



MOTU ECONOMIC AND PUBLIC POLICY RESEARCH
AND MOTU RESEARCH AND EDUCATION FOUNDATION

Annual Report

July 2008 – June 2009

MOTU

**PRODUCING
HIGH QUALITY RESEARCH**

**PROMOTING
REASONED DEBATE**

**DISSEMINATING
TOPICAL ECONOMIC
AND PUBLIC POLICY RESEARCH**

Patrons:



Introduction

Motu Economic and Public Policy Research is New Zealand's leading non-profit economic and public policy research institute. We are fully independent. Our reputation is based on our work not being compromised by any expressed ideology or political position.

Our strength lies in our people. All seven Motu senior researchers have PhDs from top international universities, as well as extensive public policy-related work experience. We maintain strong links with a large pool of internationally renowned experts and these international connections are critical to our success.

Since Motu was founded in September 2000, our objectives have remained the same. The Trust was established to promote well informed and reasoned debate on public policy issues relevant to New Zealand decision making. To this end we are committed to three broad goals: research, building capacity and dissemination.

Motu's success is built on our high quality research. Our distinctive contribution to the New Zealand public policy environment comes from an emphasis on sound empirical analysis, which is supported by expertise in and knowledge of economic theory and institutional design. We choose research areas that build on the interests and expertise of our researchers. Our research over the last twelve months can be divided into five broad categories: environmental regulation; housing; economic geography; labour and population economics; and macroeconomics, monetary economics and economic performance.

We work to build economic and public policy research capacity in New Zealand. Our researchers teach university courses and supervise thesis students; we offer junior research roles; and we provide opportunities for Motu researchers to further their training. We work to make data more available and host international academic visitors. We also run seminars, conferences, dialogue groups and workshops.

Motu is committed to freely disseminating our research findings. Our communications are designed to build trust in our research, independence and charitable status. We also provide communicative tools for others' research relevant to New Zealand public policy. Our primary audiences are the New Zealand public policy service, private sector organisations, academics, Maori organisations and non-profit organisations, with some information tailored for the wider public.

Motu is funded through research grants, sponsorship for our Public Policy Seminar Series, and small annual contributions from Motu Friends. In July 2006 we established a separate charitable organisation, the Motu Research and Education Foundation, to develop opportunities from our research. The Foundation receives annual funding from patrons and occasional contributions from donors.

In the past twelve months, the Foundation has provided seed funding for new areas of research, offered scholarships and internships to promising young researchers, sponsored an economics conference and provided support for international visitors. The Foundation continues to grow, and we plan to expand these activities in the coming years.

Director's Report

Having recently joined Motu, I have been impressed by the quality of its research, its staff, and the strength of its reputation. The past year has been busy and productive.

We continue to maintain a sizeable research programme in the areas of environmental regulation, homeownership and housing, economic geography, labour market and population economics, and macroeconomics.

Over the past year we have won significant funding for new research, including grants from the Centre for Housing Research Aotearoa New Zealand, the Families Commission, The New Zealand Transport Agency, the University of Auckland, the Department of Labour, and the Royal Society of New Zealand Marsden Fund (see Financial Information section for more detail).

We are developing a new area of research on water management which will bring together our capabilities in the environmental, infrastructure, energy and urban areas.

Over the past year Motu staff have authored or co-authored 66 publications of which 27 are in refereed journals. Motu research continues to be widely cited, as evidenced by the OECD working paper, "Structural policies to overcome geographic barriers and create prosperity for New Zealand" which referred to seven papers involving Motu researchers.

Motu senior fellows continue to be recognised for their expertise – Steve Stillman has returned from one year as a visiting professor at University of Zurich and Suzi Kerr as a visiting Professor at Stanford University. This year Arthur Grimes was appointed to the National Infrastructure Advisory Board and the Tax Working Group. Dave Maré and Steve Stillman have been made adjunct professors at Waikato. Andrew Coleman is teaching at Victoria University of Wellington.

We continue to build research capacity and make research more accessible. The year has seen a major upgrade of our website. We worked with New Zealand Business Council for Sustainable Development (NZBCSD) and the University of Auckland Masters of Public Policy programme to launch a Public Policy Seminar Series in Auckland, while our Wellington series continues to attract good audiences and engagement.

Suzi relinquished her role as director in June with the intention of returning to full time research when she returns from Stanford. I would like to acknowledge her time as director. She has provided inspirational leadership with a very strong vision centred on research of the highest quality and relevance to economic public policy. Her leadership has helped build an economic research institute with a strong and growing reputation for its quality and independence.



Howard Fancy

Chair's Report

Motu continues in very good shape, both in its research activities and its finances.

A new director, Howard Fancy, was appointed in June to succeed the founding director, Suzi Kerr, who will henceforth concentrate on research.

Suzi left in June for a year's teaching and research at Stanford University. The board is deeply impressed by her outstanding work in co-founding Motu with Dave Maré and in building Motu to the highly respected and resolutely independent research group it now is.

Howard comes to Motu after a distinguished career in the public service, where, after rising to a high position in the Treasury, he was chief executive of the Ministries of Economic Development and Education and acting chief executive of the Ministry for the Environment. He has a wide range of contacts in the public service, in the wider society and among Iwi. That he has joined Motu attests to the regard in which Motu is held.

Howard is the first director appointed from outside the ranks of the senior fellows. The board is confident he will add value to Motu in ways that are consonant with its ethos as he leads it into its second decade.

The board membership is being broadened. Joining myself and Professor Richie Poulton are new board members Philippa (Pip) Dunphy, Dean Stebbing, Tom Lambie, Dr John Hay and Neil Green.

The research record speaks for itself. It is broad and deep and well-funded. This reflects Motu's standing with funding agencies and other research agencies with which it cooperates, often in a leading role. I note especially the work on water and climate change, both highly topical areas posing complex policy questions.

The board notes as evidence of Motu's high standing the appointment of senior fellow Arthur Grimes to the government's National Infrastructure Advisory Board in recognition of his research into the economics of infrastructure investment, and to the Tax Working Group in recognition of his work on aspects of tax. And the board notes that all senior fellows have roles outside Motu.

The financial position is also strong. The board looks forward confidently to another successful year.



Colin James

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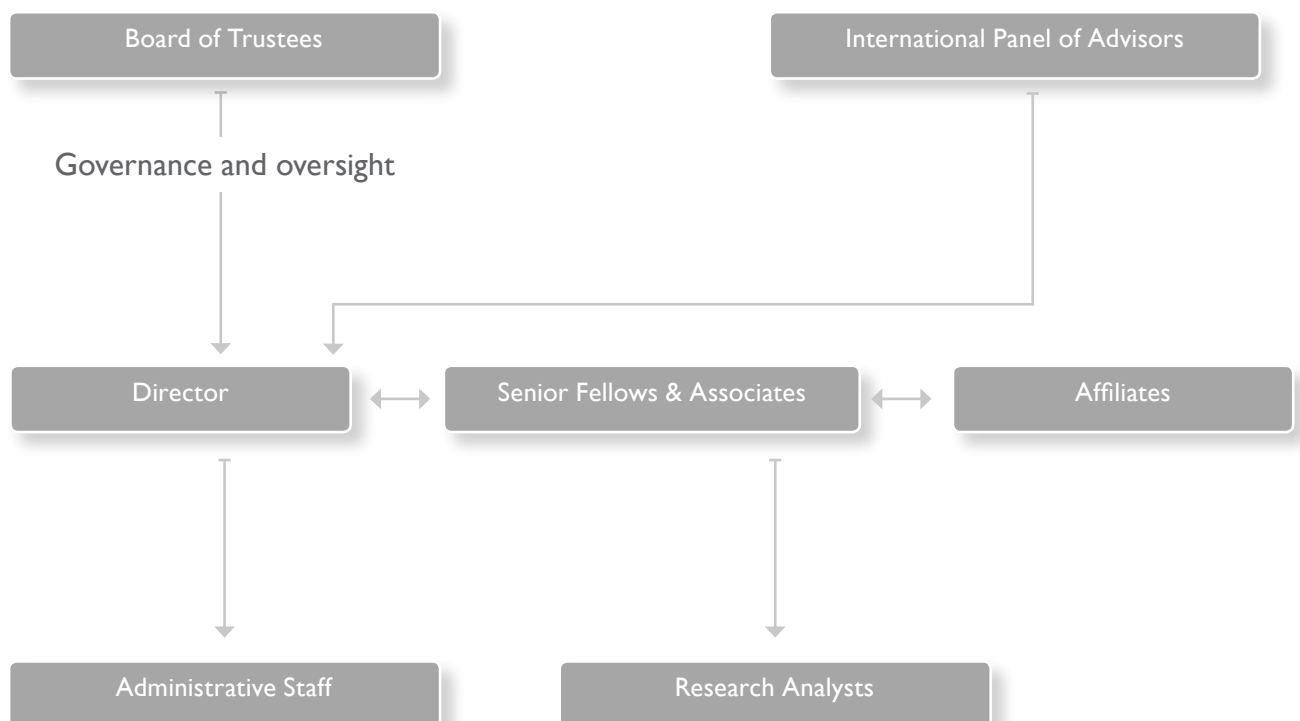
Motu Purposes and Structure

The Motu Economic and Public Policy Research Trust was established in 2000 with the following purposes:

1. Carrying out and facilitating empirical and theoretical research on public policy issues relevant to New Zealand: the quality of the research will meet international academic standards, and be suitable for acceptance in reputable academic journals.
2. Making existing knowledge more accessible for policy debates in New Zealand: this may be done by summarising and critically reviewing existing work on public policy issues, or by contributing to and facilitating policy discussions through seminars, workshops, and dialogue groups.
3. Disseminating the results of our work and knowledge through publication (particularly in refereed publications), the internet, conferences, seminars, workshops, dialogue groups, and teaching.
4. Building New Zealand capacity to carry out empirical and theoretical research on New Zealand public policy. This will be done through means such as training, collaboration, sponsorship of students or researchers, and development of New Zealand databases.
5. Maintaining close links with international experts working on topics related to our purpose through communication and collaboration.
6. Advancing our work and purpose within New Zealand by facilitating the visits of relevant international visitors.

This annual report is a record of these activities at Motu in the financial year 2008/09.

Motu Structure



Research

Motu's success as an organisation is built on our ability to produce high quality, topical economic and public policy research. We have a very strong desire to prove the academic quality of our work through publication, including in international journals. The audience we most wish to impress are top international academics and New Zealand and international policy-makers and private sector leaders who are keen to understand and apply our results. We involve end-users at all stages of the research process to ensure our research is relevant and valuable.



Environmental Regulation

Motu's environmental research focuses on the design and use of market-based instruments to address various environmental issues. In 2008/09 this was primarily funded by two major grants from the Foundation for Research Science and Technology, both for the period 2007-11: **Integrated Research on the Economics of Climate Change Impacts, Adaptation and Mitigation;** and **Markets and Water Quality: Integrated Assessment for Policy Design.**

Climate Change

Motu's climate programme continues to concentrate on the New Zealand Emissions Trading System, this year focusing on the design and simulation of emissions trading for agriculture and forestry, and on the allocation of New Zealand units. This research centres on a collaborative network of climate scientists and economists called EcoClimate, coordinated by Motu.

EcoClimate partners Motu, Landcare Research, AgResearch and others have been major contributors to research informing emission trading policy design. In 2008/09 they ran the secretariat for the government-convened agricultural technical advisory group, contributing to the development of an agricultural component for a New Zealand emissions trading system; Motu ran an international trade and climate change modelling workshop, and with IPS ran an emissions trading stakeholder symposium; Suzi Kerr chaired a sub-group in the Climate Change Leadership Forum and provided reports to the Select Committee on the trading system; and EcoClimate's Adolf Stroombergen was the foremost provider of general equilibrium analyses of the trading system.

Water Quality

Motu's 'Markets and Water Quality' research programme applies the principles of emissions trading to the problem of water pollution in Lake Rotorua. In this joint project with NIWA, GNS and others, researchers design and simulate a nutrient trading market for the Lake Rotorua catchment. This involves working with a group of local stakeholders in the Nutrient Trading Study Group (NTSG) to rigorously explore a range of issues affecting a prototype nutrient trading system. The project combines expertise from a range of fields in an attempt to explore these challenging regulatory design problems from all disciplinary angles.

Publications

Refereed Journal Articles

Lock, Kelly and Suzi Kerr. 2009. "Nutrient Trading in Lake Rotorua: Overview of a Prototype System," *Resource Management Theory and Practice*, 5, pp. 74-90.

Kerr, Suzi and Andrew Sweet. 2009. "Inclusion of Agriculture and Forestry in a Domestic Emissions Trading System: New Zealand's Experience to Date," *Farm Policy Journal*, 5:4, November, pp. 43-53.

