




# Samoa Bureau of Statistics

## GDP (Expenditure)

### Financial Year Analysis - 2021/2022

## Overview

29<sup>th</sup> Sept 2022



**GDP Expenditure at constant prices is compiled and published with 2013 as the base year on an annual basis.**

2013 = 100

### Special points of interest:

- **GDP(E) Growth: -9.1%**
- **GDP(E) at Constant 2013 Prices (real) - WST \$1,762.1 million**
- **GDP at Current Prices (nominal) - WST \$2,246.2 million**

### Inside this issue:

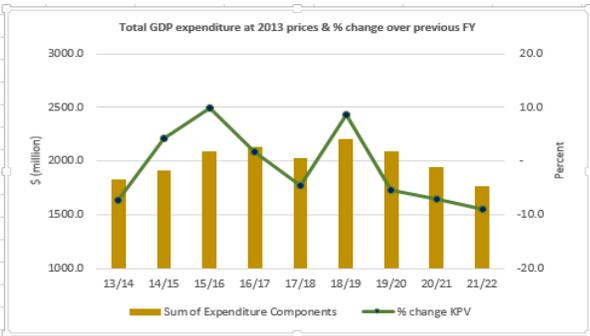
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Gross Domestic Product (GDP) by expenditure in constant 2013 terms for the Financial Year 2021/2022 went down by 9.1% when compared to the financial year 2020/2021. This is the third consecutive quarter of negative growth in expenditure; this drop follows growth rates of -7.1% and -5.5% in the previous financial years 20/21 and 19/20. Total sum of expenditure components at constant prices stood at \$1,762.1 million for the financial year under review.

### GDP Expenditure Growth:

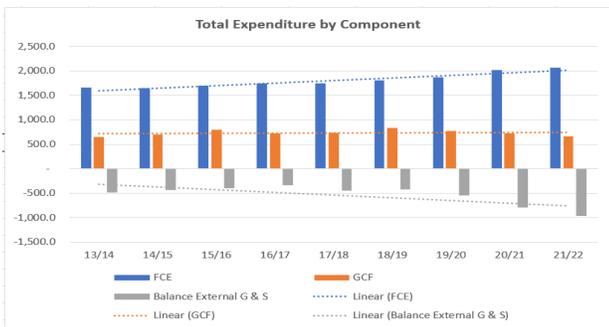
Chart 1 shows GDP expenditure at constant prices from FY 13/14 to 21/22 and their growth rates as measured by percentage change compared to the previous financial year.

**Chart 1: Total GDP expenditure at constant prices & growth rates, Financial Year 13/14 - 21/22**



The main components that make up total expenditure includes Final Consumption Expenditure (FCE), Gross Capital Formation (GCF) and Balance on External Goods and Services as illustrated in Chart 2 below. Overall, FCE and GCF continue to increase throughout the financial years being reviewed while the Balance on External goods and services still recorded a negative result for the last nine consecutive financial years growth. This indicates that the economy's imports exceeds exports considering more products were brought into the country during the FY in review.

**Chart 2: Total GDP expenditure at constant prices by component**



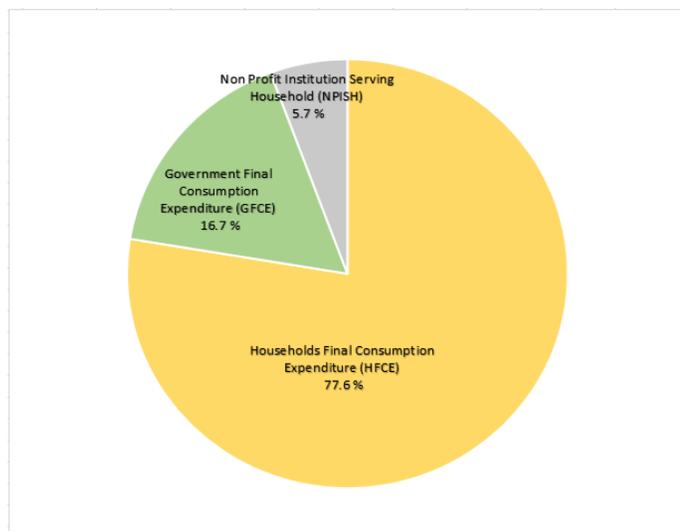
Total GDP expenditure of \$2,246.2 million (\$2.25 billion) in nominal terms was recorded for the financial year 2021/2022. It went up by 8.6% compared to the previous financial year 2020/21.

