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Gross Domestic Product of Niue for 2004 to 2006

The Gross Domestic Product (GDP) of Niue:

The GDP estimates of Niue are for the period of 2004 to 2006; both current and constant prices and divided 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 for the private sector enterprises have used a composite adjustment growth factor over the officially available value added estimates for 2003. This adjustment factor is composite growth of inflation and labour productivity. Inflation has been used to capture the price effects on growth and labour productivity to capture growth in value added. In this respect the inflation rates for Niue and labour productivity growth rates for New Zealand are used respectively. The New Zealand growth is used in the absence of labour productivity estimates for Niue. While labour productivity and inflation rates are used, it must be stated that most of the economic activities in Niue revolve around government activities. In other words, government contribution to GDP is slightly over 50%. Government data has been comprehensively used in the period under estimation, thus making the estimates more reasonable and of credible use in/for economic planning besides other uses. The estimates have also come up with constant GDP in 2003 prices. Lack of price indices other than the consumer price indices always poses a challenge. Theoretically the use of producer price indices and other specific indices is very ideal but their unavailability for 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. By single deflator, it means that the current value added is the just expressed in prices of 2003 as opposed to double deflation techniques that decompose value added into output and intermediate costs.



GDP Growth:

The estimates for growth are made from 2004 to 2006.

- Nominal GDP (Current Prices) declined by 0.3% in 2004 mainly as a result of the after effects of the January cyclone. Almost all industries were greatly affected as was seen in the figures in the industries contributions to the GDP. Construction, Transport and communications, Electricity, Gas and water groups were the ones most affected.
- Real GDP (Constant Prices) declined by 3.7 % in 2004 mainly as a result of the after effects of the January cyclone. Almost all industries were greatly affected and experienced negative growth. Some few exceptions do indicate growth. These include manufacturing (0.5%), Wholesale and Retail (7.6%) and Finance, Business Services and Real estate (4.1%).
- There is high real growth in 2005 The economy grew by 8.9% in 2005 with most industries experiencing positive growth. Other industries underperformed particularly manufacturing and Finance, Business services and real estates. Growth in 2006 slows down to 3.4% but with a strong rebound in Finance, Business services, real estates and hotels.
- The growth in 2005 basically reflects recovering from Heta. It is slightly above the 2003 real GDP, indicating a return to economic normality.

Definitions:

Gross Domestic Product (GDP) is a measure of the economic activities and growth in the economy.

Types of GDP and GDP growth:

1. *Current GDP* is GDP expressed in the current prices of the period being measured
2. *Nominal GDP growth* is GDP growth in nominal prices (unadjusted for price changes).
3. *Real GDP growth* is GDP growth adjusted for price changes.

Calculating the real GDP growth allows economists to determine if production increases or decreases, regardless of changes in the purchasing power of the currency.

The most common approach to measuring and quantifying GDP is the expenditure method:

GDP = consumption + gross investment + government spending + (exports – imports), or,

GDP = C + I + G + (X – M).



Niue Gross Domestic Product in Current Prices: 2003 - 2006

Contribution to Gross Domestic Product

\$NZ(000)

| Year ended June | 2003 | 2004 | 2005 | 2006 |
|---|---------------|---------------|---------------|---------------|
| Ownership Group | | | | |
| Government non-market | 6,817 | 7,031 | 7,006 | 6,941 |
| Government trading enterprises | 2,470 | 2,037 | 2,919 | 2,697 |
| Private non-profit organisations | 251 | 255 | 259 | 269 |
| Private enterprises in the formal cash sector | 4,317 | 4,566 | 4,234 | 4,870 |
| Private sector subsistence activity | 3,936 | 3,755 | 4,140 | 4,445 |
| <i>Less Imputed bank service charge</i> | -215 | -336 | -256 | -334 |
| <i>Plus Indirect taxes</i> | 970 | 1,007 | 1,823 | 960 |
| <i>Less Subsidies</i> | -725 | -545 | -684 | 694 |
| Gross Domestic Product in current prices | 17,821 | 17,771 | 19,441 | 20,541 |
| <i>Annual Nominal GDP growth</i> | <i>0.77</i> | <i>-0.28</i> | <i>9.40</i> | <i>5.66</i> |

