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Information Technology Survey 1999 Financial Year

Highlights

Total IT sales rise

The total value of sales by the New Zealand IT industry (excluding communication services) was estimated at \$6,029.9 million. This is up 7.2 percent on the previous year.

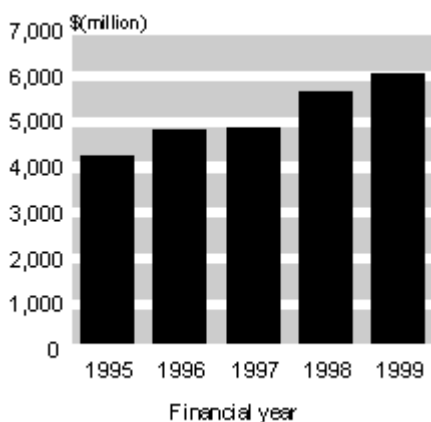
Software exports increase

Exports of software increased by 34.1 percent or \$26.8 million to reach \$105.3 million in the year to March 1999. Software exports have increased by \$44.0 million since the year ended March 1995.

Sales of computer services grow

One of the main causes of the increases in IT sales in March 1999 was the growth in sales of computer services to New Zealand end users. Sales of computer services includes systems analysis, systems integration and software maintenance. The category rose by 17.1 percent to reach \$1,598.8 million for the year ended March 1999.

Total IT Sales



Ron McKenzie
Chief Economist, Business Statistics

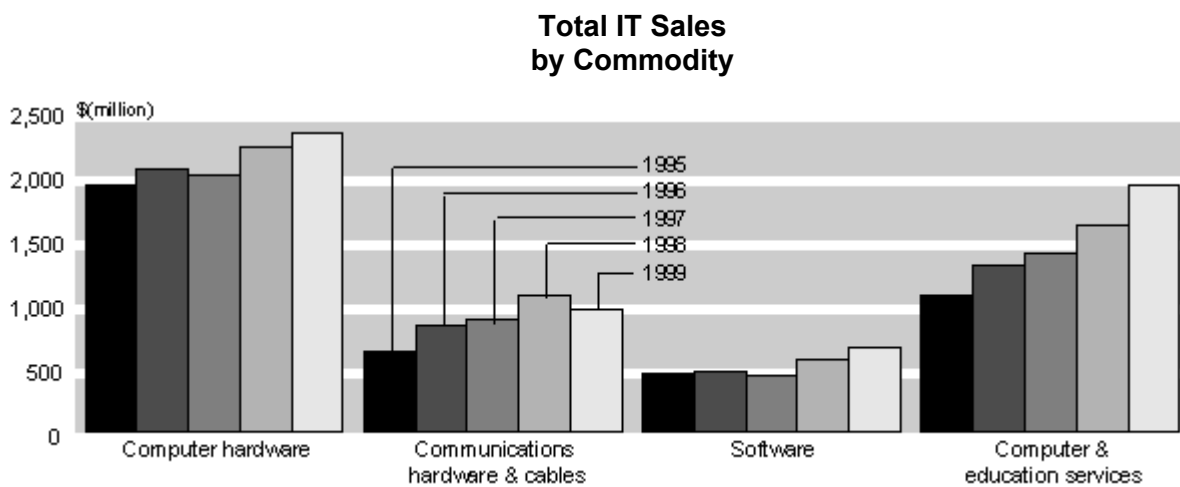
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Commentary

Increase in total IT sales

The total value of sales by the New Zealand IT industry (excluding communication services) for 1999 was estimated at \$6,029.9 million. This is up 7.2 percent on the previous year. The majority of commodities reported increases during the year; the only commodities that decreased were computer hardware: single-user systems down 1.0 percent, and communications hardware and cables, down 9.7 percent.

Total IT sales have experienced strong growth every year since the survey began in 1994. Growth in IT sales in the March 1999 year was largely driven by increases in the sale of software, computer services, and training and education in IT.



