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# Statistical Release

## National Accounts Estimates of Niue



### Introduction

Fakaalofa lahi atu.

Statistics Niue is very happy to put out this statistical release of the National Accounts of Niue which highlights the Gross Domestic Product (GDP) of Niue for the period of 2003 to 2009. This compilation was made possible with the SPC National Accounts Statistics mission conducted by Alick Nyasulu (Economic Statistician) of the Statistics and Demography Programme of the SPC, of which Statistics Niue is most grateful. Fakaauae lahi.

The parts of this release includes:

1. Figures at a Glance
2. GDP figures and General Remarks;
3. GDP Growth and Economic Performance;
4. Tables;
5. Preliminary Nature of Estimates;
6. Acknowledgements
7. Disclaimer

Kia monuina e totouaga. Fakaauae lahi.

*KimRay Vaha*

*Government Statistician*



## FIGURES AT A GLANCE

Niue Gross Domestic Product 2009 in NZ\$ (000)

Base Year 2003

- GDP in Current prices = 25,460.3
- GDP in Constant prices = 18,409.5
- GDP per capita:
  - Current prices = \$16,575 per head
  - Constant prices = \$11,985 per head
- GDP Growth: 2008 - 2009
  - Current prices = 11.8%
  - Constant prices = 0.13%
  - Annual inflation = 11.7%

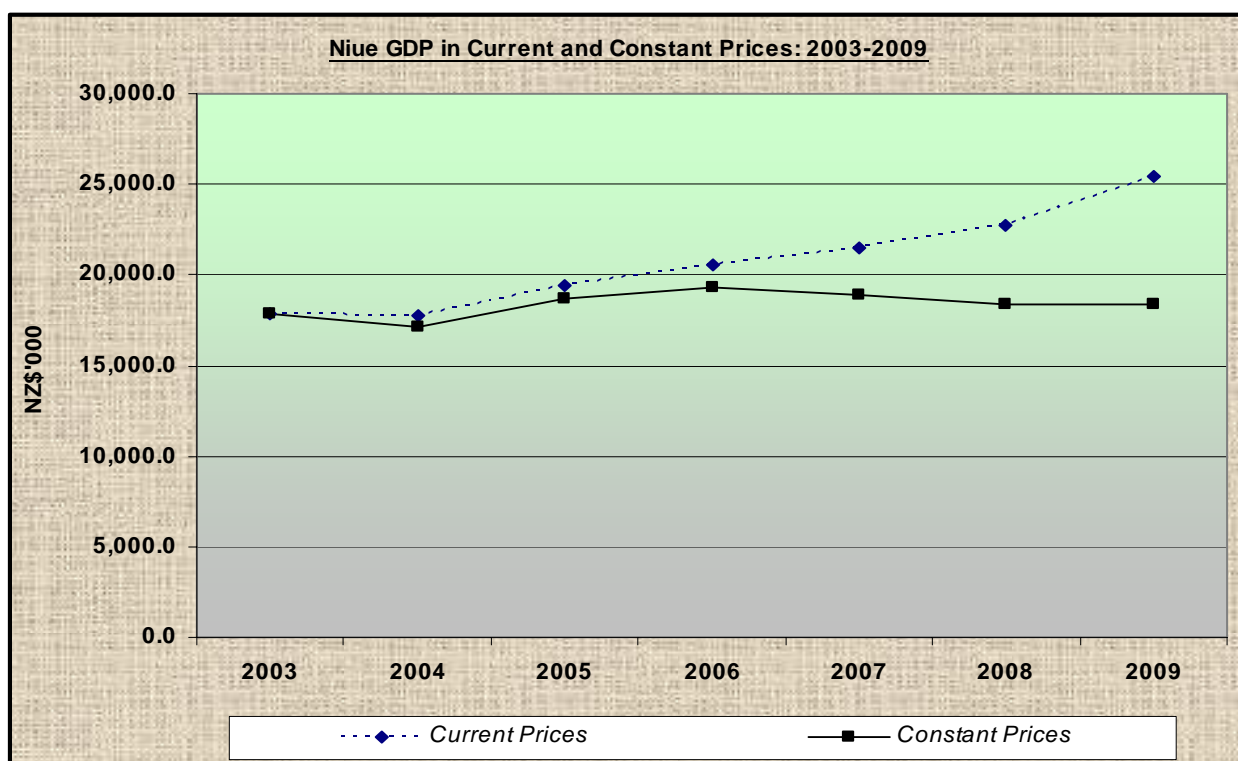
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## 2. The Niue GDP figures: 2003 - 2009

