Capital and labour income (including indirect taxes)	12510	35711	93798	45349						181629
											GDP

Source: NZIER

Notes:

- Discrepancies in the summations of rows and columns arise from differences in the income and expenditure measures of GDP, and also from fitting 2011-2012 national accounts data into the 2006-2007 input-output table structure.