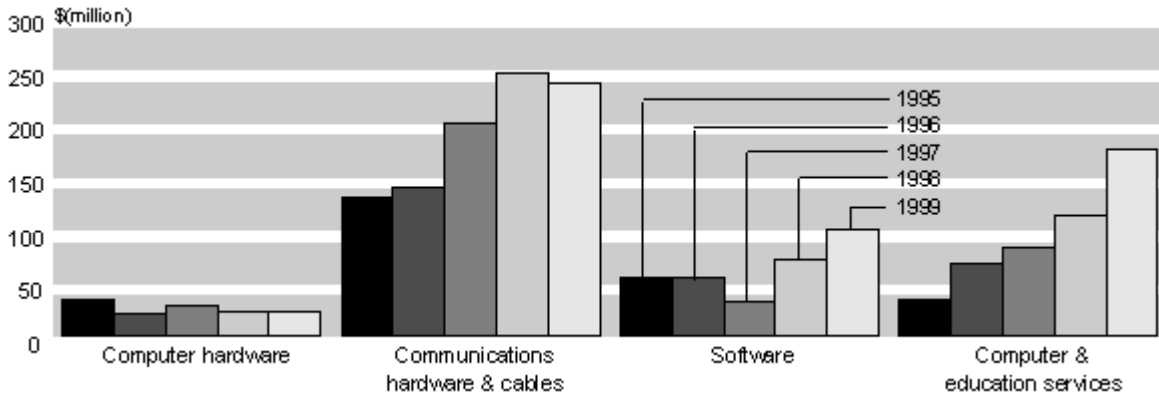
IT exports

Total exports of IT goods and services (excluding communication services) increased 16.6 percent to \$558.4 million during the 1999 financial year. The fall in the value of the New Zealand dollar during 1999 may have contributed to this increase in export earnings.

Export sales of software and computer services increased 44.5 per cent in the 1999 financial year to reach \$284.0 million. Strong export growth was also recorded in training and education services, up 25.0 percent; and peripheral computer equipment, up 15.7 percent.

Computer hardware: single-user systems and communication hardware and cables, were the only categories to report a decline during 1999. Computer hardware single-user system exports were estimated at \$11.2 million, down from \$15.9 million in the previous year. Communication hardware and cables were estimated at \$243.9 million, down from \$251.8 million recorded in 1998.

IT Exports by Commodity



End user sales

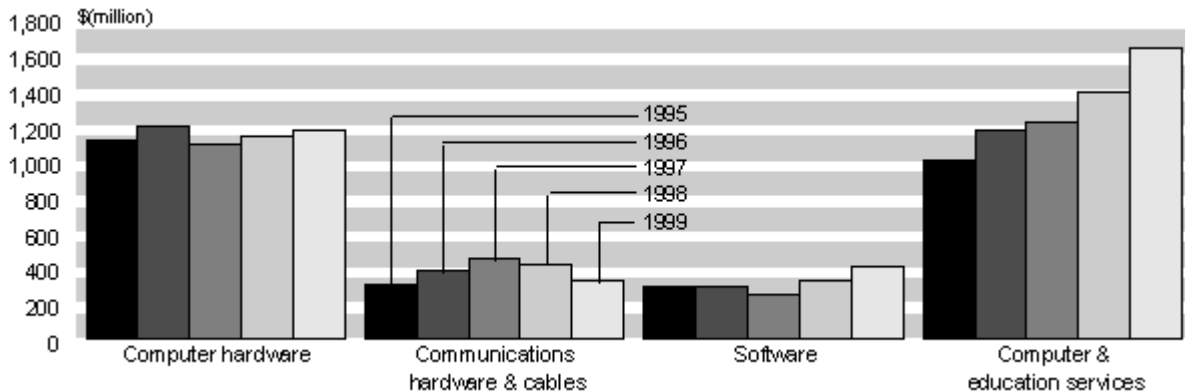
The value of New Zealand domestic IT sales (excluding on-selling activities and communication services) was estimated at \$3,645.7 million during the 1999 financial year. This is an increase of 8.1 percent on the previous year.

Sales of computer hardware: single-user systems grew 5.2 percent between the 1998 and 1999 financial years. At the same time sales of computer hardware: multi-user systems rose 1.4 percent or \$6.1 million to reach \$454.0 million.

Sales of communications hardware and cables declined by 18.9 percent to reach \$356.7 million for the year ended March 1999. However, sales of communications hardware and cables were \$31.5 million or 9.6 percent greater than the \$325.2 million recorded in the year ended March 1995.

Y2K compliance and a shift away from computer hardware selling have been identified as contributing factors to the growth in both domestic software and computer services sales. Computer services sales were \$1,598.8 million, up 17.1 percent from 1998, while software sales were up 20.8 percent to reach \$427.9 million for the year ended March 1999.