**Reference Period/Year: 2009**

**Base Period/Year: 2003**

GDP/Year	2003	2004	2005	2006	2007	2008	2009
Current Prices (000)	17,820.8	17,770.7	19,440.7	20,541.1	21,467.6	22,771.4	25,460.3
Constant Prices (000)	17,820.8	17,153.2	18,675.1	19,305.6	18,905.9	18,386.3	18,409.5



*Chart 1 : The Niue GDP figures in Current Prices and Constant Prices : 2003 - 2009*

### 2.1 General Remarks

The estimates have been made up to 2009 in both current and constant prices by sector and industry. The estimates have relied heavily on the use of audited financial statements and official budget estimates for government related activities i.e non-market activities, trading and corporations.

Limited data is available for private enterprises and this made the process of estimations a little bit more challenging. Generally the estimates of the private sector enterprises have used a composite adjustment growth factor over the officially available value added estimates from 2006. This adjustment factor is composite growth of inflation and labour productivity based on New Zealand. Inflation is been used to capture price effects on growth, and labour productivity to capture trends in

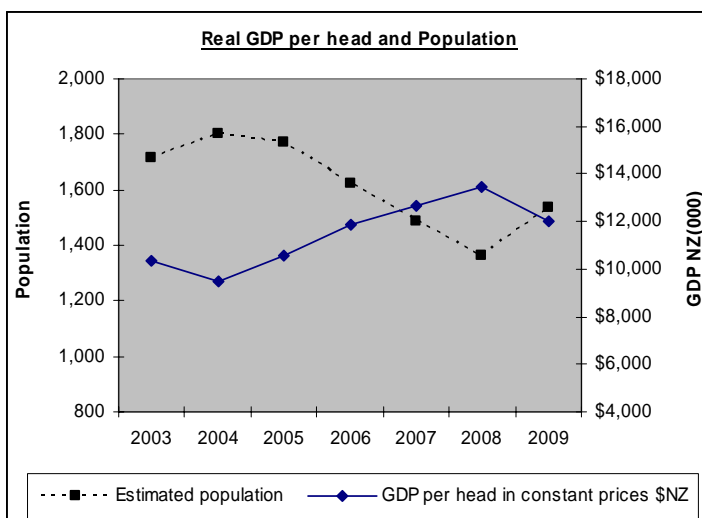
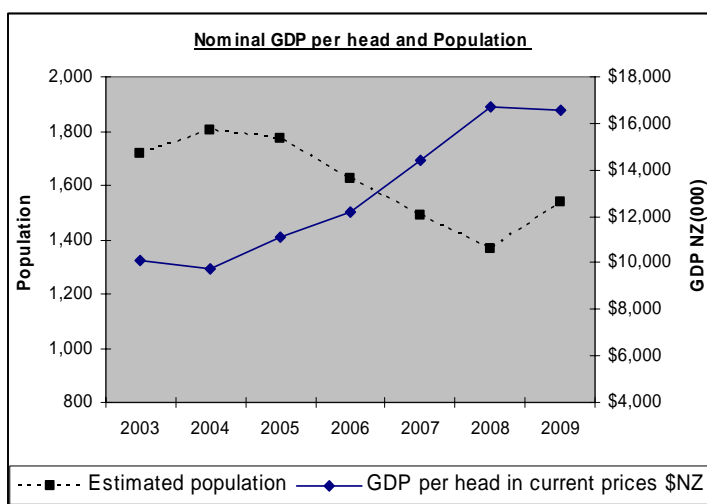
real value added. In this respect the inflation rates for Niue and labour productivity growth rates for New Zealand are used respectively.

While labour productivity and inflation rates used, it must be stated that most of the economic activities in Niue revolve around government activities. Government is engaged in real estate, wholesale, retail, electricity generation, telecommunications, banking besides the normal public administration functions. Such functions include administration of state affairs, health services, security, and social welfare amongst others. In other words, government contribution to GDP is slightly over 50%. Government data has been comprehensively used in the period under estimation that makes the estimates more reasonable and of credible use in economic planning besides other uses.