FCE was the only expenditure component of the three which recorded a growth of 11.8% compared to the previous financial year with a slight increase in Government expenditure through compensation of employees.

### Final Consumption Expenditure (FCE)

FCE accounts for expenditure on goods and services primarily used for the direct satisfaction of individual needs (consumption). Total FCE recorded a total amount of \$2,061.0 million in constant terms in the financial year 21/22 which increased by 2.4% compared to the previous financial year 20/21. Household Final Consumptions Expenditure (HFCE) which include activities such as household purchases of products and payments went up by 1.6%. Expenditure on food products, education, transport, health, beverages and tobacco contributed significantly to the increase in HFCE. Government Final Consumption Expenditure (GFCE) went up by 8.6% while Non-Profit Institutions serving Households Final Consumption Expenditure (NPISH FCE) declined by 2.8% in the financial year under review. (2021/2022)

**Chart 3: Final Consumption Expenditure Composition FY 21/22**



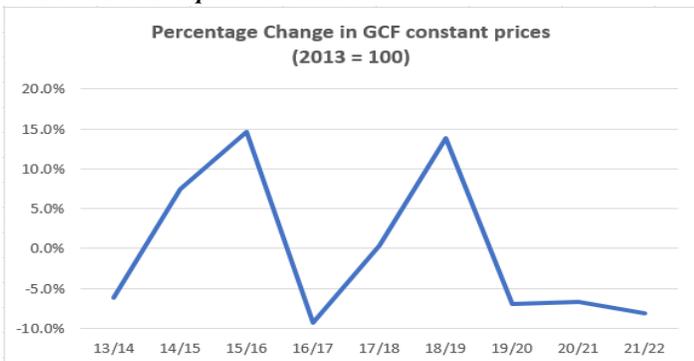
Total FCE in constant terms comprises of 77.6% HFCE, 16.7% GFCE and 5.7% NPISH-FCE as shown in Chart 3 below for the year under review.

Nominal FCE in FY2021/22 amounted to \$2,375.1 million (\$2.38 billion) which has increased by 11.8% compared to the previous FY2020/21. HFCE contributed the most to this outturn at \$1,774.7 million (\$1.77 billion) increasing by 8.6% compared to \$1,633.5 million (\$1.63 billion) in the previous FY2020/21. GFCE and NPISH also increased by 28.6% and 3.5% respectively.

### Gross Fixed Capital Formation (GFCF)

Total GCF amounted to \$662.6 in constant terms in the financial year 21/22 which decreases by 8.2% compared to \$721.5 million in the previous financial year 20/21. Gross Capital Formation as shown in Chart 4 below has indicates the effect of the measles epidemic which first affected the nation followed by the continuous effect of the Covid-19 pandemic which highly influenced investments and acquisition of non-financial assets and equipment's.

**Chart 4: Gross Capital Formation**



Gross Fixed Capital Formation (GFCF) also known as investment is the acquisition of produced assets including construction, dura-

ble equipment and cultivated resources went down by 11.7% compared to the previous financial year. Durable equipment which comprises almost half of GFCF declined by 14.4%. This component accounts for more than 92.5% of GCF. Construction which contributes almost half of GFCF went down by 9.0% for the financial year under review. Inventories went up by 63.2% compared to the 20/21 financial year.