IT Sales to New Zealand End Users



Background data

Employment

The total number of full-time equivalent persons engaged (FTE) in IT industries (identified as being predominantly IT producers - see Technical Notes) increased 10.0 percent between 1998 and 1999. Employment within the computer consultancy services industry now exceeds 12,000 FTEs. Employment in the telecommunications services industry and the computer wholesaling industries were the only areas to show a decline in numbers.

Business locations

The number of business locations in the IT industry increased 5.1 percent between the 1998 and 1999 years, according to the Business Demography Statistics.

Computers at home

Thirty-three percent of New Zealand households had a home computer according to the Household Economic Survey for the year ending March 1998. This is up from 28 percent in 1997.

Trade statistics

Imports

Imports of data processing hardware and parts increased 11.8 percent to \$1,662.6 million between the March 1998 and March 1999 years. This follows an increase of 6.3 percent in the previous year. Imports of telecommunications hardware increased 16.4 percent between March 1998 and March 1999. The same commodity group decreased 1.3 percent in the year to March 1998.

Exports

Exports of data processing hardware and parts increased 18.6 percent to \$202.8 million between March 1998 and March 1999. This follows an increase of 41.8 percent in the previous year. Exports of telecommunications hardware increased 13.2 percent to \$56.1 million between the March 1998 and the March 1999 years.

Technical notes

General

These statistics are drawn from the 1999 annual Information Technology Survey. Other industry related statistics are included for comparison. The objectives of this survey are to provide information on the total income, export income and the domestic market size of the information technology (IT) industry in New Zealand. This survey is jointly sponsored by Statistics New Zealand, Ministry of Commerce, New Zealand Software Association, and the Information Technology Association of New Zealand.

Population

The target population for this survey is all kind of activity units with more than two full-time equivalents (FTEs) engaged in IT activity in New Zealand. The following industries, as classified on the Business Frame, have been described as primarily IT related in terms of the Australian and New Zealand Standard Industrial Classification (ANZSIC).

F461300 Computer Wholesaling

This consists of units mainly engaged in the wholesaling of computers or computer peripheral equipment.

J712000 Telecommunications Services

This class consists of units mainly engaged in providing telecommunication services to the public by wire, cable or radio.

L783100 Data Processing Services

This class consists of units mainly engaged in providing data processing services. Also included are units mainly engaged in providing time sharing services.

L783200 Information Storage and Retrieval Services

This class consists of units mainly engaged in providing information storage and retrieval services (other than library and bibliographic services).

L783300 Computer Maintenance Services

This class consists of units mainly engaged in providing computer maintenance or repair services.

L783400 Computer Consultancy Services

This class consists of units mainly engaged in providing computer consultancy services, computer systems analysis or computer programming services.

In addition, units not classified on the Business Frame to any of the above ANZSIC codes but who are members of the New Zealand Software Exporters Association (NZSEA), TRADENZ Telecommunications Joint Action Group, or the Information Technology Association of New Zealand (ITANZ) and having more than two FTEs are included.

Any unit known to the sponsoring parties that are significant participants in the IT industry outside the above sources, and who are not classified on the Business Frame to any of the above ANZSIC codes, and who have more than two FTEs, are also included.

Commodity definitions

Computer Hardware

Comprises complete computer systems or major upgrades. Excludes peripherals when sold separately. Includes items below, but is not limited to these.

- System processors or central processing units (with any associated power supplies and cooling equipment)
- Storage sub-systems
- Printer sub-systems
- Front-end communication processors
- Extended channels used for control, calculation and communication.

Single User Systems

Include general use computers intended primarily for a single user in an office or home.

Multi User Systems

Are intended primarily to service multiple users simultaneously, including dedicated file servers, minicomputers, Unix systems (other than single user), mainframes, and super computers.

Peripheral Computer Equipment (when sold separately to the peripherals in Computer Hardware above)

This includes any equipment distinct from the central processing unit that may provide the system with outside communication or additional facilities. Examples include modems, screens, mice, scanners, disk drives, tape drives, tape silos, CD-ROM drives, printers, EFT-POS terminals, banking devices, betting terminals, add-on boards, blank media including diskettes, tapes and toner cartridges.