Industry Group

| | | | | |
|---|-----------------|----------------|-----------------|-----------------|
| Agriculture, Hunting, Fishing and Forestry | 4,157 | 3,962 | 4,326 | 4,913 |
| Mining and Quarrying | -12 | 30 | 42 | 47 |
| Manufacturing | 268 | 279 | 273 | 282 |
| Electricity, Gas and Water | 201 | 139 | 467 | 494 |
| Construction | 36 | 7 | 49 | 196 |
| Wholesale and Retail trade | 2,181 | 2,433 | 2,653 | 2,344 |
| Hotels and Restaurants | 566 | 622 | 622 | 819 |
| Transport and Communications | 1,623 | 1,088 | 1,273 | 1,057 |
| Finance, Business Services and Real Estate (1) | 1,434 | 1,547 | 1,334 | 1,596 |
| General Government non-market | 6,817 | 7,031 | 7,006 | 6,941 |
| Community and Personal Services | 519 | 506 | 514 | 534 |
| <i>Less Imputed bank service charge</i> | -215 | -336 | -256 | -334 |
| <i>Plus Indirect taxes</i> | 970 | 1,007 | 1,823 | 960 |
| <i>Less Subsidies</i> | -725 | -545 | -684 | 694 |
| Gross Domestic Product in current prices | 17,821 | 17,771 | 19,441 | 20,541 |
| Estimated population | 1,717 | 1,805 | 1,771 | 1,625 |
| GDP per head in current prices \$NZ | \$10,114 | \$9,740 | \$11,110 | \$12,158 |



Niue Gross Domestic Product in Constant Prices: 2003 - 2006

Contribution to Gross Domestic Product

NIUE Gross Domestic Product in Constant 2003 Prices by Sector

| | (NZ'000) | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2003 | 2004 | 2005 | 2006 |
| Government non-market | 6,817.3 | 6,786.8 | 6,730.1 | 6,523.1 |
| Government trading enterprises | 2,469.8 | 1,966.3 | 2,803.8 | 2,534.4 |
| Private non-profit organisations | 251.1 | 246.3 | 249.0 | 253.0 |
| Private enterprises in the formal cash sector | 4,316.8 | 4,407.3 | 4,067.1 | 4,577.3 |
| Private sector subsistence activity | 3,936.5 | 3,624.8 | 3,976.9 | 4,177.3 |
| <i>Less Imputed bank service charge</i> | -215.1 | -324.0 | -246.1 | -314.1 |
| <i>Plus Indirect taxes</i> | 969.5 | 971.7 | 1,751.0 | 902.0 |
| <i>Less Subsidies</i> | -725.1 | -526.1 | -656.6 | 652.5 |
| Gross Domestic Product in constant 2003 prices | 17,820.8 | 17,153.2 | 18,675.1 | 19,305.6 |

NIUE Gross Domestic Product in Constant 2003 Prices by Industry

| | (NZ'000) | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2003 | 2004 | 2005 | 2006 |
| Agriculture, Hunting, Fishing and Forestry | 4,157.5 | 3,824.6 | 4,155.2 | 4,617.5 |
| Mining and Quarrying | -11.9 | 29.0 | 40.3 | 44.2 |
| Manufacturing | 268.3 | 269.7 | 262.0 | 265.3 |
| Electricity, Gas and Water | 201.1 | 133.9 | 448.5 | 463.9 |
| Construction | 35.8 | 6.7 | 46.7 | 183.8 |
| Wholesale and Retail trade | 2,181.2 | 2,348.0 | 2,548.1 | 2,202.6 |
| Hotels and Restaurants | 566.2 | 600.6 | 597.3 | 769.6 |
| Transport and Communications | 1,622.6 | 1,049.9 | 1,223.2 | 993.5 |
| Finance, Business Services and Real Estate (1) | 1,434.0 | 1,493.5 | 1,281.4 | 1,499.7 |
| General Government non-market | 6,817.3 | 6,786.8 | 6,730.1 | 6,523.1 |
| Community and Personal Services | 519.4 | 488.7 | 494.1 | 502.0 |
| <i>Less Imputed bank service charge</i> | -215.1 | -324.0 | -246.1 | -314.1 |
| <i>Plus Indirect taxes</i> | 969.5 | 971.7 | 1,751.0 | 902.0 |
| <i>Less Subsidies</i> | -725.1 | -526.1 | -656.6 | 652.5 |
| Gross Domestic Product in constant 2003 prices | 17,820.8 | 17,153.2 | 18,675.1 | 19,305.6 |