Lack of price indices other than the consumer price always poses a challenge. Theoretically the use of producer price indices and other specific indices is very ideal. Their unavailability in Niue leaves no option but to use the CPI as a deflator to generate the constant price series. Single deflation has been used in generating the constant price series.

## 2.2 GDP per capita

Year ended June	2003	2004	2005	2006	2007	2008	2009
Estimated population	1,717	1,805	1,771	1,624	1,489	1,366	1,536
GDP per head in current prices \$NZ	\$10,114	\$9,740	\$11,110	\$12,158	\$14,415	\$16,675	\$16,575
GDP per head in constant prices \$NZ	\$10,379	\$9,503	\$10,543	\$11,888	\$12,695	\$13,464	\$11,985



## 3. GDP Growth and Economic Performance

### 3.1 GDP in Constant Prices

Overall Niue economy has not been spared the effects of the global financial turmoil and the road to recovery since cyclone Heta has been very difficult. Similarly the high costs of shipping as a result of high fuel costs compounded by remoteness of the island continuously increase the cost of doing business. Limited bed space across the island makes it difficult to attract many visitors. A combination of such factors tends to interplay and continuously affect the performance of the economy. The negative growth of 2.7% is observed in 2008 as a result of the factors highlighted above. However, Niue did record a modest growth of 0.1% in 2009 which in absolute real terms remains on the lower side of 2006 by 4.9%. This level of growth unfortunately is not private sector led but rather emanates from government non-market operations and non-profit institutions (*2.5% growth in both instances*). Performance of the formal private sector has been steadily declining since 2007 with Hotels and Restaurants a driving force behind the fall underscoring the importance of tourism to Niue economy. Similarly, the agriculture industry performance has been less impressive declining by 5.1% in 2009. Given the small size of the Niue economy and its dominance by government operations, linkages across industries remain very strong. Once a particular sector is affected in either a positive or negative manner, aligned industries tend to move in a similar direction. Direct linkages are apparent between Hotels, Restaurants and Transport for instance. With Hotels and Restaurants declining in both 2008 and 2009, the transport industry has taken a similar pattern. Wholesale and retail trade declined by a further 5.2% in 2009 from a negative growth of 5.7% in 2008. High cost of imports necessitated by high fuel prices in 2008 and spilling over into 2009 can be attributed to such bad performance. The situation for high cost of imports is worsened by the inability of most private business to attain profitable economies of scale given the size of Niue economy. The same arguments especially on transportation costs, it seems to hold with respect to export agriculture that is reflected in the negative growth of the agriculture industry. High transportation costs result into reduced demand of Niue's export because of high prices.

### 3.1 GDP in Current Prices

In 2009, GDP grew by 11.8% in nominal terms with much of the effect coming from Government non-market activities that constitute 33.8% of total GDP in the same year. Government non-market activities grew by 14.4% just like private non-profit institutions. Indirect taxes record a growth of 37.9% but only account for 9.3% of GDP. However indirect taxes have been steadily rising as a percentage of GDP since 2006 possibly reflecting increased tax compliance.

Within industries, in nominal terms, high levels of growth are observed in mining and construction industries in 2009 at 18% and 10.4% respectively. While these industries grew substantially in nominal terms, they constitute around 1.2% of GDP.

Nonetheless, while nominal GDP appears to have grown substantially in 2009, much of this growth is a price effect. It does not stem from increased productivity but rather high prices that Niue has been experiencing. Inflation averaged 11.7% in 2009 and effectively knocking out all the nominal growth when expressed in real terms. In 2007 and 2008, inflation surpassed growth in nominal GDP resulting into negative growth in real terms.

## 4. Tables

*Table 1: Contribution to Gross Domestic Product in Current Prices: Ownership Group*