Book chapters, working papers and reports

Betz, Regina; Stefan Seifert, Peter Cramton and Suzi Kerr. 2009. "Auctioning Greenhouse Gas Emissions Permits in Australia," *Environmental Economics Research Hub Research Report 29*, Australian National University. Available online at http://www.crawford.anu.edu.au/research_units/eerh/.

- De Klein, Cecile; Duncan Smeaton and Harry Clark. 2009. "The Effect of Greenhouse Gas Emission Charging on the Profitability of New Zealand Pastoral Farming Systems," in *5th International Symposium on Non-CO2 Greenhouse Gases: Science, Reduction Policy and Implementation*, conference proceedings, Netherlands Association of Environmental Professionals, Wageningen, pp. 9.
- Kerr, Suzi. 2009. "New Zealand ETS: Submission to the Select Committee," speaking notes, 11 May; and "Intensity-Based Regulation Versus Output-Based Free Allocation: A Clarification of Comments to the Select Committee," 17 May.
- Kerr, Suzi and Marianna Kennedy. 2009. "Greenhouse Gases and Nutrients: The Interactions between Concurrent New Zealand Trading Systems," in *Promoting Better Environmental Outcomes: Roundtable Proceedings*, conference proceedings, Australian Productivity Commission, Canberra, pp. 103-13.
- Kerr, Suzi and Marianna Kennedy. 2009. "Greenhouse Gases and Water Pollutants: Interactions Between Concurrent New Zealand Trading Systems," *Motu Note #2*.
- Kerr, Suzi and Wei Zhang. 2009. "Allocation of New Zealand Units within Agriculture," report to MAF, January.
- Lock, Kelly; Suzi Kerr, Tim Cox and Kit Rutherford. 2008. "Assessing the Design Options for a Nutrient Trading System using an Integrated Model," in *ESAM08 Markets and Models: Policy Frontiers in the AWH Phillips Tradition*, conference proceedings, online at www.nzae.org.nz.
- Stroombergen, Adolf. 2009. "General Equilibrium Analysis of Bio-Energy Option," in *Bioenergy Options for New Zealand: Analysis of Large-Scale Bioenergy from Forestry*, Peter Hall and Michael Jack, eds. Scion Report, pp. 141-61.
- Shephard, James D; M Anne Sutherland, Ian Payton, Suzi Kerr, Wei Zhang and William Power. 2008. "Nature and Scale of Eligible Post-1989 Non-planted Forests," Landcare Research Contract Report prepared for MAF, October.
- Smeaton, Duncan and Cecile De Klein. 2008. "Optimum Farming Systems in the Face of GHG Emission Charges," report written for Motu Economic and Public Policy Research under contract to MAF.
- Todd, Maribeth; Wei Zhang and Suzi Kerr. 2009. "Competition for Land between Biofuels, Pastoral Agriculture and Scrub Lands," in *Bioenergy Options for New Zealand: Analysis of Large-Scale Bioenergy from Forestry*, Peter Hall and Michael Jack, eds. Scion Report, pp. 122-40.

Presentations

- Kerr, Suzi. 2008. "A Prototype Nutrient Trading System for Lake Rotorua," Wellington Public Policy Seminar, September; Resource Management Law Association, Dunedin, September; NZARES Conference, Nelson, August; and MAF and MfE, Wellington, July.
- Kerr, Suzi. 2009. "Climate Change Policy: Stepping Back and Moving Forward," Motu Economic and Public Policy Seminar, Wellington, May.
- Kerr, Suzi. 2009. "Cost Sharing and Allowance Allocation in a Nutrient Trading System for the Lake Rotorua Catchment," Tax Policy Conference 2009: New Zealand Tax Reform - Where to Next? Wellington, February.
- Kerr, Suzi. 2008. "Data Challenges in Creating LURNZ, an Econometrically-based Model of Land Use in Rural New Zealand," Global Land Project Workshop on Data and Model Integration for Coupled Models of Land Use Change, Aberdeen, 17-19 July.

- Kerr, Suzi. 2008. "Emissions Trading in New Zealand," EPMU Biennial Conference, Auckland, July; and Canterbury Employers Chamber of Commerce, Christchurch, July.
- Kerr, Suzi. 2009. "Environmental Markets: How can they Work for Water Quality and Climate Change?" Auckland Public Policy Seminar, April.
- Kerr, Suzi. 2008. "Greenhouse Gases and Nutrients: The Interactions between Concurrent New Zealand Trading Systems," NZARES Conference, Nelson, August; Australian Productivity Commission Roundtable: Promoting Better Environmental Outcomes, Canberra, August; and ESAM08 - Markets and Models: Policy Frontiers in the AWH Phillips Tradition, Wellington, July.
- Kerr, Suzi. 2009. "How can Agriculture be Included in an Emissions Trading Scheme? Some thoughts from New Zealand," Australian Farm Institute Conference, Maroochydore, May.
- Kerr, Suzi. 2008. "Interdisciplinary Science is Greater than the Sum of its Parts," provocation at Running Hot Conference, Wellington, October.
- Kerr, Suzi. 2009. "Key Issues in the Design of an Emissions Trading System for New Zealand," Victoria University of Wellington, January.
- Kerr, Suzi. 2008. "Mitigation and Leakage," Institute of Policy Studies Roundtable, August.
- Kerr, Suzi. 2008. "Report on Cluster B Case Studies," Climate Change Leadership Forum 6, August.
- Kerr, Suzi. 2008. "Temporal Emission Trading Markets," National Bureau of Economic Research Summer Institute, Environment and Public Policy Workshop 'Egg-timer' session, Cambridge MA, 21 July.
- Kerr, Suzi. 2008. "The Economics of Deforestation," NZARES Conference, Nelson, August.
- Lock, Kelly. 2008. "Using Markets for Environmental Policy," Professional Development Programme for Economics Teachers, 19 November, Palmerston North; and Massey University Executive Masters of Business Administration class, Palmerston North, 23 November.
- Lock, Kelly. 2008. "Using Trading Markets to Address Environmental Concerns" Local Government New Zealand Conference, Rotorua, 29 July.
- Lock, Kelly, Suzi Kerr, Tim Cox and Kit Rutherford. 2008. "Assessing Design Options for a Nutrient Trading System Using an Integrated Model," poster presented at ESAM08 - Markets and Models: Policy Frontiers in the AWH Phillips Tradition, Wellington, July; and NZARES Conference, Nelson, August.
- Ren, Cleo. 2009. "Calibrating the LURNZ Model," EcoClimate meeting, May.
- Zhang, Wei. 2009. "One Application of LURNZ: Scrub Reversion under an ETS in New Zealand," EcoClimate meeting, May.
- Zhang, Wei. 2008. "The LURNZ (Land Use in Rural New Zealand) Model: Recent Climate Change Simulations and New Developments," NZARES Conference, Nelson, August.

Housing

Motu's housing research focuses on home ownership and on housing and rental markets in New Zealand. New research funded by the Centre for Housing Research, Aotearoa New Zealand (CHRANZ) looked at **The Dynamics of Housing Demand of over 65 Year Olds**. In addition, work continued on **Home Ownership and Neighbourhood Wellbeing**, funded by the Royal Society of New Zealand Marsden Fund.



Home Ownership

In Marsden funded research on home ownership, Motu is looking at whether home ownership leads to better individual and community outcomes. The research uses the longitudinal Survey of Family, Income and Employment (SoFIE) to estimate the impact of home ownership on labour market outcomes, health status, wealth, educational status and employment for youth. By examining the direct and indirect effects of home ownership, Motu researchers aim to provide firmer empirical foundations for debates on the importance of home ownership. In related work, Motu researchers collected data on Pacific peoples' home ownership, contributing to the Ministry of Pacific Affairs Pacific Housing Workshop.

Housing and Rental Markets

Motu is developing a range of models to analyse long run influences on the housing market. As part of a Centre for Research, Evaluation and Social Assessment (CRESA)-organised project for CHRANZ, current work examines the likely effects of increasing longevity, and thus more retired people, on the housing market for younger households. Work on rental markets with Treasury has examined the supply and demand of housing to compare incentives to either rent or purchase housing.

Motu researchers have examined the impacts of tax policy options for housing and rental markets, using Quotaable Value New Zealand (QVNZ) and Statistics New Zealand data from Survey of Family and Employment (SoFIE) to examine potential fiscal, distributional and efficiency effects of shifts in taxation towards land and property taxes. Related research has examined the possible long run effects of different types of capital gains taxes, exploring how these might affect revenue, house prices, rents, home ownership rates, and long term welfare in a low inflation environment. Work on these two projects was funded variously by the Treasury, the Marsden Fund (through Motu's Home Ownership and Neighbourhood Wellbeing grant), and the Foundation for Research Science and Technology Infrastructure grant.

Publications

Refereed Journal Articles

Grimes, Arthur and Andrew Aitken. 2009. "Housing Supply, Land Costs and Price Adjustment," *Real Estate Economics*, forthcoming.

Book chapters, working papers and reports

Coleman, Andrew. 2008. "Inflation and the Measurement of Saving and Housing Affordability," *Motu Working Paper* 08-09.

Coleman, Andrew. 2008. "Tax, Credit Constraints, and the Big Costs of Small Inflation," *Motu Working Paper* 08-14.

Coleman, Andrew and Grant M Scobie. 2009. "A Simple Model of Housing Rental and Ownership with Policy Simulations," *Motu Working Paper* 09-08.

Stillman, Steven and David C Maré. 2008. "Housing Markets and Migration: Evidence from New Zealand," *Motu Working Paper* 08-06

Presentations

Coleman, Andrew. 2008. "Tax, Credit Constraints, and the Big Costs of Small Inflation," Reserve Bank of New Zealand, September; and Victoria University of Wellington, April.

Coleman, Andrew. 2008. "The Hidden Costs of Low Inflation: Savings, Tax and the Dearth of Home Ownership," Wellington Public Policy Seminar, October.

Grimes, Arthur and Chris Young. 2000. "Pacific Peoples' Homeownership in New Zealand," presentation to Ministry of Pacific Islands Symposium on Housing, Wellington, 25 May.



Economic Geography

Motu's economic geography research programme in 2008/09 focused on infrastructure and agglomeration. Foundation for Research Science and Technology (FRST) grant **Physical, Technological and Social Infrastructure: Maximising Contributions of Infrastructure Investments to New Zealand's Economic Development** continues to fund major work examining net benefits provided by New Zealand's infrastructure. Motu's **Agglomeration Elasticities** work is funded by the New Zealand Transport Agency. This year saw Motu win a substantial

contract to work with the Government and Urban Economic Development Office (GUEDO) on the determinants of firm and population location in Auckland.

Infrastructure

The infrastructure research programme covers a range of infrastructure investments, including the benefits of roads, rail, irrigation, telecommunications, social services and processing plants. In 2008/09 Motu analysed how broadband impacted firm productivity; the effects of rural processing plant closures; and the effects of local authority 'social capital' and other expenditures on local community outcomes. Motu also continued research on the way transport and logistics systems affect prices, trade flows, and household production and specialisation patterns, focussing on the way firms alter pricing and inventory patterns to offset transport capacity constraints.

Cities and Agglomeration

Motu's work on cities and agglomeration examines how cities function within New Zealand, with a particular focus on Auckland. This work included estimating agglomeration elasticities – the relationship between the productivity of New Zealand firms and local employment density. Motu has begun work on a related project for GUEDO examining the determinants of firm and population location in Auckland. The project will provide hedonic estimates of the value that firms and people placed on different local amenities, and on the impacts of local amenities and industry structure on firm productivity.

Publications

Refereed Journal Articles

Coleman, Andrew. 2009. "A Model of Spatial Arbitrage with Transport Capacity Constraints and Endogenous Transport Prices," *American Journal of Agricultural Economics*, 91:1, pp. 42-56.

Coleman, Andrew. 2009. "Storage, Slow Transport and the Law of One Price: Theory with Evidence from Nineteenth Century US Corn Markets," *Review of Economics and Statistics*, 91:2, pp. 332-50.

Grimes, Arthur and Yun Liang. 2009. "Spatial Determinants of Land Prices in Auckland: Does the Metropolitan Urban Limit have an Effect?" *Applied Spatial Analysis and Policy*, 2, pp. 23-45.

Grimes, Arthur and Yun Liang. "Valuing Auckland's Northern Motorway Extensions," *Journal of Transport Economics and Policy*, forthcoming.

Grimes, Arthur; David C Maré and Melanie Morten. 2009. "Defining Areas: Linking Geographic Data in New Zealand," *Population, Space and Place*, published online <http://dx.doi.org/10.1002/psp.541>.

Book chapters, working papers and reports

Coleman, Andrew. 2008. "Storage Under Backwardation: A Direct Test of the Wright-Williams Conjecture," *Motu Working Paper* 08-13.

Grimes, Arthur. 2009. "The Role of Infrastructure in Developing New Zealand's Economy," *Motu Note* #1.

Maré, David C. 2008. "Labour Productivity in Auckland Firms," *Motu Working Paper* 08-12; and *MED Occasional Paper* 08-09.