In nominal terms, Gross Capital Formation amounted to \$749.0 million in the financial year 21/22, a 1.1% increase compared to the \$757.0 million recorded in the previous financial year 20/21. GFCF which accounts for more than 92.5 percent of GCF declined by 2.6% compared to the previous financial year. Change in inventories went up by 22.9%.

### Balance on External Goods and Services

Balance on External Goods and Services also known as net exports is the balance between exports and imports of goods and services within the country. Net exports in the financial year 21/22 amounted to -\$961.5 million in constant terms which increased by 20.9% compared to -\$795.4 million in the financial year 20/21. The level of imported merchandise goods and services is considerably high compared to the total amount of exported produce shipped to other countries for trade.

**Chart 5: Balance on External Exports & Imports of Goods at Services (2013 = 100)**

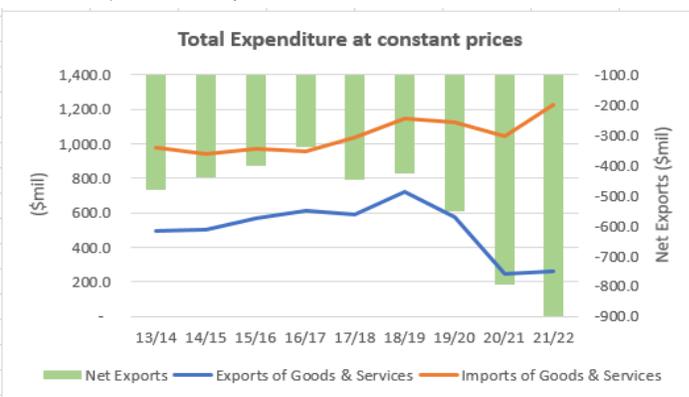


Chart 5 above shows the increase in total imports by 17.2% recovering from a decline of 7.3% experienced in the previous financial year 20/21. Imports registered total expenditure in constant terms of \$1,223.6 million (\$1.22 billion). Merchandise goods accounts for 80.5% while services accounts for 19.5% of total imports of goods and services.

Total export expenditure in real terms recorded a total of \$262.0 million increasing by 5.6% compared to the previous FY(20/21) This result recovers a negative growth of 56.7% recorded in the financial year 20/21.

# GDP EXPENDITURE FRAMEWORK

## Background Information

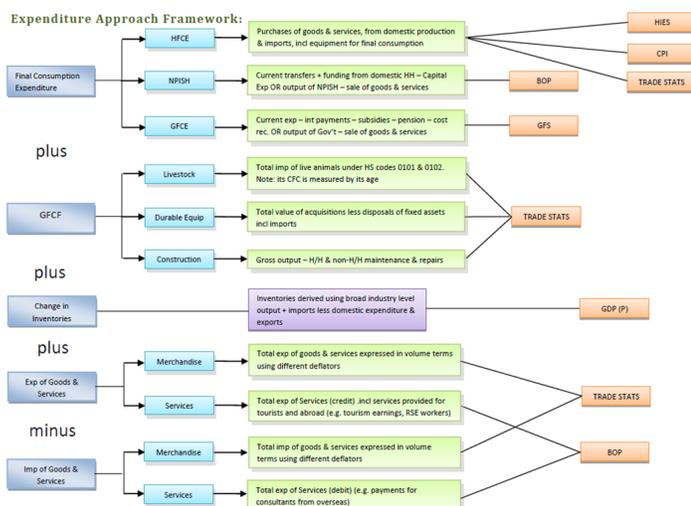
### Overview

The Samoa Bureau of Statistics has compiled and for the second time this quarter published Gross Domestic Product by Expenditure approach on an annual basis for FY2021/22. This initiative was an ongoing development within the Finance Statistics Division (FSD) from the beginning; data has been collected and compiled adopting international statistical best practices as specified by the United National Statistical Division (UNSD). There are three main methods used to compile GDP namely 1) production approach, 2) expenditure approach and 3) income approach. Production and Expenditure approaches are the most commonly used approaches in compiling GDP within an economy.