Communications Hardware

Includes switching equipment, transmission equipment, customer equipment (fixed or mobile), and satellite and any other radio-communications equipment (not household broadcast radio receivers).

Communication Cables

Assemblies of insulated conductors sheathed in insulation, which are used for the transmission of telecommunications. Examples include coaxial, twisted pair copper, and fibre optic.

Software Sales

Includes such items as programs, procedures, routines and any documentation associated with the operation of a computer system. Includes all software available for sale to more than one customer. Excludes software specifically written for a single customer.

Computer services

Any or all of the following when undertaken for specific customers

- Systems analysis, design and programming
- System integration
- Software maintenance
- Facilities management
- Data entry, processing and time-sharing
- Information network and database services
- Hardware and systems servicing and repairs
- Installation and cabling services
- Computer-related consultancy not covered by the above.

Training and Education

Includes any information technology training and education.

Communication Services

These include telecommunications carrier services (eg, fixed and mobile network access, local and long distance telephony and data), value added services (eg, packet switching) and network management services.

Sales

Sales in New Zealand dollars for each Information Technology category.

Exports

Excludes goods sold to other New Zealand businesses who will export the goods at a later stage.

Sales to New Zealand end-users

End users are defined as those purchasers who buy goods for their own use, rather than on-selling.

Sales to other New Zealand customers

This is the remaining sales not classed as exports or sales to New Zealand end-users.

Survey quality

Caution should be exercised when interpreting these results because units with two or less FTEs have been excluded.

Units are classified on the Statistics New Zealand Business Frame (BF) according to their predominant industrial activity. IT activity may be undertaken by a number of units as a secondary activity and this is not recorded on the BF. We have attempted to cover the major units where IT is a secondary activity through surveying units from non-primary ANZSIC codes. The accuracy of the estimates is limited to the extent that this supplementary sample provides a good coverage of remaining IT activity.

This survey aimed for 100% coverage of the population (i.e. a full census). However in practice a response rate of around 77% was achieved. The remaining 23% of units were given imputed values based upon the experience of similar responding firms. This procedure introduces possible errors into the estimates, and this should be borne in mind by users of the data.

Other, non-sampling errors may occur for reasons such as respondent error, frame quality and errors in processing. While every effort is made to minimise these types of error, they may still occur. It is not possible to quantify their effect.

Statistics New Zealand has used standard procedures in attempting to control non-sample error. This includes such things as pilot testing of questions and survey quality control procedures.

Revisions

A number of revisions were made to the 1998 data due to more accurate information becoming available.

Confidentiality

The communication services data of the Information Technology survey have been suppressed to ensure that the survey results are consistent with the confidentiality provisions of the Statistics Act 1975.

Concept and terms

Enterprise

A single business entity operating in New Zealand either as a legally constituted body such as a company, trust, local or central government trading organisation, incorporated society, or self employed individual.

Business Frame

A register of all economically significant businesses operating in New Zealand, maintained by Statistics New Zealand, from which the survey population is drawn.

Kind of activity unit

This represents a sub-division of an enterprise consisting of one or more activity units for which a single set of accounting records are available. Every enterprise on the business directory has one or more kind of activity units associated with it.

ANZSIC

The survey has used the Australia and New Zealand Standard Industrial Classification (ANZSIC).

Reference Period

The reference period for the survey was the 1998-99 accounting year. For enterprises with balance dates falling between 1 January and 30 September this is financial data for the year ending 1999. For enterprises with balance dates falling between 1 October and 31 December this is financial data for year ending 1998.

Full time equivalent (FTE)

This is the total number of full time employees and working proprietors, plus half the number of part time employees and working proprietors. A full time employee is defined as someone who works thirty hours a week or more. A part time employee is defined as someone who works less than thirty hours a week.

Liability

Statistics New Zealand gives no warranty that the information or data supplied contains no errors. However, all care and diligence has been used in processing, analysing and extracting the information. Statistics New Zealand shall not be liable for any loss or damage suffered by the customer consequent upon the use directly, or indirectly, of the information supplied in this product.

Next release ...

The Information Technology Survey, 2000 Financial year will be released on 30 March 2001

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Tables

The following tables can be downloaded from the Statistics New Zealand website in Excel 97 format. If you do not have access to Excel 97 or higher, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

List of tables

Table 1 - Sales of IT commodities

Table 2 - Sales of IT commodities - change from previous year