Maré, David C and Daniel Graham. 2009. "Agglomeration Elasticities in New Zealand" *Motu Working Paper* 09-06; and *NZTA Research Report* 376, June.

Stillman, Steven; Malathi Velamuri and Andrew Aitken. 2008. "The Long-Run Impact of New Zealand's Structural Reform on Local Communities," *Motu Working Paper* 08-11.

Presentations

Coleman, Andrew. 2008. "Storage Under Backwardation: A Direct Test of the Wright-Williams Conjecture," NZARES Conference, Nelson, August.

Coleman, Andrew. 2009. "The Effect of Transport Infrastructure on Home Production Activity: Evidence from Rural New York, 1825-1845," seminar at the Indian Statistical Institute, New Delhi, April.

Grimes, Arthur. 2009. "The Role of Infrastructure in Developing New Zealand's Economy," Auckland Public Policy Seminar, March.

Grimes, Arthur. 2008. "The Role of Infrastructure in Developing New Zealand's Economy," Institute of Policy Studies Spring Lecture Series – New Zealand: Future Maker or Future Taker? Wellington, September.

Grimes, Arthur. 2008. "Water, Water Somewhere: The Value of Water in a Drought-Prone Farming Region," Landcare Research and Environment Canterbury seminar, Christchurch, November; and ESAM08 - Markets and Models: Policy Frontiers in the AWH Phillips Tradition, Wellington, July.

Maré, David C. 2009. "Auckland's Productivity Edge," Auckland Regional Council, February.

Maré, David C. 2008. "Labour Productivity of Auckland Firms," Waikato workshop on Auckland Issues, October.

Maré, David C. 2009. "Tracking Down Agglomeration Economies in New Zealand," Waikato University, April.

Labour and Population Economics

Motu's 2008/09 labour and population research programmes focused on migration, labour markets, and economic shocks. Five major grants contribute to this research: **The Impact of Economic Shocks on the Wellbeing of New Zealanders**, from the Royal Society of New Zealand Marsden Fund; **The Intergeneration Transmission of Human Capital in New Zealand**, from the Families Commission; the **Economic Impact of Immigration on Innovation**, from the Department of Labour; the **LEED Research Programme**, from the Contestable Departmental Research Pool; and **Wealth and Health Effects of Migration**, from the Royal Society of New Zealand Marsden Fund.



Migration

Motu's research on migration examines migrant outcomes in New Zealand and Australia, and the impacts of immigration for the New Zealand-born population. This year's research compared immigrant employment outcomes to those of New Zealand-born, and looked at the impact of immigration on innovation. Further research on migration examined the association between migration and improved mental health.

Labour markets

Motu's labour markets research programme makes use of Statistics New Zealand's Linked Employer-Employee Database (LEED), which contains longitudinal data collected via tax records for workers and firms in all sectors of the economy. This year this research examined the extent and impact of cyclical earnings variations in the composition of employment, worker mobility and wage dynamics, teenage employment, the impacts of firm closures, firm performance, education and employment, wages, and retirement.

Economic Shocks

In a Marsden-funded programme on the impact of economic shocks, Motu is using data from Statistics New Zealand's longitudinal Survey of Family, Income and Employment (SoFIE) to examine how events such as job loss and the onset of health problems impact on individual and household wellbeing.

Publications

Refereed Journal Articles

Cobb-Clark, Deborah and Steven Stillman. 2009. "The Retirement Expectations of Middle-Aged Individuals," *Economic Record*, 85:269, June, pp. 146-63.

Fabling, Richard and Arthur Grimes. "HR Practices and New Zealand Firm Performance: What Matters and Who does it?" *International Journal of Human Resource Management*, forthcoming.

Gibson, John. 2009. "The Changing Public Sector Pay Premium in the New Zealand Labour Market" *New Zealand Economic Papers*, 43:3, forthcoming.

Gibson, John and Bonggeun Kim. 2008. "The Effect of Reporting Errors on the Cross-country Relationship Between Inequality and Crime," *Journal of Development Economics*, 87:2, pp. 247-54.

- Gibson, John; Trinh Le and Grant Scobie. 2009. "Are Kiwis Saving Enough for Retirement: Evidence from SoFIE," *New Zealand Economic Papers*, 43:1, pp. 3-19.
- Gibson, John; David McKenzie and Halahingano Rohorua. 2008. "How Pro-poor is the Selection of Seasonal Migrant Workers from Tonga under New Zealand's Recognised Seasonal Employer (RSE) Program?" *Pacific Economic Bulletin*, 23:2, pp. 187-204.
- Gibson, John; Les Oxley and Trinh Le. 2008. "Measuring Human Capital: Alternative Methods and International Evidence," *Korean Economic Review*, 24:2, pp. 283-344.
- Gibson, John and Steven Stillman. 2009. "Why do Big Firms Pay Higher Wages? Evidence from an International Database," *Review of Economics and Statistics*, 91:1, pp. 213-218.
- Gibson, John; Steven Stillman and Trinh Le. 2008. "CPI Bias and Real Living Standards in Russia during the Transition," *Journal of Development Economics*, 87:1, pp. 140-60.
- Hyslop, Dean and Maré, David C. 2009. "Skill Upgrading in New Zealand, 1986-2001," *Australian Economic Review*, forthcoming.
- Maré, David C; Arthur Grimes and Melanie Morten. 2009. "Adjustment in Local Labour and Housing Markets" *Australasian Journal of Regional Studies*, forthcoming.
- McKenzie, David; John Gibson, and Steven Stillman. 2009. "How Important is Selection? Experimental Vs Non-experimental Measures of the Income Gains from Migration," *Journal of the European Economic Association*, forthcoming.
- Stillman, Steven. 2009. "Youth Employment and Education in New Zealand from 1985 to 2004," *New Zealand Economic Papers*, 43:1, pp. 41-58.
- Stillman, Steven; David McKenzie, and John Gibson. 2009. "Migration and Mental Health: Evidence from a Natural Experiment," *Journal of Health Economics*, 28, pp. 677-87.
- Stillman, Steven and Duncan Thomas. 2008. "Nutritional Status during an Economic Crisis: Evidence from Russia," *The Economic Journal*, 118:531, pp. 1385-417.

Book chapters, working papers and reports

- Cobb-Clark, Deborah and Steven Stillman. 2008. "Emigration and the Age Profile of Retirement among Immigrants," *IZA Discussion Paper* 3874.
- Crawford, Ron. 2009. "Variations in Earnings Growth: Evidence from Earnings Transitions in the NZ Linked Income Survey," *Motu Working Paper* 09-07.
- Cumming, Jackie; Steven Stillman and Michelle Poland. 2009. "Who Pays What for Primary Health Care? Patterns and Determinants of the Fees Paid by Patients in a Mixed Public-Private Financing Model," *Motu Working Paper* 09-01.
- Dixon, Sylvia and Steven Stillman. 2008. "The Impact of Firm Closure on Workers' Future Employment and Earnings," *LEED Research Report*, Statistics New Zealand.
- Gibson, John; David Mckenzie and Steven Stillman. 2009. "The Impacts of International Migration on Remaining Household Members: Omnibus Results from a Migration Lottery Program," *World Bank Policy Research Working Paper* 4956, June.
- Hyslop, Dean; David C Maré, Steven Stillman and Jason Timmins. 2008. "An Analysis of Teenage Employment by Firms: 1999/00–2006/07," *LEED Research Report*, Statistics New Zealand.

- Hyslop, Dean; David C Maré, Steven Stillman and Jason Timmins. 2008. "An Analysis of Teenage Employment by Firms, 1999–2007," in *Labour Employment and Work in New Zealand*, P Morrison, ed. Victoria University of Wellington.
- Hyslop, Dean, David C. Maré, Steven Stillman and Jason Timmins. 2008. "Heterogeneous Firm Responses to Rising Teenage Wages in New Zealand," in *Australian Fair Pay Commission Minimum Wage Research Forum Proceedings: Volume 1*, Commonwealth of Australia, Canberra, October, 95-118.
- Kennedy, Marianna. 2009. "Does Immigration Raise House Prices? A Question of Correlation and Causation," *EcoNZ*, 22, pp. 7-9.
- Maré, David C. 2008. "Labour Productivity in Auckland Firms," *Motu Working Paper* 08-12.
- Maré, David C and Dean Hyslop. 2008. "Cyclical Earnings Variation and the Composition of Employment," *LEED Research Report*, Statistics New Zealand.
- Maré, David C and Dean Hyslop. 2009. "Worker Mobility and Wage Dynamics," *LEED Research Report*, Statistics New Zealand, April.
- Maré, David C and Steven Stillman. 2009. "The Impact of Immigration on the Labour Market Outcomes of New Zealanders," *Motu Working Paper* 09-11.
- Stillman, Steven and David C Maré. 2009. "The Labor Market Adjustment of Immigrants in New Zealand" *Motu Working Paper* 09-10; and *NZ Department of Labour Economics of Immigration Working Paper Series*, March, available online at <http://www.dol.govt.nz/publications/research/lmainz/lmainz.pdf>.

Presentations

- Fabling, Richard and Arthur Grimes. 2008. "The 'Suite' Smell of Success: Complementary Personnel Practices and Firm Performance," ESAM08 Markets and Models: Policy Frontiers in the AWH Phillips Tradition, Wellington, July.
- Hyslop, Dean. 2008. "Cyclical Earnings Variation and the Composition of Employment," ESAM08 Markets and Models: Policy Frontiers in the AWH Tradition," Wellington, July.
- Maré, David C. 2008. "Immigrant Assimilation," Department of Labour, November.
- Maré, David C. 2008. "Labour Market Outcomes for Immigrants in New Zealand," Wellington Labour Employment and Work Conference, December.
- Stillman, Steven. 2009. "A Land of Milk and Honey with Streets Paved with Gold: Do Emigrants Have Over-Optimistic Expectations about Incomes Abroad?" Society of Labor Economists Annual Conference, Boston, May; and North American Summer Meeting of the Econometrics Society, Boston, June.
- Stillman, Steven. 2009. "Emigration and the Age Profile of Retirement among Immigrants," Research Seminar of the Department of Economics, Università Ca' Foscari, Venice, June; IZA Research Seminar, Bonn, June; and Research Seminar of the Department of Economics, Heriot-Watt University, Edinburgh, May.

Stillman, Steven. 2008. "Housing Markets and Migration: Evidence from New Zealand," Australasian Meeting of the Econometrics Society, Wellington, July; informal talk at Treasury, Wellington, July; and ESAM08 Markets and Models: Policy Frontiers in the AWH Tradition, Wellington, July.

Stillman, Steven. 2008. "Longitudinal Evidence on the Impact of Victimization on Labour Market Outcomes and General Well-Being," Research Seminar of the Department of Economics, University of St. Gallen, Switzerland, February; and ISER Research Seminar, Essex University, November.

Stillman, Steven. 2009. "Migration and Mental Health: Evidence from a Natural Experiment," Skilabor Economics Workshop, Engelberg, January.

Stillman, Steven. 2008. "The Impact of Firm Closure on Workers' Future Employment and Earnings," IAB-Nuremberg Research Seminar, Nuremberg, December.

Stillman, Steven. 2009. "The Impact of Firm Closure on Workers' Future Employment and Earnings," Society of Labor Economists Annual Conference, Boston, May.

Stillman, Steven. 2008. "The Impact of Immigration on Child Health: Experimental Evidence from a Migration Lottery Program," RWI-Essen Research Seminar, Essen, October.

Stillman, Steven. 2009. "The Impact of Immigration on the Labour Market Outcomes of New Zealanders," European Society for Population Economics Annual Conference, Seville, June.

Stillman, Steven. 2009. "The Impacts of International Migration on Remaining Household Members: Omnibus Results from a Migration Lottery Program," Research Seminar of the Department of Economics, Stockholm University, Stockholm, April.

Macroeconomics, Monetary Economic and Economic Performance

Motu has written a range of papers on topics in macroeconomics, monetary economics and economic performance. Some of this research has also flowed from PhD students and staff at the University of Waikato.



Publications

Refereed Journal Articles

Gibson, John; Chul Chung and Bonggeun Kim. 2009. "CPI Mismeasurements and their Impacts on Economic Management in Korea," *Asian Economic Papers*, 9:2.

Grimes, Arthur. "Capital Intensity and Welfare: Traded and Non-Traded Sector Determinants," *New Zealand Economic Papers*, 43:2, pp. 21-39.

Hess, Kurt; Arthur Grimes and Mark Holmes. 2008. "An Exploration of Measures to Assess a Bank's Credit Loss Experience," *Journal of International Finance and Economics*, 8:1, pp. 1-13.

Hess, Kurt; Arthur Grimes and Mark Holmes. 2009. "Credit Losses in Australasian Banking," *Economic Record*, 85:270.