Calculation of GDP using the expenditure approach combines consumption, government spending, investment and net exports. Essentially, the expenditure approach dictates that everything the both the private sector and government spend within a country must add up to the total value of all finished goods and services produced in a certain period of time or in our case within a calendar year.

There are four main aggregate expenditures that go into calculating GDP (E) namely consumption by households, investment by businesses, government spending on goods and services, and net exports, which is equal to exports minus imports of goods and services. Consumption is broken into purchases of durable goods, non-durable goods and services. Investments by businesses include capital expenditures categorized under Gross fixed capital and Inventory investment. Government spending represents all expenditures incurred by for providing essential commodities, healthcare, infrastructure, education and other necessities to its citizens. Exports are regarded as an economy's output, while imports are regarded as expenses since they are produced outside the national boundaries of a country.

The Expenditure Approach Framework adopted to calculate GDP (E) is illustrated here below:



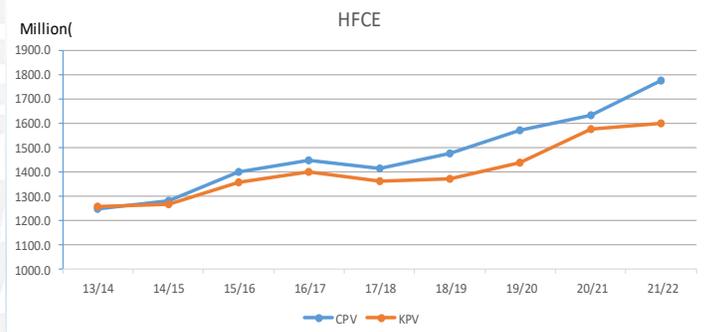
### Main Expenditure Components of GDP:

- Household Final Consumption Expenditure (HFCE)
- Government Final Consumption Expenditure (GFCE)
- Non-Profit Institution Serving Households (NPISH)
- Gross Fixed Capital Formation (GFCF)
- Changes in Inventories
- Exports of Goods and Services
- Imports of Goods and Services

### Methodology

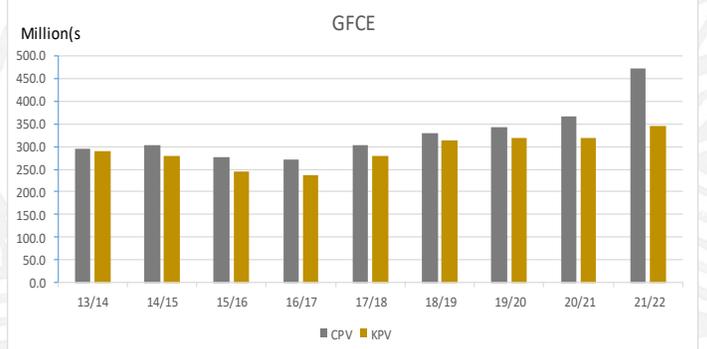
#### 1) Household Final Consumption Expenditure (HFCE)

- The HFCE component of GDP E comprehends of various numbers of quantity with value and volume indicators that has been used to extrapolate the 2013 benchmark estimates forward to produce quarterly estimates for both CPV and KPV. Data used to develop these indicators were validated from the 2011 to 2016 Census, 2013\2014 HIES and other Government administrative data. The indicators used to extrapolate the CPV estimates was measured by inflating the constant price estimates using CPI price indices at COICOP level.



#### 2) Government Final Consumption Expenditure

- Government final consumption expenditure are directly sourced from the detailed Government finance report compiled by the Government Finance Statistics Unit. The CPV estimate includes total Output from compensation of employees (wages and salaries), consumption of fixed capital, governments use of goods and services and FISIM **less**; own account capital formation **less**; sales of goods and services **plus** transfers in-kind. KPV estimates of GFCE are compiled by deflating the CPV estimates for purchases of goods and services by the HFCE implicit price deflator.

