



# Samoa Bureau of Statistics

## GDP (Expenditure)

Financial Year Analysis - 2022/23

### Overview

29<sup>th</sup> Sep 2023



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#### Special points of interest:

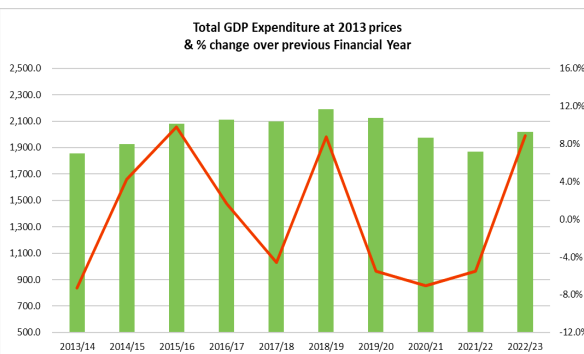
- GDP(E) Growth: 8.9%
- GDP(E) at Constant 2013 Prices (real) - SAT \$1,995.0 million
- GDP (E) at Current Prices (nominal) - SAT \$2,550.6 million

#### Inside this issue:

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Gross Domestic Product (GDP) by expenditure in constant 2013 terms for the financial year ending June 2023 (FY22/23) went up by 8.9% when compared to FY2021/22. This is the first year of positive growth in expenditure following three consecutive declines since FY2019/20. Total sum of expenditure components at constant prices stood at \$1,995.0 million (approximately \$2.0 billion) for the financial year under review. Chart 1 shows total GDP expenditure at constant prices from FY2013/14 to FY2022/23 with year-on-year (y-o-y) growth rates as measured by percentage change compared to the previous financial year.

**Chart 1: Total GDP expenditure at constant prices & growth rates, FY2013/14 - FY2022/23**

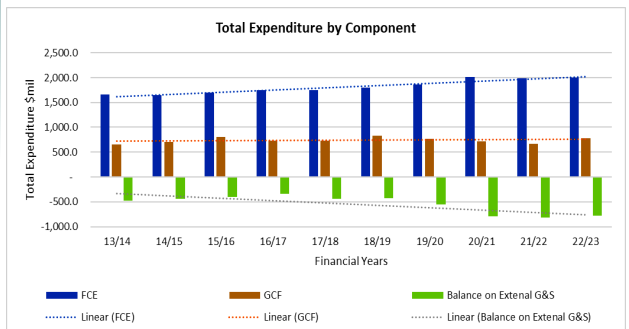


#### GDP Expenditure Growth:

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. Both FCE and GCF went up by 0.7% and 15.8% for FY22/23 compared to the previous FY21/22. Balance on external goods and services however decreased by 5.2% on a year-on-year basis. Exports of goods and services for the year under review markedly increased by 136.1% when compared to the previous financial year 21/22.

Total GDP expenditure of \$2,641.3 million (\$2.64 billion) in nominal terms was recorded for the financial year ending June 2023. It went up by 22.8% compared to the previous financial year. Chart 2 shows total GDP expenditure in constant 2013 prices by component for financial years 2013/14 to 2022/23. Final Consumption Expenditure and Gross Capital Formation both recorded positive growths of 11.7% and 25.8% respectively on a year-on-year basis. Balance on goods and services on the other hand declined by 3.3% in the year under review.

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

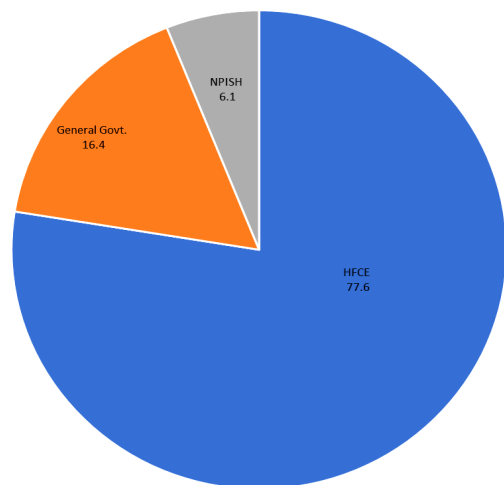


#### Final Consumption Expenditure (FCE)

FCE accounts for expenditure on goods and services primarily used for the direct satisfaction of individual needs (consumption). Total FCE on an annual basis for the financial year under review (FY22/23) amounted to \$1,996.2 million in constant terms which increased by 0.7% compared to \$1,981.4 million in FY2021/22. Household Final Consumptions Expenditure (HFCE) which include activities such as household purchases of products and payments went up by 1.6% on an annual basis. Expenditure in housing electricity, gas and water, transport, recreation, food beverages, tobacco as well as miscellaneous goods and services contributed significantly to the recorded increase in HFCE.