Book chapters, working papers and reports

Carlaw, Kenneth; Brian Easton, Arthur Grimes, David C Maré and Frederic Sautet. 2008. "Ways of Thinking about Economic Growth: Papers from MED's Growth Seminar Series," *MED Occasional Paper 08/07*, Ministry of Economic Development, Wellington.

Coleman, Andrew. 2008. "Inflation and the Measurement of Saving and Housing Affordability," *Motu Working Paper*, 08-09.

Coleman, Andrew and Özer Karagedikli. 2008. "The Relative Size of New Zealand Exchange Rate and Interest Rate Responses to News," *Motu Working Paper* 08-08.

Fabling, Richard and Arthur Grimes. 2008. "Over the Hedge? Exporters' Optimal and Selective Hedging Choices," *Reserve Bank of New Zealand Discussion Paper* 2008/14.

Grimes, Arthur. 2008. "Approaches to Economic Growth: Implications for Policy Analysis," in *Ways of Thinking about Economic Growth*, Roger Procter, ed. *MED Occasional Paper* 08-07.

Presentations

Coleman, Andrew. 2008. "Behavioural Economics and Price Setting," Strategic Pricing and Revenue Margin Management Conference, Auckland, August.

Coleman, Andrew. 2008. "The Hidden Costs of Low Inflation: Savings, Tax and the Dearth of Home Ownership," Wellington Public Policy Seminar, October.

Coleman, Andrew. 2008. "The Relative Size of New Zealand Exchange Rate and Interest Rate Responses to News," ESAM08 Markets and Models: Policy Frontiers in the AWH Phillips Tradition, Wellington, July.

Grimes, Arthur. 2008. "Over the Hedge or Under It? Exporters' Optimal and Selective Hedging Choices," ESAM08 - Markets and Models: Policy Frontiers in the AWH Phillips Tradition, Wellington, July.



Building Capacity

Motu works to build economic and public policy research capacity in New Zealand. We run economics-related conferences and workshops, continue to make data more accessible to researchers, offer junior research roles and internships, form and take part in collaborative research networks, and maintain linkages with universities in New Zealand and overseas. Through the Motu Research and Education, we fund scholarships for young economists

Research Analysts

Motu employs smart graduates as research analysts to assist with all parts of the research process. Research analysts are encouraged and supported to continue studying while at Motu, and frequently move to high-level PhD and policy positions. During this year Andrew Aitken moved on to University College London, supported with a Motu Doctoral Scholarship; Kelly Lock moved to an analyst role at the New Zealand Treasury; and Cleo Ren went to further her education at the University of Auckland.

Internships

Our internships are aimed at students with an undergraduate degree in economics or statistics who plan to do post-graduate study. Internship assist young researchers to build a firm skills base, strengthening New Zealand's empirical research capacity. This year we had four interns: Maribeth Todd from Oregon State University used her GIS skills to map rural land use with Suzi Kerr; Hugh MacDonald from the University of Otago worked with Andrew Coleman on how Australian news affects the New Zealand dollar, and also on the evolution of incomes in Australia and New Zealand in the past 30 years; Riddhi Gupta from the University of Auckland worked with Arthur Grimes on local and regional authorities data sets; and Renee Tipene (Ngapuhi) worked with Suzi Kerr on land use data.

Motu Scholarships

This scholarship is awarded to Motu research analysts who undertake a highly rated PhD course. It aims to recognise outstanding contributions to Motu, and to encourage research analysts to gain the qualifications necessary to become independent researchers. In 2008/09 the Motu Doctoral Scholarship was awarded to Andrew Aitken to undertake a PhD at University College, London.

Motu also offers a Thesis Scholarship, a one year scholarship to a university student of Maori descent starting an honours or MA thesis. In 2008 it was awarded to George Gray (Ngaiterangi, Ngati Ranginui) to study the costs and benefits of specific cardiology interventions for Maori patients.

Data sets

Motu works to enhance New Zealand research infrastructure. As part of this aim, we continuously develop and document data sets that can be made available to other researchers, including graduate students. Detailed information at www.motu.org.nz/building-capacity/datasets.

Teaching materials

Lake Rotorua Short Films

Motu has created two short films to illustrate some of the issues around declining water quality in Lake Rotorua. The films contribute to Motu's Nutrient Trading and Water Quality research programme and are designed as real-life context for our environmental trading game. You can view the short films at www.motu.org.nz/research/detail/rotorua_films.

Trading Game

Our trading game was developed to give hands-on experience of environmental trading. In 2008/09 we played the game with the technical advisory group for agriculture in the Emissions Trading System, with a group of Massey economics teachers, with university students, and with the Nutrient Trading Study Group. The game is freely available at <http://www.motu.org.nz/building-capacity/detail/teaching>.

University Teaching and Affiliations

Motu's senior fellows build research capacity through university teaching and research supervision. We have particularly strong links with Victoria University of Wellington and the University of Waikato.

John Gibson is Professor of Economics at Waikato and is Visiting Fellow at the Center for Global Development, Washington DC. Arthur Grimes has been Adjunct Professor in the School of Management Studies at Waikato since 2002. Arthur supervises three Waikato PhD students. David Maré and Steven Stillman are Adjunct Professors of Economics at Waikato. Motu and the University of Waikato's Population Studies Centre are establishing a research institute called the National Institute of Demographic and Economic Analysis (NIDEA).

Steve Stillman was Visiting Professor at the Chair for Statistics and Empirical Economic Research, University of Zurich from August 2008 to July 2009, where he taught seminars on applied econometrics and empirical methods for labour economics. He is an Adjunct Professor at Waikato and provides informal supervision to a PhD student at Otago Wellington School of Medicine. Steve is an affiliated Research Fellow at the Institute for the Study of Labor (IZA), Bonn; Centre for Research and Analysis of Migration, University College London; and at the William Davidson Institute, University of Michigan.

Andrew Coleman taught an honours course in international economics at Victoria. Dean Hyslop is Professor of Econometrics at Victoria. Suzi Kerr is co-supervising a PhD student at Stanford University. Suzi and Cleo Ren gave a lecture and tutorial on 'Domestic policy responses to global climate change' in an undergraduate course at Victoria.

In 2008/09 Motu subcontracted work to academics at Victoria University of Wellington, University of Waikato Management School, and Canterbury University's School of Forestry.

Networks, Collaboration and Dialogue Groups

In addition to university affiliations, Motu collaborates with numerous organisations and research communities, and maintains strong links with internationally renowned experts. Motu also takes a leadership role, convening collaborations and forming dialogue groups to explore issues in greater depth with a wide range of participants.

EcoClimate

EcoClimate is a research collaboration involving researchers from Motu (coordinator), NIWA, Landcare Research, New Zealand Centre for Ecological Economics, Infometrics, AgResearch and GNS Science. It brings together top-level experience in fields such as climatology, ecology, agriculture, and economics to understand the economics of climate change impacts, adaptation, and mitigation for New Zealand. More information is available at www.ecoclimate.org.nz.

Crown Research Institutes

Motu has a significant subcontract to NIWA, a key collaborator in our Markets and Water Quality project. We have subcontracted researchers from GNS Science, Scion and AgResearch. GNS Science employees Levante Timar and William Power spend 2.5 and one day per week respectively at Motu, and continue to build valuable links with the science community. Motu was itself subcontracted by Scion and Landcare Research.

Nutrient Trading Study Group (NTSG)

The NTSG is a group of researchers, landowners, Iwi members, and representatives from industry and local and central government. It involves a professional facilitator, Glen Lauder (CommonGround). Discussions draw on research from within this programme and elsewhere, and on members' expertise.

Climate Change Leadership Forum and Cluster B

Suzi Kerr was on the government-convened Climate Change Leadership Forum and was chair of the subgroup Cluster B, which reported to the larger group on economic impacts, technical issues, and transitioning to an ETS. Motu also provided logistical and report writing support for the subgroup.

Secretariat for the Technical Advisory Group for Agriculture in NZ's Emissions Trading System

Motu and EcoClimate collaborators led the secretariat for the Technical Advisory Group for Agriculture for New Zealand's Emissions Trading System, providing technical information and support. Motu also provided logistical and minute writing support.

Other Networks and Professional Affiliations

Suzi Kerr is a founding trustee of the Hikurangi Foundation and a member of He Waka Tangata, a social science leadership group established by the Ministry of Research, Science and Technology. Suzi gave a talk on "Creating an organisation you want to work for" at the Association for Women in the Sciences conference, July 2008, and was involved in the Running Hot conference in Wellington in August 2008. Steve Stillman is a member of Statistics New Zealand user group for Survey of Family, Income and Employment (SoFIE). David Maré is a member of Statistics New Zealand user groups for LEED, SoFIE and IBULDD. He is a member of Department of Labour's International Migration, Settlement and Employment Dynamics (IMSED) Governance Group. Arthur Grimes is a member of Statistics New Zealand Advisory Committee on Economics Statistics (ACES) and the Housing Statistics User Group. This year he was appointed to the Economics and Human and Behavioural Sciences Panel for the Royal Society's Marsden Fund, the National Infrastructure Advisory Board, and the Tax Working Group.

International Visitors

Motu hosted eight international visitors in 2008/09: Roberto Roson (Ca'Foscari University of Venice, hosted with Massey University); Marianne Bitler (University of California-Irvine); George Borjas (Harvard University); William A V Clark (University of California); Quentin Grafton (Australian National University); Sumeet Gulati (University of British Columbia); Jeremy Arkes (Naval Postgraduate School, RAND Corporation); and Harry Paarsch (University of Melbourne, hosted with Victoria University of Wellington).

Workshops

International Trade and Climate Change Modelling Workshop - EcoClimate

The EcoClimate modelling workshop aimed to give researchers an opportunity to talk about each other's work, jointly conclude what they knew about international trade and climate policy and how these will affect New Zealand, and design a forward looking research strategy. See workshop presentations at www.ecoclimate.org.nz.

Waka Waves

Named for their association with He Waka Tangata, Waka Waves are informal policy discussions for those keen to discuss interesting policy-related topics. Motu has hosted three so far on topical subjects, including 'Is Auckland special?', 'Why do NZ's best and brightest leave and what brings some of them back?' and 'New Zealand-Australian linkages'.



Communication

Motu retains intellectual property for all research to ensure our findings are freely available. This is in accordance with our charitable status. We are continually building our own dissemination activities and creating communicative tools for others' research. These activities, in turn, increase Motu's profile and help to build trust in our research, independence and charitable status.

Motu Website



Motu launched a new website in March 2009. The site is backed by a powerful searchable database to keep track of publications.

We now have a signup form on the homepage, allowing people to subscribe to seminar invites, newsletters, and publications on topics of interest.

Our new events page includes detailed information about upcoming Motu seminars, as well as external economic and public policy events.

The website address is www.motu.org.nz.

Motu Working Papers

Nine New Zealand libraries subscribe to receive print copies of Motu working papers. Copies are also lodged with the National Library of New Zealand (ISSN 1176-2667) and all working papers are available for download from our website.

To assist with international access, the working paper series is available through a RePEc archive and on the SSRN online database. RePEc is a decentralised database of economics working papers, journal articles and software components. According to RePEc's June 2009 ranking, Motu ranks fourth among New Zealand's economic research institutions including University departments, and first for non-university RePEc-registered research organisations. With nine Motu senior researchers and affiliates listed, Motu accounts for over a third of the top 20% of RePEc-registered New Zealand authors. These rankings can be viewed at <http://ideas.repec.org/top/top.newzealand.html>.

Eleven working papers were published in 2008/09:

Velamuri, Malathi; Steven Stillman and Andrew Aitken. 2008. "The Long-Run Impact of New Zealand's Structural Reform on Local Communities," *Motu Working Paper* 08-11.

Maré, David C. 2008. "Labour Productivity in Auckland Firms," *Motu Working Paper* 08-12.

Coleman, Andrew. 2008. "Storage Under Backwardation: A Direct Test of the Wright-Williams Conjecture," *Motu Working Paper* 08-13.

Coleman, Andrew. 2008. "Tax, Credit Constraints, and the Big Costs of Small Inflation," *Motu Working Paper* 08-14.

Cumming, Jackie; Steven Stillman and Michelle Poland. 2009. "Who Pays What for Primary Health Care? Patterns and Determinants of the Fees Paid by Patients in a Mixed Public-Private Financing Model," *Motu Working Paper* 09-01.

Ma, Hengyun; Les Oxley; John Gibson and Bongguen Kim. 2009. "China's Energy Economy: Technical Change, Factor Demand and Interfactor/Interfuel Substitution," *Motu Working Paper* 09-02.

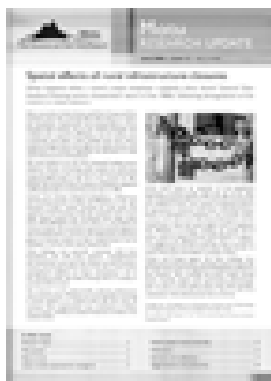
Ma, Hengyun; Les Oxley and John Gibson. 2009. "Testing for Energy Market Integration in China," *Motu Working Paper* 09-03.