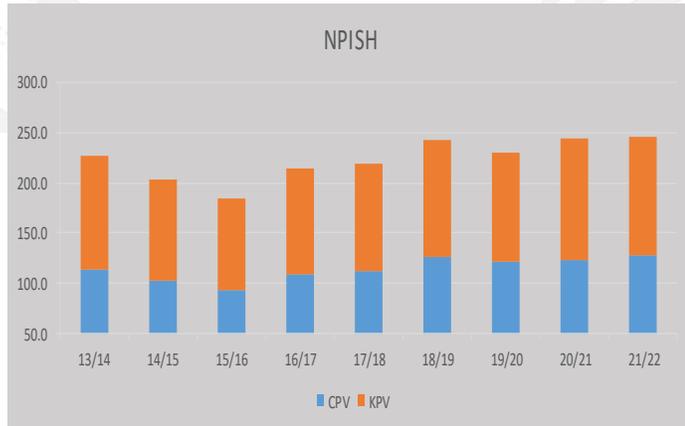


#### 3) Non-Profit Institutional Serving Household (NPISH)

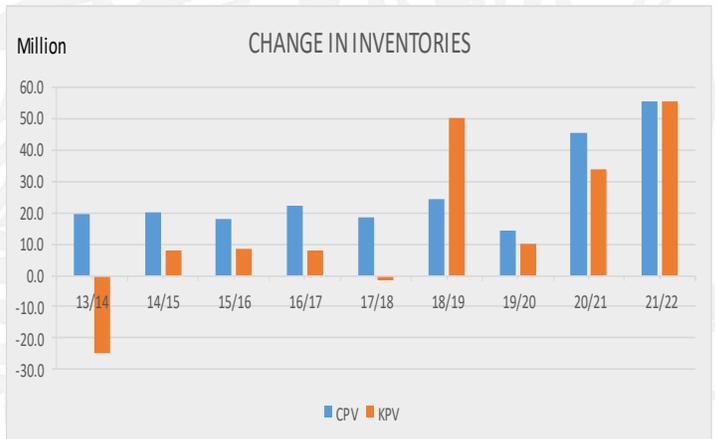
- NPISH final consumption expenditure measure non-government organizations financing. Benchmark estimates based on the 2013 HIES data on donations and gifts given by households to charities, religious organizations and for community projects, extrapolated forward using the household formation growth rate. The resulting CPV estimates of current expenses/output are deflated using all items CPI to derive the KPV estimates.

# GDP EXPENDITURE FRAMEWORK

## Background Information



and work process, the GDP-P manufacturing output data and deflators, and VAGST sales data are used.

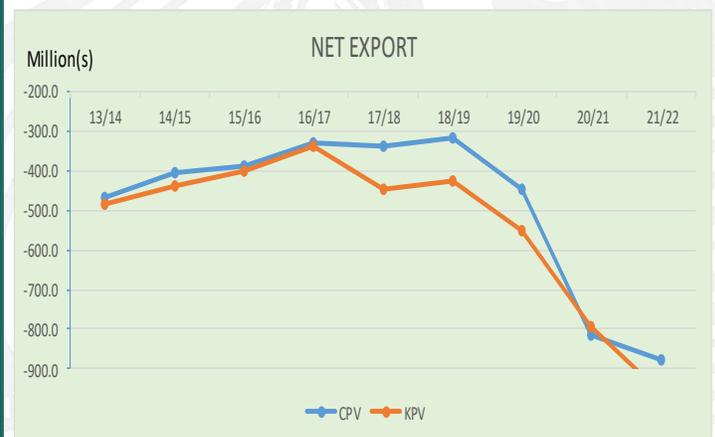
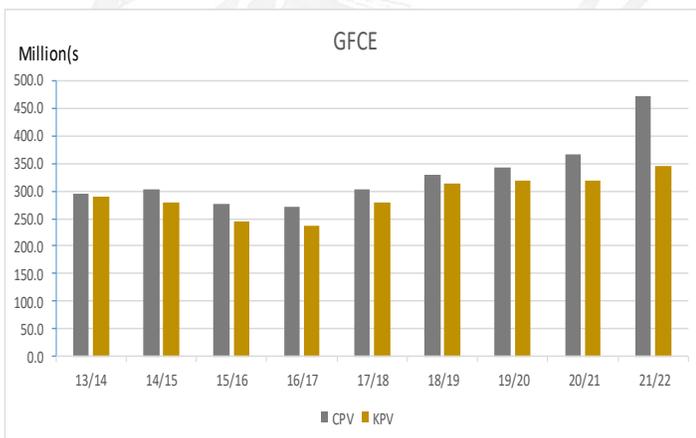