Non-Profit Institutions serving Households Final Consumption Expenditure (NPISH FCE) also went up by 7.1% compared to FY2021/22. Funding from overseas counterparts which accounted for 38.9% of NPISH FCE increased by 25.8% for the year under review compared to FY2021/22. Funding from domestic households went up by 1.6% accounting for 61.1% of total NPISH final consumption expenditure.

**Chart 3: Final Consumption Expenditure Composition FY2022/23 at constant 2013 prices.**



Nominal FCE in the financial year ending June 2023 amounted to \$2,540.1 million (\$2.54 billion) which has increased by 11.7% compared to the previous FY ending June 2022. HFCE contributed the most to this outturn at \$1,924.9 million (\$1.92 billion) increasing by 14.7% compared to \$1,678.7 million (\$1.68 billion) in the previous financial year ending June 2023. NPISH-FCE also increased by 122.0% while General Government FCE decreased by 1.5% (or \$7.2 million) compared to the same quarter of 2022.

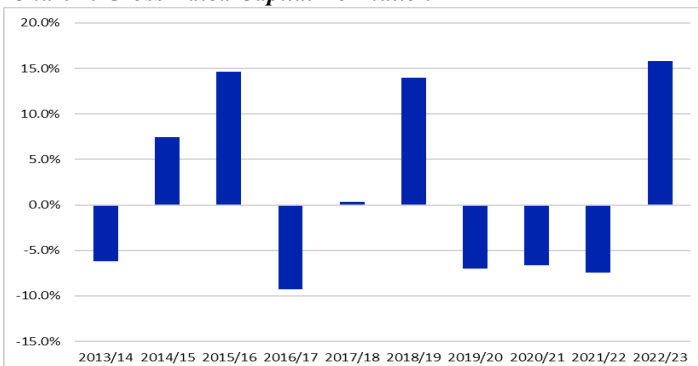
### Gross Fixed Capital Formation (GCF)

Total GCF on an annual basis in FY2022/23 amounted to \$773.7 million in constant terms which increased by 15.8% compared to \$667.9 million in the year ending June 2022. Gross Fixed Capital Formation as shown in Chart 4 below illustrates the percentage change in GFCF in real terms. It's trend is consistent with the effects caused by the pandemic that caused a negative growth for three consecutive years. FY2022/23 recorded an increase in growth consistent with infrastructural developments conducted within this period.

Gross Fixed Capital Formation (GFCF) also known as investment is the acquisition of produced assets including construction, durable equipment and cultivated resources went up by 17.2% compared to FY2021/22. Durable equipment which comprises almost half of GFCF also increased by 19.2% compared to FY2021/22. The Government Finance Statistics Report for June 2023 quarter recorded a \$118.1 million increase which was more than six times the

net acquisition of non-financial assets for FY2021/22. This component accounts for more than 92% of GCF. Construction which contributes almost half of GFCF went up by 15.3% for the financial year under review. Inventories which accounts 7.2% of Gross Capital Formation also went up by 0.7% compared to FY2021/22.

**Chart 4: Gross Fixed Capital Formation**

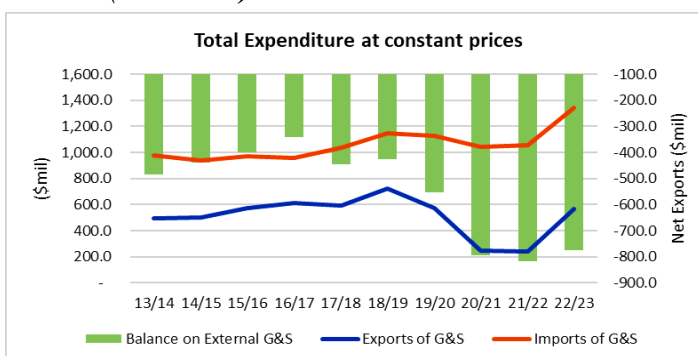


In nominal terms, Gross Fixed Capital Formation in FY2022/23 amounted to \$950.3 million, a 25.8% increase compared to the \$755.5 million recorded in FY2021/22. All components of GCF increased compared to the previous financial year ending June.