Niue Gross Domestic Product Growth in Constant Prices: 2003 - 2006

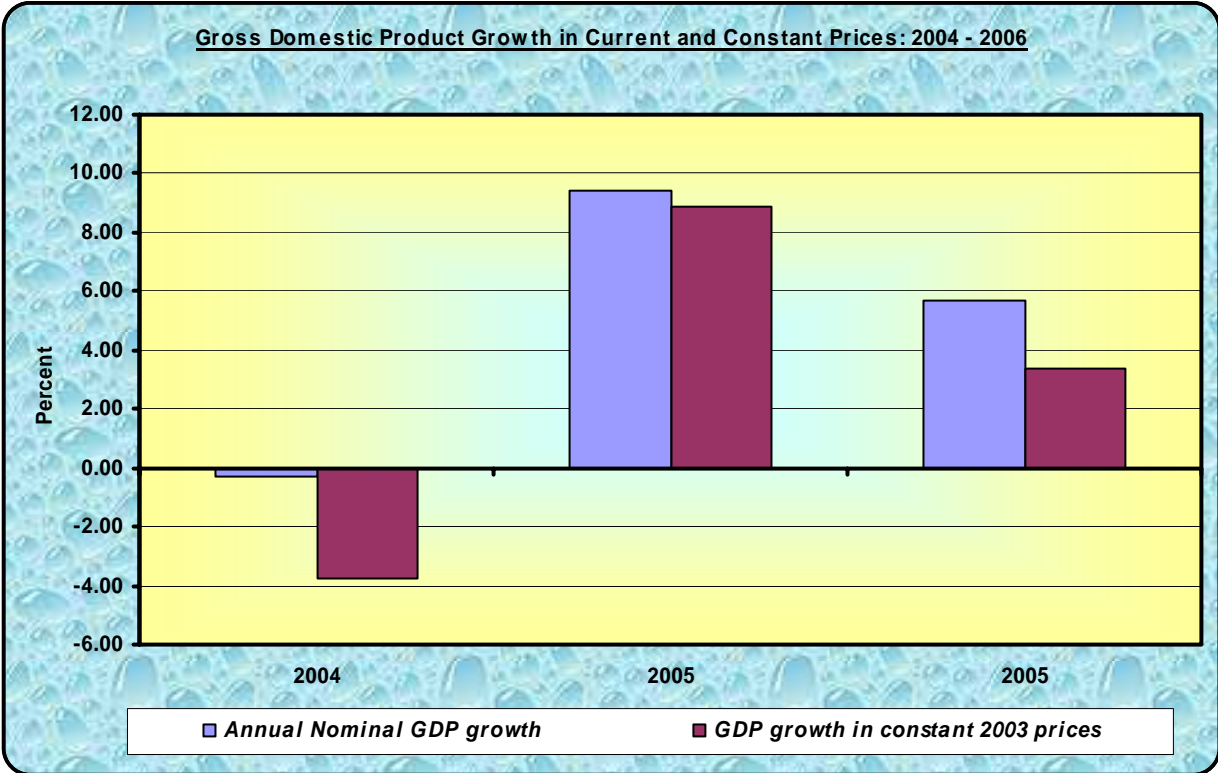
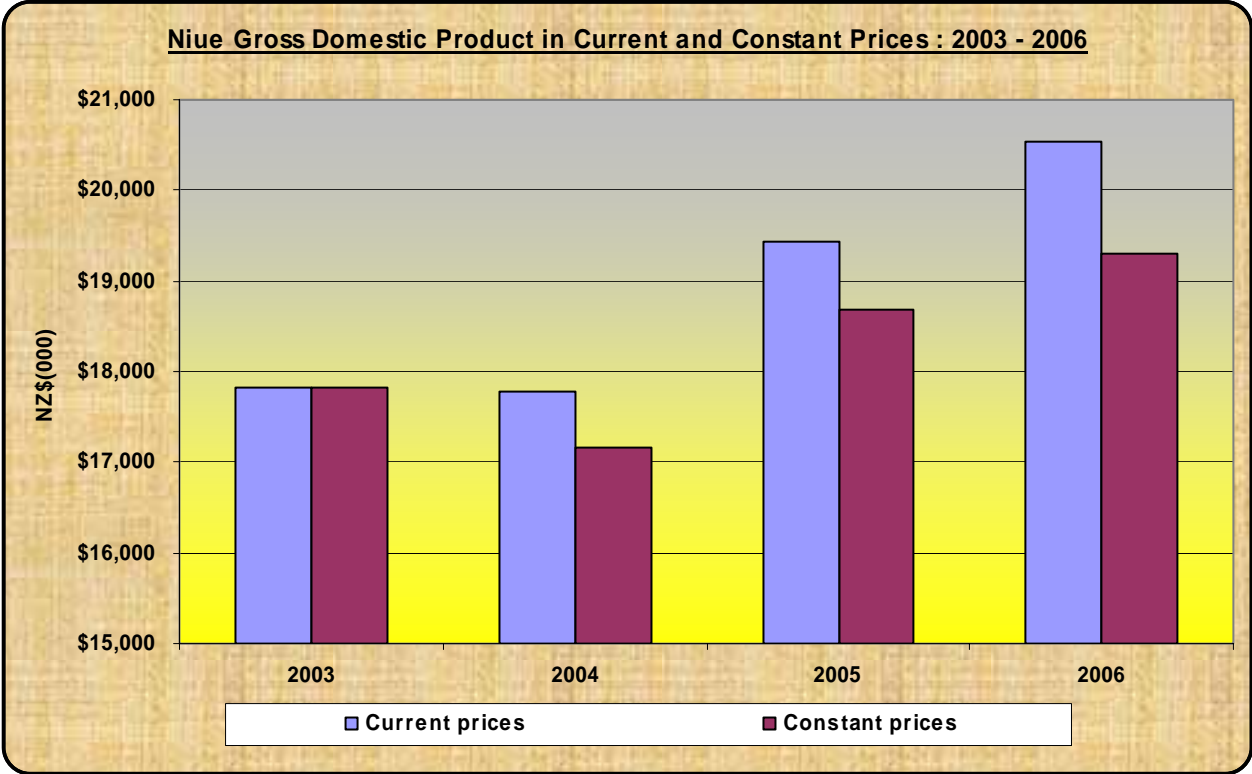