### 4) Gross Fixed Capital Formation (GFCF)

- CPV estimates for GFCF was based on supply-side estimates of construction materials sourced from the BOP data from CBS, durable equipment derived from adjusting the custom value of imports at the 2digit HS level for the relevant import duties, goods and services tax and trade margins, then added to the informal sector production. Imports data on construction materials, machinery and equipment, furniture and transport equipment. KPV estimates are derived by deflating the CPV estimates using a composite index of CPI building materials price indexes, weighted using 2013 import values. KPV estimates for local building materials are derived by applying local to imported content ratios based on 2013 HIES data for construction of private dwellings.

### 6) Exports & Imports of Goods and Services

- Merchandise and services data is sourced from the Export and Import data from CBS and our Trade statistics Unit. CPV estimates for exports and Imports of goods and services are aligned with BOP estimates.
- KPV estimates are derived by deflating the CPV estimates of goods exports and imports at the 2-digit HS level. Detailed BOP services items and debits using the closest proxy CPI price indexes.



### 5) Changes in Inventories

- Data used to measure the changes in inventories derived from the VAGST Mainfile data, Livestock and Construction data from GDP P. CPV estimates are calculated by adding stock change for raw material, livestock Inventory, Construction raw materials and changes in stock. CPV and KPV estimates for changes in manufacturing output

# GDP EXPENDITURE FRAMEWORK

## Background Information

### INTRODUCTION

The compilation of national accounts statistics using the expenditure approach is a dynamic process, and therefore needs to adapt to reflect a variety of measures and indicators consistent with developments and structural changes in the economy over a period of time. It is therefore expected that revisions and updates are made to the historical series on a quarterly or annual basis as new data sources are brought into the model and as various benchmarks and assumptions are validated and updated.

This annual GDP report at expenditure approach is the second of the annual series of GDP estimates at constant and current prices using the expenditure approach. This report is an ongoing publication released on a bi-annual basis for Calendar and Financial Year and can also be downloaded from our website [www.sbs.gov.ws](http://www.sbs.gov.ws).

### ABOUT GROSS DOMESTIC PRODUCT

Gross domestic product (GDP) is Samoa's official measure of economic growth. GDP is compiled and published using the **production and expenditure approach**. The expenditure approach measures the total value of all final goods and services purchased in an economy over a set period of time. That includes all consumer spending, government spending, business investment spending and net exports.

**Broad industry groups:** The GDP tables attached to this report follows the broad groupings based on the International Standard Industry Classification (ISIC) Revision 4. Classification of economic activity is important in the determination of the extent and nature of the information collected and the quality of the data compiled.

- Final Consumption Expenditure (sub-categorized into Households, General Government and Non-Profit Institutions Serving Households);
- Gross Capital Formation (sub-categorized into Gross Fixed Capital Formation, Changes in Inventories and Acquisitions less Disposals of Valuables); and
- Balance on External Goods and Services (sub-categorized into Exports and Imports of Goods and Services)

### REVISIONS

The GDP numbers are subject to revisions in the next publication pending the availability of revised numbers from the sources on an annual basis.



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**GOVERNMENT STATISTICIAN**



#### SBS Vision:

**“To strengthen Statistical services  
for the development of  
Samoa”**

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