Year ended June	\$NZ(000)						
	2003	2004	2005	2006	2007	2008	2009
Government non-market	6,817	7,031	7,006	6,941	7358.1	7512.2	8596.4
Government trading enterprises	2,470	2,037	2,919	2,697	3013.4	3042.9	3307.4
Private non-profit organisations	251	255	259	269	303.3	346.6	396.7
Private enterprises in the formal cash sector	4,317	4,566	4,234	4,870	5164.6	5527.7	5873.6
Private sector subsistence activity	3,936	3,755	4,140	4,445	4897.8	5331.2	5675.6
<i>Less Imputed bank service charge</i>	-215	-336	-256	-334	-337.5	-340.9	-344.3
<i>Plus Indirect taxes</i>	970	1,007	1,823	960	1351.4	1719.8	2372.0
<i>Less Subsidies</i>	-725	-545	-684	694	-283.4	-368.1	-417.1
<b>Gross Domestic Product in current prices</b>	<b>17,821</b>	<b>17,771</b>	<b>19,441</b>	<b>20,541</b>	<b>21,468</b>	<b>22,771</b>	<b>25,460</b>

*Table 2: Contribution to Gross Domestic Product in Current Prices: Industry Group*

Year ended June	\$NZ(000)						
	2003	2004	2005	2006	2007	2008	2009
Agriculture, Hunting, Fishing and Forestry	4,157	3,962	4,326	4,913	5,316	5,746	6,088
Mining and Quarrying	-12	30	42	47	65	66	78
Manufacturing	268	279	273	282	299	310	340
Electricity, Gas and Water	201	139	467	494	495	501	539
Construction	36	7	49	196	204	208	229
Wholesale and Retail trade	2,181	2,433	2,653	2,344	2,798	2,879	3,047
Hotels and Restaurants	566	622	622	819	698	753	769
Transport and Communications	1,623	1,088	1,273	1,057	1,256	1,328	1,458
Finance, Business Services and Real Estate (1)	1,434	1,547	1,334	1,596	1,648	1,771	1,919
General Government non-market	6,817	7,031	7,006	6,941	7,358	7,512	8,596
Community and Personal Services	519	506	514	534	602	688	787
<i>Less Imputed bank service charge</i>	-215	-336	-256	-334	-338	-341	-344
<i>Plus Indirect taxes</i>	970	1,007	1,823	960	1,351	1,720	2,372
<i>Less Subsidies</i>	-725	-545	-684	694	-283	-368	-417
<b>Gross Domestic Product in current prices</b>	<b>17,821</b>	<b>17,771</b>	<b>19,441</b>	<b>20,541</b>	<b>21,468</b>	<b>22,771</b>	<b>25,460</b>

Table 3: Percentage contribution to Gross Domestic Product: Ownership Group

Year ended June	2003	2004	2005	2006	2007	2008	2009
Government non-market	38.3%	39.6%	36.0%	33.8%	34.3%	33.0%	33.8%
Government trading enterprises	13.9%	11.5%	15.0%	13.1%	14.0%	13.4%	13.0%
Private non-profit organisations	1.4%	1.4%	1.3%	1.3%	1.4%	1.5%	1.6%
Private enterprises in the formal cash sector	24.2%	25.7%	21.8%	23.7%	24.1%	24.3%	23.1%
Private sector subsistence activity	22.1%	21.1%	21.3%	21.6%	22.8%	23.4%	22.3%
<i>Less Imputed bank service charge</i>	-1.2%	-1.9%	-1.3%	-1.6%	-1.6%	-1.5%	-1.4%
<i>Plus Indirect taxes</i>	5.4%	5.7%	9.4%	4.7%	6.3%	7.6%	9.3%
<i>Less Subsidies</i>	-4.1%	-3.1%	-3.5%	3.4%	-1.3%	-1.6%	-1.6%
<b>Gross Domestic Product in current prices</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Table 4: Percentage contribution to Gross Domestic Product: Industry Group

Year ended June	2003	2004	2005	2006	2007	2008	2009
Agriculture, Hunting, Fishing and Forestry	23.3%	22.3%	22.3%	23.9%	24.8%	25.2%	23.9%
Mining and Quarrying	-0.1%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
Manufacturing	1.5%	1.6%	1.4%	1.4%	1.4%	1.4%	1.3%
Electricity, Gas and Water	1.1%	0.8%	2.4%	2.4%	2.3%	2.2%	2.1%
Construction	0.2%	0.0%	0.2%	1.0%	1.0%	0.9%	0.9%
Wholesale and Retail trade	12.2%	13.7%	13.6%	11.4%	13.0%	12.6%	12.0%
Hotels and Restaurants	3.2%	3.5%	3.2%	4.0%	3.3%	3.3%	3.0%
Transport and Communications	9.1%	6.1%	6.6%	5.1%	5.8%	5.8%	5.7%
Finance, Business Services and Real Estate	8.0%	8.7%	6.9%	7.8%	7.7%	7.8%	7.5%
General Government non-market	38.3%	39.6%	36.0%	33.8%	34.3%	33.0%	33.8%
Community and Personal Services	2.9%	2.8%	2.6%	2.6%	2.8%	3.0%	3.1%
<i>Less Imputed bank service charge</i>	-1.2%	-1.9%	-1.3%	-1.6%	-1.6%	-1.5%	-1.4%
<i>Plus Indirect taxes</i>	5.4%	5.7%	9.4%	4.7%	6.3%	7.6%	9.3%
<i>Less Subsidies</i>	-4.1%	-3.1%	-3.5%	3.4%	-1.3%	-1.6%	-1.6%
<b>Gross Domestic Product in current prices</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(1) Finance and real estate includes the contribution to GDP by Owner Occupied Dwellings