Ma, Hengyun; Les Oxley and John Gibson. 2009. "China's Energy Situation and Its Implications in the New Millennium," *Motu Working Paper* 09-04.

Poot, Jacques. 2009. "Trans-Tasman Migration, Transnationalism and Economic Development in Australasia," *Motu Working Paper* 09-05.

Maré, David C and Daniel J. Graham. 2009. "Agglomeration Elasticities in New Zealand," *Motu Working Paper* 09-06.

Crawford, Ron. 2009. "Variations in Earnings Growth: Evidence from Earnings Transitions in the NZ Linked Income Survey," *Motu Working Paper* 09-07.



Motu Research Update

The *Motu Research Update* is published biannually in December and June. It is emailed to over 3000 people and institutions and posted to around 500 people. Articles are short and topical, and written so that they are accessible to a wide audience. Copies are also lodged with the National Library of New Zealand (ISSN 1176-0206).

Motu Notes

Motu has recently launched Motu Notes. These are less technical than our working papers and designed to appeal to a general or policy audience. Two Motu Notes were published in 2008/09:

Grimes, Arthur. 2009. "The Role of Infrastructure in Developing New Zealand's Economy," *Motu Note* #1.

Kerr, Suzi and Marianna Kennedy. 2009. "Greenhouse Gases and Water Pollutants: Interactions Between Concurrent New Zealand Trading Systems," *Motu Note* #2.

Motu Public Policy Seminar Series

Our Public Policy Seminar Series are designed to communicate the results of our research and make existing knowledge more accessible for policy debate in New Zealand. Seminar presenters are Motu staff, affiliates, and other leading local and international researchers. These seminar series are designed to be accessible to people not deeply involved in research (such as policy analysts) who want to keep up with research developments, and to the wider public who may be interested in a particular issue.

Auckland

In March 2009 Motu launched the Auckland Public Policy Seminar Series in cooperation with the New Zealand Business Council for Sustainable Development (NZBCSD) and the University of Auckland Master of Public Policy programme. Based on the success of Motu's Wellington series, the Auckland series addresses public policy issues of key importance to the Auckland region and its residents. The seminar series is sponsored by Government Urban and Economic Development Office (GUEDO), Auckland Regional Council, the Tindall Foundation and Social Policy Evaluation and Research Committee (SPEaR).

Over 500 people have subscribed to the Auckland seminar series email list in its first year.

Auckland Seminars for 2008/09:

Grimes, Arthur. 2009. "The Role of Infrastructure in Developing New Zealand's Economy," Auckland Public Policy Seminar, March.

Suzi Kerr. 2009. "Environmental Markets: How can they work for Water Quality and Climate Change?" Auckland Public Policy Seminar, April.

Peter Neilson. 2009. "The Case for Performance Rating Homes," Auckland Public Policy Seminar, May.

Wellington

We have been holding public policy seminars in Wellington approximately monthly since October 2003. Over 750 people are subscribed to the Wellington seminar series email list. In 2008/09 the Wellington series was funded by Statistics New Zealand, Social Policy Evaluation and Research (SPEaR), and the New Zealand Treasury.

Wellington Seminars for 2008/09:

Clark, William A V. 2008. "Spatial Relocation as an Instrument of Social Policy" Wellington Public Policy Seminar, July.

Roson, Roberto. 2008. "The Economic Impacts of Climate Change" Wellington Public Policy Seminar, August.

Kerr, Suzi. 2008. "Nutrient Trading in Lake Rotorua: A Prototype System" Wellington Public Policy Seminar, September.

Jenkins, Stephen. 2008. "The Dynamics of Social Assistance Receipt: Measurement and Modelling Issues, with an Application to Britain" Wellington Public Policy Seminar, October.

Coleman, Andrew. 2008. "The Hidden Costs of Low Inflation: Savings, Tax and the Dearth of Home Ownership," Wellington Public Policy Seminar, October.

Grafton, Quentin. 2008. "Bioeconomic Losses from Overharvesting Tuna," Wellington Public Policy Seminar, November.

Gulati, Sumeet. 2008. "Evaluating Tax Rebates for Hybrid Vehicles," Wellington Public Policy Seminar, December.

Gibson, John. 2009. "Why do Most of New Zealand's Best and Brightest Leave and What Brings Some of Them Back?" Wellington Public Policy Seminar, February.

Bedford, Richard. 2009. "International Migration in Kiribati and Tuvalu: A Context for Evaluating the Impact of Global Warming on Population Movement in Atoll Territories," Wellington Public Policy Seminar, March.

Maani, Sholeh. 2009. "The Economic Impact of High Human Capital Immigration on the NZ Labour Market," Wellington Economic and Public Policy Seminar, April.

Kerr, Suzi. 2009. "Climate Change Policy: Stepping Back and Moving Forward," Wellington Economic and Public Policy Seminar, May.

Sheppard, Stephen. 2009. "The Economics of Liveable and Sustainable Cities," Wellington Public Policy Seminar, June.

MacCulloch, Robert. 2009. "Happiness, Contentment and other Emotions: Implications for Economic Policy," Wellington Public Policy Seminar, June.

Media Coverage

Sharing our findings through print media and radio are secondary aims, although we welcome opportunities as they arise.

The following media items using Motu research were published in 2008/09:

Higher Pay 'Doesn't Always Mean Higher Skill' – The Dominion Post, 22 July 2009.

Big Firms Pay Better, but Workers Not More Skilled – NZ Herald, 20 July 2009.

Business could get Greenhouse Emissions 'Practice Run' says Economist – NZ Herald, 12 May 2009.

Emissions Trading - Trying to Clear the Regulatory Fog – NBR, 9 May 2009.

Investing can have Hidden Payoff – NZ Herald, 11 March 2009.

The Immigration Effect – NZ Property Investor, July 2008.

Our thanks go to Senate Communications for their pro-bono communications assistance.

People

Our strength lies in our people. We have seven senior researchers, all of whom have had extensive research and public policy experience. They are assisted by research analysts who bring to Motu an array of different skills and interests. We also have a team of support staff from varying backgrounds who look after our accounts, administration, library, communications, human resources and information technology. Motu Affiliates are a group of excellent active researchers who work on issues related to Motu's research programmes and who often collaborate on research projects. The Motu international panel have agreed to act as advisors to the director. We are governed by a board of trustees chaired by Colin James.

Motu People

Senior Fellows and Associates



Howard Fancy *Director*

Howard has an extensive background in leadership and public policy including senior roles in the New Zealand Treasury, Chief Executive Officer for the then Ministry of Commerce, Chief Executive Officer for the Ministry of Education, and Acting Chief Executive for the Ministry for the Environment. He has also held directorships at the Reserve Bank of New Zealand, the Institute of Policy Studies, the Asia New Zealand Foundation, and the New Zealand Trade Development Board. As well as being Motu's Director, Howard also undertakes some independent consulting through his own firm.



Suzi Kerr

Suzi graduated from Harvard University in 1995 with a PhD in Economics and was an Assistant Professor at the University of Maryland between 1995 and 1998. She is currently (from June 2009) a Visiting Professor in Economics at Stanford University. She has been a visiting scholar at the Massachusetts Institute of Technology and at Resources for the Future. Suzi's research work empirically and theoretically investigates domestic and international emissions trading issues, with special emphasis on climate change regulation, and on emissions and sequestration related to land use in New Zealand and the tropics. Her recent work has applied these tools to the problem of water quality in Lake Rotorua and the design of the New Zealand Emissions Trading System.



Andrew Coleman

Andrew began at Motu in February 2008, having earlier worked at the Reserve Bank. Andrew's work at Motu contributes to research programmes on macroeconomics, transport and housing. The Motu programmes have much in common with his main research interest, the way that storage and transport networks affect the prices of natural resources. Andrew has a PhD in Economics from Princeton University.



John Gibson

John is Professor in the Department of Economics, University of Waikato where he teaches the microeconomics of development and econometrics. He was previously Professor and Chairperson of the Department of Economics at the University of Canterbury, New Zealand. He has also taught in the Economics Department and Center for Development Economics at Williams College in the United States. John received his PhD from the Food Research Institute of Stanford University. His research focuses on poverty and the behavior of households in low-income settings. His research also studies the effect that different data collection methods can have on measurement error in surveys of living standards.



Arthur Grimes

Arthur has a BSocSc(Hons) from University of Waikato, and completed his PhD in Economics at the London School of Economics in 1987. Before joining Motu, Arthur was Director of the Institute of Policy Studies, Victoria University of Wellington, and had prominent roles at the Reserve Bank of New Zealand and National Bank of New Zealand. He has published papers on macroeconomics, banking and finance, housing and infrastructure topics in international academic journals, and has authored/edited five books. In 2005, Arthur was awarded the prestigious NZIER Economics Award. He is currently Chair of the Board of the Reserve Bank, Chair of the Hugo Group and Adjunct Professor of Economics at the University of Waikato.



David C. Maré

Dave has been a Senior Fellow at Motu since 2000 and, from 2009, is an Adjunct Professor of Economics at the University of Waikato. Prior to joining Motu, he was a researcher at the New Zealand Department of Labour. Dave gained his PhD in Economics at Harvard University in 1995, specialising in labour economics and urban economics. His current research interests include the economics of immigration, the economic performance of cities, and patterns of labour market adjustment - for individuals and in aggregate.



Steve Stillman

Steve received a PhD in Economics from the University of Washington in 2000 and is an affiliated research fellow at the Institute for the Study of Labor (IZA), the Centre for Research and Analysis of Migration (CReAM), and the William Davidson Institute. Before joining Motu, Steve worked as a senior research economist at the New Zealand Department of Labour and was a postdoctoral fellow at the RAND Corporation. Steve was a Visiting Professor at the Chair for Statistics and Empirical Economic Research, University of Zurich from August 2008 – July 2009. Steve's research focuses on empirical labour economics, specialising in the behaviour of individuals and households.

Board of Trustees



Colin James *Trustee since October 2004 and Chairperson since 2008*

Colin James is a political journalist of more than 35 years experience. He writes columns for the Dominion Post, the Press, the Otago Daily Times, the Waikato Times, and Management Magazine. He is a senior associate of the Institute of Policy Studies (IPS), and managing director of The Hugo Group—a forecasting panel with a membership of around 100 medium to large corporates that makes presentations on the strategic environment to companies, industry associations, government departments and other groups. He has written six books and many chapters, and has written or edited six books or monographs for IPS. He has contributed many papers to seminars, conferences and symposiums in several countries and has held several university fellowships, including JD Stout Research Fellow at Victoria University in 1991, and was the inaugural New Zealand Fellow at the Centre for Comparative Constitutional Studies at Melbourne University in 1993. He was awarded an honorary doctorate by Victoria University in 2008. He is a fellow of the Institute of Public Administration and a life member of the Parliamentary Press Gallery and the Engineering, Printing and Manufacturing Union.



Neil Green *Trustee since 2008*

Neil is CEO of the trans-Tasman communications group, Senate Communications. His work focuses on reputation management and corporate communications, assisting public and private sector organisations prepare to manage crises, issues management, and corporate advocacy programmes. He has specific expertise in energy, transport and finance, government, and pharmaceutical sectors. Neil is a well-known and respected figure in New Zealand business, with a 23-year career that has seen him operate in New Zealand, Australia, and New York. His past roles include being the CEO of Porter Novelli Australia and New Zealand, and being a member of the Porter Novelli International Board.



Dr John Hay *Trustee since 2008*

John is currently the Chief Executive Officer of the Institute of Environmental Science and Research (ESR), a position he has held since January 2000. Prior to ESR he held positions within AgResearch's Grasslands Division, and in the late 1990s was General Manager, Plant Improvement. In 2006 he was awarded the New Zealand Royal Society's Thomson Medal for outstanding and inspirational leadership in the management of science. He is currently Deputy Chair, Health Research Council and a Director of International Accreditation New Zealand.



Tom Lambie *Trustee since 2008*

Tom Lambie farms a 415ha organic dairy farm at Pleasant Point in South Canterbury. He is the Chancellor of Lincoln University, Chairman of the Opuha Water Partnership (Opuha Dam), and a former National President of Federated Farmers of New Zealand. Tom has a B.Agr.Com from Lincoln University and was a Kellogg Rural Leadership Scholar in 1995.



Professor Richie Poulton *Trustee since 2007*

After completing his postgraduate diploma in clinical psychology and masters degree in science from the University of Otago, Richie was awarded a PhD in psychology from the University of New South Wales. Since 2000, he has been director of the University of Otago's Dunedin Multidisciplinary Health and Development Research Unit which conducts the Dunedin longitudinal study, one of the most detailed studies of human health and development ever undertaken. His major areas of interest and research are developmental psychopathology, gene X environment prediction of complex disorders, and psychosocial determinants of chronic physical disease. He has published well over a hundred peer-reviewed scientific papers, with many appearing in leading international journals, and he maintains numerous international research collaborations. In 2006 he was made research professor and awarded a Personal Chair by the University of Otago. He is a current board member of the New Zealand Health Research Council and serves on many other governmental and academic statutory bodies. In 2004 he was awarded the New Zealand Association of Scientist's Research Medal and the Health Research Council of New Zealand's inaugural Liley Medal for Excellence in Health Research.