Constant GDP 2003 price Growth Rates by Sector

| | 2004 | 2005 | 2006 |
|---|-------------|-------------|-------------|
| Government non-market | -0.4 | -0.8 | -3.1 |
| Government trading enterprises | -20.4 | 42.6 | -9.6 |
| Private non-profit organisations | -1.9 | 1.1 | 1.6 |
| Private enterprises in the formal cash sector | 2.1 | -7.7 | 12.5 |
| Private sector subsistence activity | -7.9 | 9.7 | 5.0 |
| Less Imputed bank service charge | 50.6 | -24.0 | 27.6 |
| <i>Plus Indirect taxes</i> | 0.2 | 80.2 | -48.5 |
| <i>Less Subsidies</i> | -27.4 | 24.8 | -199.4 |
| Gross Domestic Product in constant 2003 prices | -3.7 | 8.9 | 3.4 |

Constant GDP 2003 price Growth Rates by Industry

| | 2004 | 2005 | 2006 |
|---|-------------|-------------|-------------|
| Agriculture, Hunting, Fishing and Forestry | -8.0 | 8.6 | 11.1 |
| Mining and Quarrying | -343.3 | 38.8 | 9.7 |
| Manufacturing | 0.5 | -2.9 | 1.3 |
| Electricity, Gas and Water | -33.4 | 234.9 | 3.4 |
| Construction | -81.3 | 597.6 | 293.8 |
| Wholesale and Retail trade | 7.6 | 8.5 | -13.6 |
| Hotels and Restaurants | 6.1 | -0.6 | 28.8 |
| Transport and Communications | -35.3 | 16.5 | -18.8 |
| Finance, Business Services and Real Estate (1) | 4.1 | -14.2 | 17.0 |
| General Government non-market | -0.4 | -0.8 | -3.1 |
| Community and Personal Services | -5.9 | 1.1 | 1.6 |
| Less Imputed bank service charge | 50.6 | -24.0 | 27.6 |
| <i>Plus Indirect taxes</i> | 0.2 | 80.2 | -48.5 |
| <i>Less Subsidies</i> | -27.4 | 24.8 | -199.4 |
| Gross Domestic Product in constant 2003 prices | -3.7 | 8.9 | 3.4 |



General information and acknowledgements.

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