Table 5: NIUE Gross Domestic Product in Constant 2003 Prices by Sector(NZ'000)

Year ended June	2003	2004	2005	2006	2007	2008	2009
Government non-market	6,817	6,787	6,730	6,523	6,480	6,066	6,216
Government trading enterprises	2,470	1,966	2,804	2,534	2,654	2,457	2,391
Private non-profit organisations	251	246	249	253	267	280	287
Private enterprises in the formal cash sector	4,317	4,407	4,067	4,577	4,548	4,463	4,247
Private sector subsistence activity	3,936	3,625	3,977	4,177	4,313	4,305	4,104
<i>Less Imputed bank service charge</i>	-215	-324	-246	-314	-297	-275	-249
<i>Plus Indirect taxes</i>	970	972	1,751	902	1,190	1,389	1,715
<i>Less Subsidies</i>	-725	-526	-657	653	-250	-297	-302
<b>Gross Domestic Product in constant 2003 prices</b>	<b>17,821</b>	<b>17,153</b>	<b>18,675</b>	<b>19,306</b>	<b>18,906</b>	<b>18,386</b>	<b>18,410</b>

Table 6: *NIUE Gross Domestic Product in Constant 2003 Prices by Industry(NZ'000)*

Year ended June	2003	2004	2005	2006	2007	2008	2009
Agriculture, Hunting, Fishing and Forestry	4,157	3,825	4,155	4,618	4,681	4,639	4,402
Mining and Quarrying	-12	29	40	44	57	53	56
Manufacturing	268	270	262	265	263	250	246
Electricity, Gas and Water	201	134	449	464	436	405	390
Construction	36	7	47	184	180	168	166
Wholesale and Retail trade	2,181	2,348	2,548	2,203	2,464	2,324	2,203
Hotels and Restaurants	566	601	597	770	615	608	556
Transport and Communications	1,623	1,050	1,223	993	1,106	1,072	1,054
Finance, Business Services and Real Estate (1)	1,434	1,493	1,281	1,500	1,451	1,430	1,388
General Government non-market	6,817	6,787	6,730	6,523	6,480	6,066	6,216
Community and Personal Services	519	489	494	502	530	555	569
Less Imputed bank service charge	-215	-324	-246	-314	-297	-275	-249
Plus Indirect taxes	970	972	1,751	902	1,190	1,389	1,715
Less Subsidies	-725	-526	-657	653	-250	-297	-302
<b>Gross Domestic Product in constant 2003 prices</b>	<b>17,821</b>	<b>17,153</b>	<b>18,675</b>	<b>19,306</b>	<b>18,906</b>	<b>18,386</b>	<b>18,410</b>