Motu director Howard Fancy and Motu senior fellow Arthur Grimes are also members of the Board of Trustees.

Affiliates



Deborah Cobb-Clark *The Australian National University*

Deborah Cobb-Clark is a Professor of Economics in the Research School of Social Sciences, ANU and is a former co-editor of the *Journal of Population Economics*. She earned a PhD in economics from the University of Michigan (1990) and has held previous positions at the US Labor Department and Illinois State University. Professor Cobb-Clark is the founding director of The Social Policy Evaluation, Analysis and Research (SPEaR) Centre and has been Associate Director of the Research School of Social Sciences at the ANU. Her research agenda centres on the effect of social policy on labour market outcomes and she has published more than four dozen academic articles on immigration, sexual and racial harassment, health, old-age support, and youth outcomes in journals such as *American Economic Review*, *Journal of Labor Economics*, *Journal of Human Resources*, *Journal of Economic Behavior and Organization*, *Industrial and Labor Relations Review*, and *Labour Economics*.



Lew Evans *Victoria University of Wellington*

Lew is professor and chair of economics at Victoria University of Wellington. His current research includes the performance of contracts, firms and markets under different competition and regulatory structures. He is a lay member of the New Zealand High Court for matters of commerce, a member of the Market Surveillance Committee from 1996-2004, and was a member of the editorial board of the *Journal of Economic Literature*. Lew is the past director of the Institute for the Study of Competition and Regulation. He has a PhD in economics from the University of Wisconsin. He is a distinguished fellow of the New Zealand Association of Economists and a Fellow of the Law and Economics Association of New Zealand.



Richard Fabling *Ministry of Economic Development*

Richard is a senior adviser in the research team at the Reserve Bank of New Zealand. Prior to this, he was a Chief Adviser at the Ministry of Economic Development and before that worked for Tokyo-Mitsubishi International in London and for the New Zealand Treasury. His current research interest is in describing and understanding the performance of firms, and the application of this understanding to issues of public policy. Richard holds a doctorate from the University of Waikato in applied mathematics (magnetohydrodynamics), where his thesis entailed modelling solar flares



Viv Hall *Victoria University of Wellington*

Viv is a Professor at Victoria University of Wellington and has held the Macarthy Chair of Economics since July 1989. He was previously Associate Professor in the Department of Economics at the University of Sydney. Viv's research and teaching interests span macroeconomic theory, modelling, and policy, with particular focus on monetary policy, fiscal policy, and inflation. His current research involves New Zealand and Australian business cycle analysis; and implications for New Zealand of an Australasian currency, or a common currency with the U.S. dollar.



Dean Hyslop *Victoria University of Wellington*

Dean Hyslop is Professor of Econometrics at Victoria University of Wellington and a Senior Research Associate at Motu. He has previously held positions at UCLA, the Treasury, the Department of Labour and the Reserve Bank, and visiting research positions at UC Berkeley and the University of Melbourne. His distinctions include being the co-recipient of the Econometric Society's 2008 Frisch medal given biennially to an applied paper published in *Econometrica* in the previous 5 years. He did his undergraduate study in Mathematics and Economics at Victoria University of Wellington, and has a PhD from Princeton University. His research interests lie in labour economics and applied econometrics, and his current research is mainly focused on Statistics New Zealand's Linked Employer-Employee Database (LEED).



Sholeh Maani *University of Auckland*

Sholeh is an Associate Professor in Economics at the University of Auckland, and a specialist on the economics of the labour market. Her researched and published work include human capital and wage determination, participation in higher education, income distribution, Maori education, health and housing, intergenerational economic effects, and economic consequences of immigration. As a specialist in economics of education and labour markets, she is engaged in international research collaborations and serves as a research advisor on labour market research and policy in New Zealand and overseas. Sholeh has an ongoing interest in the economics of higher education, and is the author of "Investing in Minds: The Economics of Higher Education in New Zealand" (Institute of Policy Studies). Her current research is on the economic consequences of skilled immigration; labour market outcomes of increased education; and changes in labour market wage-setting institutions. She has served as a member of the Royal Society of New Zealand, Social Science Advisory Committee, and as the President of the New Zealand Association of Economists. Sholeh has a PhD from the University of Illinois.



Tim Maloney *University of Auckland*

Tim is an Associate Professor in the Economics Department at The University of Auckland. His fields of interest are labour economics, applied econometrics, and policy evaluation. He has also served as a researcher at the New Zealand Treasury, the Institute of Policy Studies and the Institute for Research on Poverty at the University of Wisconsin. Tim has published work on the labour supply of married women, job search, income inequality, the use of ability tests in employer screening, cognitive achievement and returns to education, economic reforms, intergenerational transmission of welfare dependence, and minimum wage effects. His recent publications have appeared in the journals *Economica*, *Labour Economics*, *Australian Economic Papers*, *International Journal of Manpower*, *Australian Journal of Labour Economics* and *New Zealand Economic Papers*.



Philip McCann *University of Groningen*

Philip McCann is Professor of Economic Geography at the University of Groningen, The Netherlands, and also Professor of Economics at the University of Waikato. Philip is one of the world's most highly cited spatial economists and economic geographers of his generation and has won various international awards and accolades for his research. Professor McCann has published some one hundred books, journal articles and book chapters in a range of economics, regional science, and engineering journals. His book *Urban and Regional Economics*, 2001, Oxford University Press is the world's best-selling book in the field, is used in over twenty countries, and has already been translated into Greek, Korean, Japanese and Chinese. In addition, two of Professor McCann's other books have been translated into Japanese.



John McDermott *Reserve Bank of New Zealand*

John is the Head of Economics at the Reserve Bank. He has held posts at Victoria University of Wellington, the International Monetary Fund and National Bank of New Zealand. He has also spent time as a visiting scholar at the International Monetary Fund and taught at the World Bank Institute. He gained a BSc and Mcom from the University of Auckland and a PhD from Yale University. His current research interests include monetary policy, business cycles, and commodity prices.



Richard Newell *Duke University*

Richard is the Gendell Associate Professor of Energy and Environmental Economics at the Nicholas School of the Environment and Earth Sciences, Duke University. He is a university fellow and currently a visiting scholar at Resources for the Future. He recently served as the Senior Economist for energy and environment on the President's Council of Economic Advisers. Richard's research centres on the economics of markets and policies for energy and related technologies, particularly the cost and effectiveness of alternatives for reducing greenhouse gas emissions and achieving other environmental and energy goals. He holds a PhD from Harvard University.



Les Oxley *University of Canterbury*

Les Oxley (FRSNZ, FMSSANZ, FIEMSS) is Professor in Economics at the University of Canterbury. He is also Adjunct Professor at the School of Economics and Finance, Curtin University of Technology, Australia; and Adjunct Professor at Chiang Mai University, Thailand. His current research includes: defining and measuring the size, scale and effects of the 'knowledge economy' in New Zealand; the effects of land ownership and sales on the New Zealand economy in the late 19th and early 20th century; measures and effects of innovation on the New Zealand economy; non-parametric methods applied to forecasting electricity prices; non-linear cointegration; and China's energy economy. Some of this work is funded with support from the Royal Society of New Zealand's Marsden Fund and the Foundation for Research, Science and Technology.



Jacques Poot *University of Waikato*

Jacques Poot is Professor of Population Economics at the University of Waikato. Jacques studied econometrics at the VU University Amsterdam and has a PhD from Victoria University of Wellington, where he held various academic positions between 1979 and 2003. He was also Foreign Professor at the University of Tsukuba in Japan (1994-97 and 2002). He is a Correspondent (Honorary Fellow) of the Royal Netherlands Academy of Arts and Sciences and an External Research Fellow of the Centre for Research and Analysis of Migration (CReAM) in London. Professor Poot is also, until 2010, a member of the Spinoza Commission which awards annually the highest scientific prize across all disciplines in The Netherlands. His research interests include all aspects of the economics of population (such as migration, fertility, labour force, and ageing) and especially the geographical dimension of these topics.



James Sanchirico *Resources for the Future*

James is Professor in the Department of Environmental Science and Policy at the University of California (UC) at Davis and a University Fellow at Resources for the Future (RFF). Before joining the UC Davis Faculty in 2007, James was a Senior Fellow at Resources for the Future. His research focuses on economic analysis of fishery policy design, implementation and performance, with a particular interest in analysing the ecosystem impacts of policies such as landing taxes, individual transferable quotas, limited entry and marine protected areas. His other research interests include issues related to invasive species management and land-use and biodiversity conservation. James is currently serving on the U.S. National Oceanographic and Atmospheric Administration's Science Advisory Board and on the editorial council for the Journal of Environmental Economics and Management. James received a PhD in Agriculture and Resource Economics from the University of California at Davis in 1998.



Grant Scobie *The New Zealand Treasury*

Grant received his undergraduate degree from Massey University in Palmerston North. After completing a Master's degree in Australia, he was awarded a PhD in Economics from North Carolina State University. His major areas of interest and research have been in the economics of research and development, agricultural research, international trade, and more latterly in household savings, wealth, retirement income and housing. As well as holding research positions in the Australian and New Zealand governments, Grant has been an Associate Professor of Economics in the United States, and was Professor of Economics and Chair of the department at the University of Waikato. From 1995 to 1999 he was the Director General of CIAT (Centro Internacional de Agricultura Tropical) in Colombia. Grant received the New Zealand Institute of Economic Research Economics Award for 2004, joining a small and select group who have received this prestigious award. After nine years on the New Zealand Association of Economists Council and three as president, he was recently made a life member. Grant is currently Principal Advisor in Policy Coordination and Development in The New Zealand Treasury. He is a former National Board Member for Save the Children, having served as Chair of their Overseas Programme Committee and Audit and Risk Committee. Grant was a Motu Trustee and the Founding Chairperson from September 2000 through October 2006.



Adolf Stroombergen *Infometrics*

Adolf is chief economist at Infometrics. Before that he was a partner in Business and Economic Research Ltd. He has a PhD in general equilibrium modelling and 25 years of experience in economic consulting, specialising in economic modelling, econometrics and public policy research in areas such as education, taxation, savings and retirement, energy and environment, trade and transport. His econometric work has included forecasting and estimating empirical relationships in the areas of corporate credit risk and organisational structure. He has developed microsimulation models of savings and the tertiary student loan scheme. Adolf has been a member of the Advisory Committee on Economic Statistics since 1996 and he was an Expert Reviewer for the IPCC Working Group II Fourth Assessment Report released in 2007.



Malathi Velamuri *Victoria University of Wellington*

Malathi is a Lecturer in the School of Economics and Finance at Victoria University of Wellington. She currently teaches Labour Economics at undergraduate and honours level. Her research interests include labour supply, internal labour markets, and the link between crime and employment and health issues. Malathi has a Masters degree from the University of Madras, India and a PhD from the University of Texas at Austin.

International Advisory Panel



Denny Ellerman *Massachusetts Institute of Technology*

Denny Ellerman recently retired as a senior lecturer at the Sloan School of Management at the Massachusetts Institute of Technology. He is an internationally recognised expert on energy and environmental economics with a particular focus on emissions trading. He is a co-author of the leading book on the US CO₂ Trading Program, “Markets for Clean Air: The U.S. Acid Rain Program” (Cambridge University Press, 2000); co-editor of “Allocation in the European CO₂ Emissions Trading Scheme: Rights, Rents, and Fairness” (Cambridge University Press, 2007); and co-author of “Pricing Carbon: The EU’s Emissions Trading Scheme” (Cambridge University Press, forthcoming). Before his appointment at MIT in 1992, Dr Ellerman worked for Charles River Associates, the National Coal Association, and in the United States government at the Department of Energy and the Executive Office of the President. He is a past president of the International Association for Energy Economics and he earned a PhD in political economy and government from Harvard University.



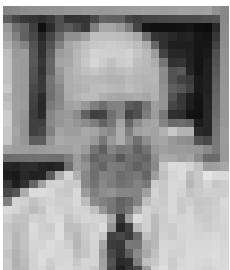
Edward Glaeser *Harvard University*

Edward is a Professor of Economics in the Faculty of Arts and Sciences at Harvard University, where he has taught since 1992. He is Director of the Taubman Center for State and Local Government and Director of the Rappaport Institute of Greater Boston. He teaches urban and social economics and microeconomic theory. Edward has published dozens of papers on cities, economic growth, and law and economics. In particular, his work has focused on the determinants of city growth and the role of cities as centres of idea transmission. He received his PhD from the University of Chicago in 1992.