### 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 for a period of 12 months. On an annual basis, net exports in FY2022/23 amounted to -\$774.6 million in constant terms which decreased by 5.2% compared to -\$817.0 million in FY2021/22. The level of imported merchandise goods and services is quite significant compared to the total amount of exported produce shipped to other countries for trade. However, exports of goods and services went up by 136.1% (or \$326.1 million) compared to FY2021/22 which indicates a positive growth in exports of both goods and services to other countries. The import of goods and services continue to increase with a recorded 26.8% growth compared to previous financial year. Imports registered total expenditure in constant terms of \$1,340.4 million (\$1.34 billion); merchandise goods which accounts for 75.7% also went up by 24.7% for FY2022/23 on a year-on-year basis.

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



# GDP EXPENDITURE FRAMEWORK

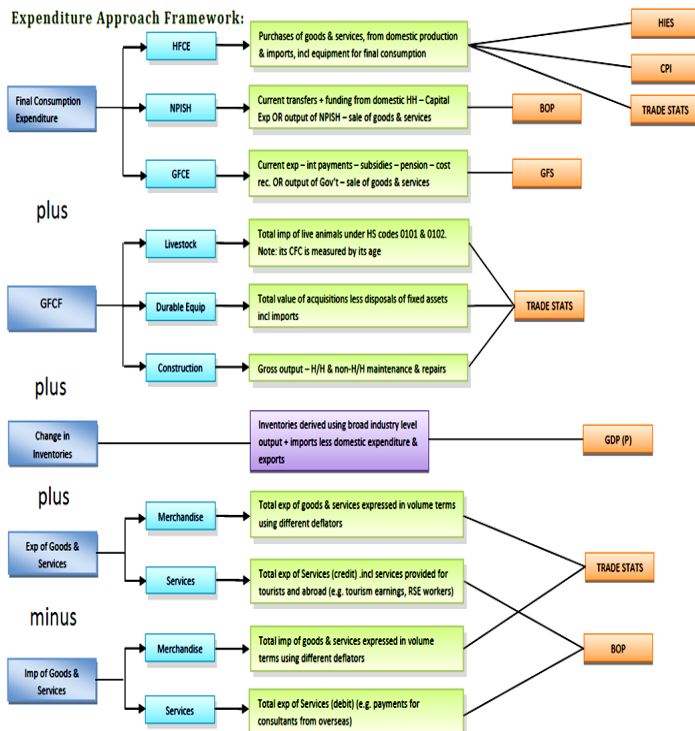
## Background Information

### Overview

The Samoa Bureau of Statistics has compiled and for the second time this quarter published Gross Domestic Product by Expenditure approach on Financial Year ending June 2023. 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 (Expenditure) namely Final Consumption Expenditure, Gross Fixed Capital Formation, Net Exports (Exports less Imports) and Inventories. The Expenditure Approach Framework adopted to calculate GDP (E) is illustrated here below:



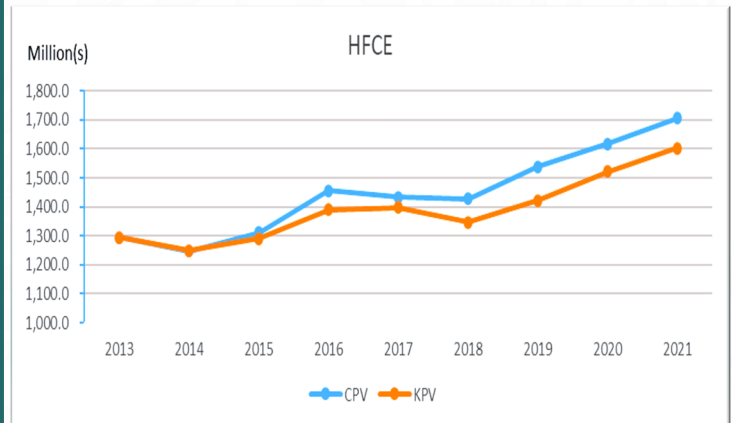
### Main Expenditure Components of GDP:

- 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)

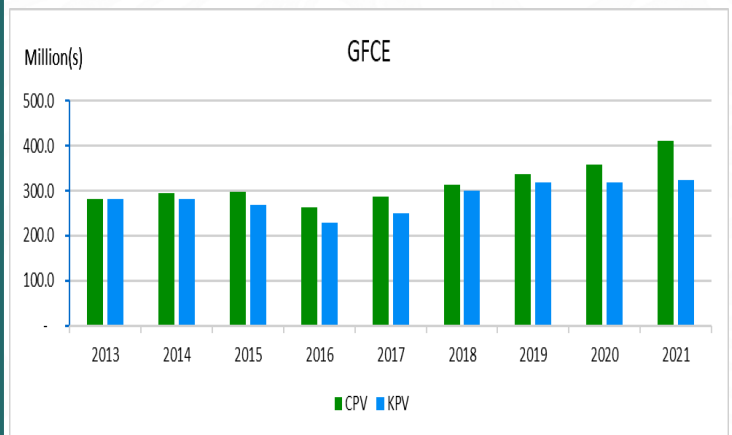
- The HFCE component of GDP E comprehends of various numbers of quantity with value and volume indicators that has been used to ex-



trapolate 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.