Table 7: *GDP Growth by Institutional Sector at 2003 Prices (NZ 000)*

Year ended June	2004	2005	2006	2007	2008	2009
Government non-market	-0.4	-0.8	-3.1	-0.7	-6.4	2.5
Government trading enterprises	-20.4	42.6	-9.6	4.7	-7.4	-2.7
Private non-profit organisations	-1.9	1.1	1.6	5.6	4.8	2.5
Private enterprises in the formal cash sector	2.1	-7.7	12.5	-0.6	-1.9	-4.8
Private sector subsistence activity	-7.9	9.7	5.0	3.3	-0.2	-4.7
<i>Less Imputed bank service charge</i>	<i>50.6</i>	<i>-24.0</i>	<i>27.6</i>	<i>-5.4</i>	<i>-7.4</i>	<i>-9.6</i>
<i>Plus Indirect taxes</i>	<i>0.2</i>	<i>80.2</i>	<i>-48.5</i>	<i>31.9</i>	<i>16.7</i>	<i>23.5</i>
<i>Less Subsidies</i>	<i>-27.4</i>	<i>24.8</i>	<i>-199.4</i>	<i>-138.3</i>	<i>19.1</i>	<i>1.5</i>
<b>Gross Domestic Product in constant 2003 prices</b>	<b>-3.7</b>	<b>8.9</b>	<b>3.4</b>	<b>-2.1</b>	<b>-2.7</b>	<b>0.1</b>

Table 8: *GDP Growth by Industry at 2003 Prices (NZ'000)*

Year ended June	2004	2005	2006	2007	2008	2009
Agriculture, Hunting, Fishing and Forestry	-8.0	8.6	11.1	1.4	-0.9	-5.1
Mining and Quarrying	-343.3	38.8	9.7	29.8	-7.4	5.6
Manufacturing	0.5	-2.9	1.3	-0.9	-5.0	-1.8
Electricity, Gas and Water	-33.4	234.9	3.4	-6.0	-7.2	-3.7
Construction	-81.3	597.6	293.8	-2.2	-6.6	-1.1
Wholesale and Retail trade	7.6	8.5	-13.6	11.9	-5.7	-5.2
Hotels and Restaurants	6.1	-0.6	28.8	-20.1	-1.0	-8.7
Transport and Communications	-35.3	16.5	-18.8	11.3	-3.0	-1.7
Finance, Business Services and Real Estate (1)	4.1	-14.2	17.0	-3.3	-1.5	-2.9
General Government non-market	-0.4	-0.8	-3.1	-0.7	-6.4	2.5
Community and Personal Services	-5.9	1.1	1.6	5.6	4.8	2.5
<i>Less Imputed bank service charge</i>	<i>50.6</i>	<i>-24.0</i>	<i>27.6</i>	<i>-5.4</i>	<i>-7.4</i>	<i>-9.6</i>
<i>Plus Indirect taxes</i>	<i>0.2</i>	<i>80.2</i>	<i>-48.5</i>	<i>31.9</i>	<i>16.7</i>	<i>23.5</i>
<i>Less Subsidies</i>	<i>-27.4</i>	<i>24.8</i>	<i>-199.4</i>	<i>-138.3</i>	<i>19.1</i>	<i>1.5</i>
<b>Gross Domestic Product in constant 2003 prices</b>	<b>-3.7</b>	<b>8.9</b>	<b>3.4</b>	<b>-2.1</b>	<b>-2.7</b>	<b>0.1</b>



## 5. Preliminary Nature of Estimates

The figures are of preliminary nature given some weaknesses in the data but nonetheless they do paint a more than accurate picture of the Niue economy during the reference period. Growth that is led by government related non-market activities is symbolic of a small island economy where inability to attain economies of scale by businesses plus high transport costs tends to suffocate private sector led growth.

Nonetheless, some of the recent initiatives that the government of Niue has put in place or intends to implement are likely to increase participation of the private sector in the economy. The expected construction of a new hotel and reforms to have financial services improved particularly electronic payment systems with the Bank of South Pacific to accept various credit cards and mobile communications look like positive steps to attract more visitors to the island and possibly reduce business costs. Anticipation of increased bed space and other payment mechanisms is likely to increase the number of visitors to Niue. Likelihood of positive spill-overs such as increased retail trade, restaurants and business activities is high leading to increased private sector participation in the economy.

## 6. Acknowledgements

Statistics Niue of the EPDS, Premiers Department would like to acknowledge the technical assistance from SPC through Alick Nyasulu, the staff of Treasury Department and managers of Government Corporations for providing the information for the compilation of the national accounts estimates of Niue. Our sincere hope that the information contained herein is relevant and useful to all users and stakeholders.

Our pledge, in order for us to improve the usefulness of this statistical release we appreciate your comments. Please write to the Government Statistician, Statistics Niue, EPDS, Premiers Department, Government of Niue, Alofi, NIUE; or send an e mail to email address: [Kimray.Vaha@mail.gov.nu](mailto:Kimray.Vaha@mail.gov.nu). Fakaau lahi.

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