Stephen Jenkins *University of Essex*

Stephen Jenkins is a professor at the Institute for Social and Economic Research (ISER), University of Essex, and was its Director April 2006 to September 2009. He has wide-ranging substantive research interests in income distribution and labour market topics, and methodological research interests in microeconomic methods for longitudinal data. He is a member of the UK’s National Equality Panel. Stephen did his undergraduate degree at the University of Otago and received a DPhil from the University of York in 1983.



Wallace (Wally) Oates *University of Maryland*

Wally Oates is professor of economics at the University of Maryland, College Park, and a university fellow at Resources for the Future. His primary research and teaching interests are in public finance, with a particular emphasis on fiscal federalism and state-local finance, and environmental economics. He has a PhD from Stanford University.

Foundation

The Motu Research and Education Foundation is an independent trust set up in 2006 to further Motu's 'public good' role of contributing to public knowledge and debate on a range of public policy issues. The Foundation seeks support from government and private sector organisations as patrons and donors. These funds strengthen our work to build understanding and capacity for economic and public policy research in New Zealand.

Motu Research and Education Foundation

Purposes

The purposes of the Motu Research and Education Foundation are set out in its trust deed. In summary, these are to:

- Provide seed grants for new areas of research;
- Produce and distribute summaries of key policy-relevant research findings;
- Make available the results of Motu's work and knowledge through publication, the internet, conferences, seminars, workshops, dialogue groups and teaching;
- Build capacity for economic and public policy research through training, collaboration, sponsoring students or researchers, and developing relevant databases;
- Maintain close links with international experts; and
- Organise visits by top international visitors.

Patrons and Donors

The Foundation had nine patrons in 2008/09:

- Beca Group Limited
- Department of Building and Housing
- Department of Labour
- Fletcher Building Limited
- Ministry of Economic Development
- Ministry for the Environment
- Mighty River Power Limited
- Solid Energy New Zealand limited
- Telecom New Zealand Limited

The Foundation also received a generous donation from the Tindall Foundation in the previous year from which it continues to benefit.

Motu Foundation activities

In 2008/09, the Motu Research and Education Foundation supported Renée Tipene as a Maori intern and awarded Andrew Aitken the Motu Doctoral Scholarship to attend University College, London. The foundation also funded George Borjas (Harvard University) to attend the ESAM08 conference "Markets and Models: Policy Frontiers in the AWH Phillips Tradition" (held in Wellington in July, 2008), and was a sponsor for the "Tax Policy Conference 2009: New Zealand tax reform - where to next?" (held in Wellington in February, 2009). Furthermore, the Foundation made it possible to establish the new Motu Notes series, two of which have been released thus far.

Motu Foundation Board of Trustees

The Motu Foundation is governed by a Board of Trustees, which consists of some of New Zealand's most distinguished business people and academics.

Current board members are:



Neil Green (Chair)

Neil is CEO of the trans-Tasman communications group, Senate Communications. His work focuses on reputation management and corporate communications, assisting public and private sector organisations prepare to manage crises, issues management, and corporate advocacy programmes. He has specific expertise in energy, transport and finance, government, and pharmaceutical sectors. Neil is a well-known and respected figure in New Zealand business, with a 23-year career that has seen him operate in New Zealand, Australia, and New York. His past roles include being the CEO of Porter Novelli Australia and New Zealand, and being a member of the Porter Novelli International Board.



Colin James

Colin James is a political journalist of more than 35 years experience. He writes columns for the Dominion Post, the Press, the Otago Daily Times, the Waikato Times, and Management Magazine. He is a senior associate of the Institute of Policy Studies (IPS), and managing director of The Hugo Group—a forecasting panel with a membership of around 100 medium to large corporates that makes presentations on the strategic environment to companies, industry associations, government departments and other groups. He has written six books and many chapters, and has written or edited six books or monographs for IPS. He has contributed many papers to seminars, conferences and symposiums in several countries and has held several university fellowships, including JD Stout Research Fellow at Victoria University in 1991, and was the inaugural New Zealand Fellow at the Centre for Comparative Constitutional Studies at Melbourne University in 1993. He was awarded an honorary doctorate by Victoria University in 2008. He is a fellow of the Institute of Public Administration and a life member of the Parliamentary Press Gallery and the Engineering, Printing and Manufacturing Union.



Dr Roderick Carr

Dr Carr was appointed Vice-Chancellor at the University of Canterbury in February 2009. Previously Dr Carr had been Managing Director of Jade Software Corporation Ltd. Dr Carr joined Jade in July 2003 after a distinguished career in the banking sector, most recently as Acting Governor of the Reserve Bank of New Zealand. During a five year career at the Reserve Bank he played a key management role as a director and Deputy Governor, including five months as Acting Governor. Prior to this Dr Carr was a senior executive at the National Australia Bank (NAB) in Melbourne, Australia. During his 11 year career in commercial banking, Dr Carr worked in senior executive and management roles spanning many aspects of the business. Dr Carr holds a PhD in Insurance and Risk Management from The Wharton School, University of Pennsylvania; an MBA in Finance; an MSc in Applied Economics; and undergraduate degrees in law and in economics. In 2005 he accepted an invitation to become a Fellow of the New Zealand Institute of Management, and in 2006 was named NZ Hi-Tech Company Leader of the Year. He is involved in several private and public companies as a director including Lyttelton Port Company Ltd and Taranaki Investment Management Ltd. Dr Carr is a Vice-President of the Canterbury Employers' Chamber of Commerce and a member of the Board of the New Zealand International Business Forum. Married with four children, Dr Carr spends his spare time swimming and running and has completed the London, Paris, Athens, Boston, New York, Istanbul, and Antarctica marathons in the past six years.



Keith Turner

Keith Turner was until recently Chief Executive of Meridian Energy. In his 39-year career, he has held a range of senior executive roles for the major electricity providers including the Electricity Corporation, and its predecessor the Electricity Department. He was a member of the Transpower Establishment Department Board, a Founding Director of M-Co, a member of the Contact Energy Establishment Team, and a member of the Market Surveillance Committee. Dr Turner has been a Trustee of the Motu Foundation since 2007.

Motu director Howard Fancy is also a member of the Foundation Board.

Financial Information

Motu is funded through research grants, sponsorship for our Public Policy Seminar Series, and small annual contributions from Motu Friends.

The Motu Research and Education (see previous section) receives annual funding from patrons and occasional contributions from donors.

List of Grants

The following is a full list of grants and funding sources (greater than \$30,000) active during 2008/09:

Centre for Housing Research Aotearoa New Zealand, “The Dynamics of Housing Demand of Over 65 Year Olds,” 2008–2009. \$40,000.

Department of Labour, “Economic Impact of Immigration on Innovation,” 2008–2009, \$50,000.

Department of Labour, funded by Ministry of Research Science and Technology through the Contestable Departmental Research Pool, “LEED Research Programme,” 2008–2009, \$82,875 (time and materials only).

Families Commission Research Fund, “The Intergeneration Transmission of Human Capital in New Zealand,” 2008, \$83,700.

New Zealand Foundation for Research, Science and Technology, “Physical, Technological and Social Infrastructure: Maximising Contributions of Infrastructure Investments to New Zealand’s Economics Development,” 2006–2010, \$1,600,000.

New Zealand Foundation for Research Science and Technology, “Integrated Research on the Economics of Climate Change Impacts, Adaptation and Mitigation,” 2007–2011, \$1,687,500.

New Zealand Foundation for Research Science and Technology, “Markets and Water Quality: Integrated Assessment for Policy Design,” 2007–2011, \$1,000,000.

New Zealand Transport Agency, “Agglomeration Elasticities,” 2008–2009. \$30,000.

Royal Society of New Zealand Marsden Fund, “Homeownership and Neighbourhood Wellbeing,” April 2008–March 2011, \$600,000.

Royal Society of New Zealand Marsden Fund, “The Impact of Economic Shocks on the Wellbeing of New Zealanders,” 2008–2011, \$60,000.

Royal Society of New Zealand Marsden Fund, “Wealth and Health Effects of Migration,” 2009–2010, \$44,280 (Motu component).

University of Auckland, “Improving Health Systems Performance: Enhancing Hospital Outcomes” July 2008–October 2011, \$35,137.

Motu Economic and Public Policy Research Trust

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Motu Economic and Public Policy Research Trust

Statement of Financial Performance for the Year Ended 30 June 2009

	Note	2009	2008
INCOME		\$	\$
Research Grants		2,000,062	1,920,334
Interest Received		60,230	60,395
Patrons		0	2,385
Other Income		9,140	22,230
Total Income		2,069,432	2,005,344
LESS EXPENSES			
Personnel		1,091,442	880,031
Research Project Costs		503,226	722,699
Dissemination Expenses		14,000	11,211
Audit Fees		10,102	10,840
Depreciation	6	73,675	49,157
Foreign Exchange Loss		0	255
Loss on Sale		6,518	(387)
Rent & Outgoings		83,542	40,626
Other Operating Expenses		180,241	157,442
Total Operating Expenses		1,962,745	1,871,874
OTHER EXPENSES			
Senior Fellow Research Accounts		20,840	0
Contributions to Motu Research and Education Foundation		0	53,678
TOTAL EXPENSES		1,983,585	1,925,552
NET SURPLUS/(DEFICIT)		85,847	79,792
Transfer from/(to) Motu Endowment Fund		0	0
NET SURPLUS/(DEFICIT) TRANSFERRED TO ACCUMULATED FUNDS		\$85,847	\$79,792



Motu Economic and Public Policy Research Trust

Statement of Movements in Equity for the Year Ended 30 June 2009

	2009	2008
	\$	\$
Net Surplus	85,847	79,792
Motu Endowment Fund	0	0
Total recognised revenues & expenses	<u>85,847</u>	<u>79,792</u>
EQUITY AT START OF YEAR	700,470	620,678
EQUITY AT END OF YEAR	<u><u>\$786,317</u></u>	<u><u>\$700,470</u></u>
SENIOR FELLOW RESEARCH RESERVE		
Opening Senior Fellow Research Reserve	0	0
Plus Transfers to Reserve	71,400	0
Less Movement Expensed	-20,840	0
Closing Senior Fellow Research Reserve	<u>50,560</u>	<u>0</u>
ACCUMULATED FUNDS		
Opening Accumulated Funds	700,470	700,470
Net Surplus/(Deficit)	85,847	0
less Movements to Reserve	-50,560	0
TOTAL ACCUMULATED FUNDS	<u><u>735,757</u></u>	<u><u>700,470</u></u>

Motu Economic and Public Policy Research Trust

Statement of Financial Position as at 30 June 2009

	Note	2009	2008
		\$	\$
CURRENT ASSETS			
Bank and Cash	4	1,132,022	959,635
Accounts Receivable		186,348	224,426
Accrued Income		0	0
Prepayments		0	0
Work in Progress		46,343	53,764
Total Current Assets		1,364,714	1,237,825
CURRENT LIABILITIES			
Accounts Payable		205,067	300,338
Accrued Expenses		55,803	64,014
Income Received in Advance		474,933	278,377
Total Current Liabilities		735,805	642,730
WORKING CAPITAL		628,911	595,095
NON-CURRENT ASSETS			
Plant, Property and Equipment	5	157,406	105,375
Total Non-current Assets		157,406	105,375
NET ASSETS/(LIABILITIES)		\$786,317	\$700,470
Represented by:			
Accumulated Funds		735,757	700,470
Motu Endowment Fund		50,560	-
EQUITY		\$786,317	\$700,470
On behalf of board;			
Director:			
			
Trustee:			
			
Date: October 7 2009			

Motu Economic and Public Policy Research Trust

*Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2009*

I. STATEMENT OF ACCOUNTING POLICIES

Motu Economic and Public Policy Research Trust is a charitable trust registered under the Charitable Trusts Act 1957. These financial statements have been prepared in accordance with the Financial Reporting Act 1993.

Measurement Base

The general accounting principles recommended by the New Zealand Institute of Chartered Accountants for the measurement and reporting of profits and the financial position on a historical cost basis have been followed.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

(a) Differential Reporting

Under Paragraph 4.23 of the Financial Reporting Act 1993, Motu Economic and Public Policy Research Trust qualifies for the differential reporting as it is not publicly accountable and it is small. Motu Economic and Public Policy Research Trust has taken advantage of all available differential reporting exemptions except GST, the statements are presented exclusive of GST.

(b) Revenue Recognition Policy

Income is recognised progressively as work is completed.

(c) Fixed Assets and Depreciation

The entity has the following classes of fixed assets;

Furniture and Fittings	11.4–60%
Office Equipment	26–60%

All fixed assets are recorded at cost less accumulated depreciation.

Depreciation of the assets has been calculated using up to the maximum rates permitted by the Income Tax Act 1994.

(d) Foreign Currencies

Transactions denominated in foreign currencies are converted at the exchange rate prevailing at the transaction date. Foreign currency receivables and payables are converted at exchange rates prevailing at balance date. Foreign exchange gains and losses are included as income or expenses respectively and accounts payable which include GST as applicable.