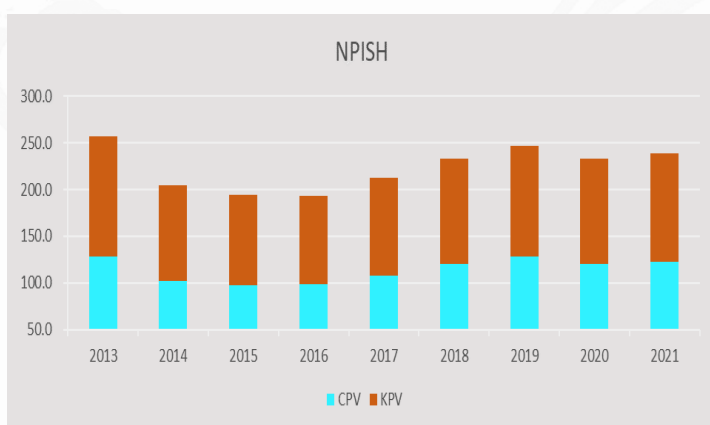
#### 3) Non-Profit Institutional Serving Household (NPISH)

- 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.



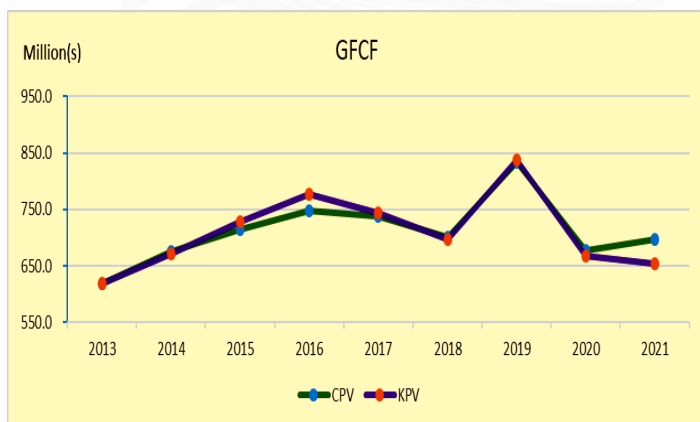
# GDP EXPENDITURE FRAMEWORK

## Background Information



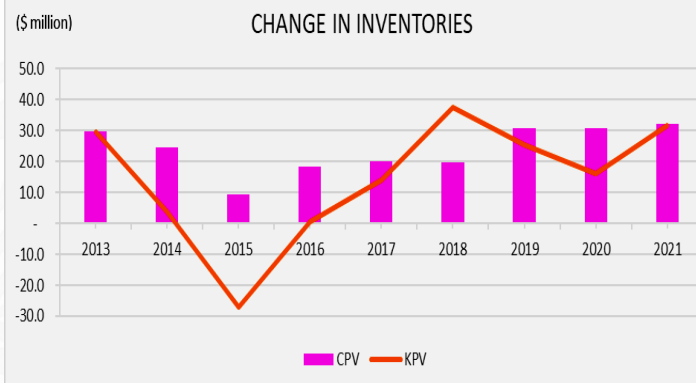
### 4) Gross Fixed Capital Formation (GFCF)

- 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.



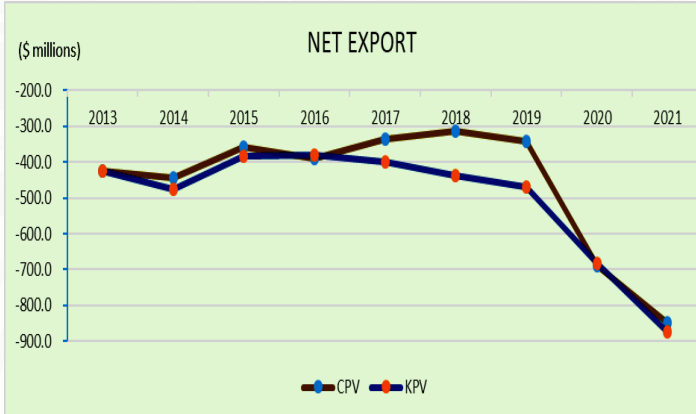
### 5) Changes in Inventories

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



### 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.



# 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 first of the annual series of GDP estimates at constant and current prices using the expenditure approach. This report is an ongoing publication 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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