(e) Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis except for accounts receivable and accounts payable which include GST as applicable.

(f) Income Tax

Motu Economic and Public Policy Research Trust has charitable status and therefore has been granted an income tax exemption.

Motu Economic and Public Policy Research Trust

Notes to and Forming Part of the Financial Statements for the Year Ended 30th June 2009

(g) Leased Assets

Operating Leases

Operating leases are those where all the risks and benefits are substantially retained by the lessor. Lease payments are expensed in the period the amounts are payable.

(h) Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. AUDIT

These financial statements have been subject to audit; please refer to Auditor's Report.

3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2008:\$0). Motu Economic and Public Policy Research Trust has not granted any securities in respect of liabilities payable by any other party whatsoever.

4. BANK AND CASH

	2009	2008
	\$	\$
National Bank - 00	103,094	176,180
National Bank - 025	229,865	102,143
National Bank - 1000	-	-
National Bank - US\$	38	1
Petty Cash	202	73
National Bank Term Deposit	798,822	681,238
Total Bank and Cash	\$1,132,022	\$959,635

The Trust has an overdraft limit of \$50,000 with ANZ National Bank Limited. The interest rate at balance date was 7.95%. This overdraft facility is secured by way of a term deposit of \$70,000 held at ANZ National Bank.

5. FIXED ASSETS

	2009	2008
	\$	\$
Furniture and Fittings		
At cost	74,134	39,390
Less Accumulated Depreciation	22,681	17,359
	51,453	22,031
Office Equipment		
At cost	354,926	266,644
Less Accumulated Depreciation	248,972	183,300
	105,954	83,344
Total Fixed Assets	\$157,407	\$105,375

Motu Economic and Public Policy Research Trust

Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2009

6. DEPRECIATION EXPENSE

	2009	2008
	\$	\$
Furniture and Fittings	8,003	3,742
Office Equipment	65,672	45,414
	\$73,675	\$49,156

7. OPERATING LEASE COMMITMENTS

	2009	2008
	\$	\$
Lease of premises at level 1, 97 Cuba Street, Wellington		
Within 1 Year	85,000	85,000
1–2 Years	85,000	85,000
2–5 Years	255,000	255,000
Over 5 Years		85,000
	\$425,000	\$510,000

	2009	2008
	\$	\$
Photocopier Lease		
Within 1 Year	6,075	4,590
1–2 Years	6,075	4,590
2–5 Years	12,150	13,770
Over 5 years	6,075	
	\$30,375	\$22,950

8. SUBSIDIARY ENTITY AND RELATED PARTY

The subsidiary of Motu Economic and Public Policy Research Trust (“Trust”) is Motu Research and Education Foundation (“Foundation”). The Foundation is a Charitable Trust settled on 8 September 2006. Under FRS37, the Foundation is deemed to be controlled by the Trust and therefore is consolidated with the Trust’s financial results.

The Trust periodically invoices the Foundation for its share of common overheads.

Motu Research and Education Foundation

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AUDIT REPORT

To the readers of the financial report of Motu Research and Education Foundation.

We have audited the attached financial report on pages 58 to 62. The financial report provides information about the past financial performance of Motu Research and Education Foundation and its financial position as at 30 June 2009. This information is stated in accordance with the accounting policies as attached.

TRUSTEE'S RESPONSIBILITIES

Management of Motu Research and Education Foundation are responsible for the preparation of a financial report which gives a true and fair view of the financial position of Motu Research and Education Foundation as at 30 June 2009, and of the results of their operations for the year ended 30 June 2009.

AUDITOR'S RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by management and report our opinion to you.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by Motu Research and Education Foundation in the preparation of the financial statements, and
- whether the accounting policies are appropriate to Motu Research and Education Foundation's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than our capacity as auditors we have no relationship with or interests in Motu Research and Education Foundation.

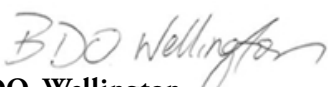
UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by Motu Research and Education Foundation as far as appears from our examination of those records; and
- the attached financial report on pages 58 to 62:
 - o complies with generally accepted accounting practice in New Zealand;
 - o fairly reflects the financial position of Motu Research and Education Foundation as at 30 June 2009, and the results of its operations for the year ended on that date.

Our audit was completed on 7 October 2009 and our unqualified opinion is expressed as at that date.


BDO Wellington
Chartered Accountants
WELLINGTON

Motu Research and Education Foundation

Trust Directory as at 30 June 2009

Settlor	Roderick Sheldon Deane
Nature of Business	Charitable Trust
Trustees	Neil Green (Foundation Chair) Dr Keith Sharman Turner Dr Roderick Marshall Carr Colin Charles James Howard Fancy (Director)
Date of Formation	8 September 2006
Auditors	BDO Spicers Wellington Level 1, Tower Building 50-64 Customhouse Quay Wellington

Motu Research and Education Foundation

Statement of Financial Performance for the Year Ended 30 June 2009

	2009	2008
INCOME	\$	\$
Motu Economic and Public Policy Research - Contributions	0	53,678
Interest Received	10,129	4,493
Other Income	3,040	0
Patron Contributions	20,000	70,000
Donations Received	0	100,000
Total Income	33,169	228,171
LESS EXPENSES		
Dissemination Expenses	0	1,010
Other Operating Expenses	52,644	9,662
TOTAL EXPENSES	52,644	10,672
NET SURPLUS/(DEFICIT)	-19,476	217,499
NET SURPLUS/(DEFICIT) TRANSFERRED TO ACCUMULATED FUNDS	-\$19,476	\$217,499



Motu Research and Education Foundation

Statement of Movements in Equity for the Year Ended 30 June 2009

	2009	2008
	\$	\$
Net Surplus/(Deficit)	-19,476	217,499
Total Recognised Revenue and Expenses	-19,476	217,499
EQUITY AT START OF YEAR	285,514	68,015
EQUITY AT END OF YEAR	\$266,038	\$285,514



Motu Research and Education Foundation

Statement of Financial Position as at 30 June 2009

	Note	2009	2008
		\$	\$
CURRENT ASSETS			
Bank and Cash	3	308,531	239,351
Accounts Receivable		45,000	67,500
Total Current Assets		<u>353,531</u>	<u>306,851</u>
CURRENT LIABILITIES			
Accounts Payable		7,493	11,337
Income Received in Advance		80,000	10,000
Total Current Liabilities		<u>87,493</u>	<u>21,337</u>
WORKING CAPITAL		266,038	285,514
NET ASSETS/(LIABILITIES)		<u>\$266,038</u>	<u>\$285,514</u>
Represented by:			
Accumulated Funds		266,038	285,514
Motu Endowment Fund		-	-
EQUITY		<u>\$266,038</u>	<u>\$285,514</u>

On behalf of board;

Director:



Trustee:



Date: October 7 2009



Motu Research and Education Foundation

*Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2009*

I. STATEMENT OF ACCOUNTING POLICIES

Motu Research and Education Foundation is a charitable trust registered under the Charitable Trusts Act 1957. The financial statements have been prepared in accordance with the Financial Reporting Act 1993.

Measurement Base

The general accounting principles recommended by the New Zealand Institute of Chartered Accountants for the measurement and reporting of profits and the financial position on a historical cost basis have been followed.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

(a) Differential Reporting

Under Paragraph 4.23 of the Financial Reporting Act 1993, Motu Research and Education Foundation qualifies for the differential reporting as it is not publicly accountable and it is small. Motu Research and Education Foundation has taken advantage of all available differential reporting exemptions.

(b) Revenue Recognition Policy

Income is recognised in the period it is earned.

(c) Patron Income

Patron income is recognised in the period of patronage.

(d) Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis except for accounts receivable and accounts payable which include GST as applicable.

(e) Income Tax

Motu Research and Education Foundation has charitable status and therefore has been granted an income tax exemption.

(f) Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Changes in Accounting Policies

The GST policy has changed from a GST Inclusive basis to a GST Exclusive basis. All other policies have been applied on bases consistent with those of the previous year.



Motu Research and Education Foundation

Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2009

2. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2008:\$0). Motu Research and Education Foundation has not granted any securities in respect of liabilities payable by any other party whatsoever.

3. BANK AND CASH

	2009	2008
	\$	\$
National Bank - 00	32,911	34,659
National Bank - 02	275,620	204,691
Total Bank and Cash	\$308,531	239,350

There was no overdraft as at balance date nor was any facility arranged.

4. SUBSIDIARY ENTITY AND RELATED PARTY

The subsidiary of Motu Economic and Public Policy Research Trust ("Trust") is Motu Research and Education Foundation ("Foundation"). The Foundation is a Charitable Trust settled on 8 September 2006. Under FRS37, the Foundation is deemed to be controlled by the Trust and therefore is consolidated with the Trust's financial results.

The Trust periodically invoices the Foundation for its share of common overheads.



Motu Economic and Public Policy Research Trust Group

Financial Reports for the Year Ended 30 June 2009

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AUDIT REPORT

To the readers of the financial report of Motu Economic and Public Policy Research Trust Group.

We have audited the attached financial report on pages 65 to 71. The financial report provides information about the past financial performance of Motu Economic and Public Policy Research Trust Group and its financial position as at 30 June 2009. This information is stated in accordance with the accounting policies as attached.

TRUSTEE'S RESPONSIBILITIES

Management of Motu Economic and Public Policy Research Trust Group are responsible for the preparation of a financial report which gives a true and fair view of the financial position of Motu Economic and Public Policy Research Trust Group as at 30 June 2009, and of the results of their operations for the year ended 30 June 2009.

AUDITOR'S RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by management and report our opinion to you.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by Motu Economic and Public Policy Research Trust Group in the preparation of the financial statements, and
- whether the accounting policies are appropriate to Motu Economic and Public Policy Research Trust Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than our capacity as auditors we have no relationship with or interests in Motu Economic and Public Policy Research Trust Group.


UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by Motu Economic and Public Policy Research Trust Group as far as appears from our examination of those records; and
- the attached financial report on pages 65 to 71:
 - o complies with generally accepted accounting practice in New Zealand;
 - o fairly reflects the financial position of Motu Economic and Public Policy Research Trust Group as at 30 June 2009, and the results of its operations for the year ended on that date.

Our audit was completed on 7 October 2009 and our unqualified opinion is expressed as at that date.


BDO Wellington
Chartered Accountants
WELLINGTON

Motu Economic and Public Policy Research Trust Group

Statement of Financial Performance for the Year Ended 30 June 2009

	2009	2009	2008	2008
	Group	Parent	Group	Parent
	\$	\$	\$	\$
INCOME				
Research Grants	2,000,062	2,000,062	1,920,334	1,920,334
Interest Received	70,358	60,230	64,887	60,395
Patron Income and Donations	20,000	0	172,385	2,385
Other Income	12,180	9,140	22,230	22,230
Total Income	2,102,600	2,069,432	2,179,837	2,005,344
LESS EXPENSES				
Personnel	1,091,442	1,091,442	880,031	880,031
Research Project Costs	503,226	503,226	722,699	722,699
Dissemination Expenses	14,000	14,000	12,221	11,211
Audit Fees	10,102	10,102	10,840	10,840
Depreciation	73,675	73,675	49,157	49,157
Foreign Exchange Loss	0	0	255	255
Loss on Sale	6,518	6,518	(387)	(387)
Rent & Outgoings	83,542	83,542	40,626	40,626
Other Operating Expenses	232,885	180,241	167,104	157,442
Total Operating Expenses	2,015,389	1,962,745	1,882,546	1,871,874
OTHER EXPENSES				
Senior Fellow Research Accounts	20,840	20,840	0	0
Contributions to Motu Research and Education Foundation	0	0	0	53,678
TOTAL EXPENSES	2,036,229	1,983,585	1,882,546	1,925,552
NET SURPLUS/(DEFICIT)	66,371	85,847	297,291	79,792
Transfer from/(to) Motu Endowment Fund	0	0	0	0
NET SURPLUS/(DEFICIT) TRANSFERRED TO ACCUMULATED FUNDS	\$66,371	\$85,847	\$297,291	\$79,792



Motu Economic and Public Policy Research Trust Group

Statement of Movements in Equity for the Year Ended 30 June 2009

	2009 Group \$	2009 Parent \$	2008 Group \$	2008 Parent \$
Net Surplus/(Deficit)	66,371	85,847	297,291	79,792
Total Recognised Revenues and Expenses	66,371	85,847	297,291	79,792
EQUITY AT START OF YEAR	985,984	700,470	688,693	620,678
EQUITY AT END OF YEAR	\$1,052,355	\$786,317	\$985,984	\$700,470
SENIOR FELLOW RESEARCH RESERVE				
Opening Senior Fellow Research Reserve	0	0	0	0
Plus Transfers to Reserve	71,400	71,400	0	0
Less Movements Expensed	-20,840	-20,840	0	0
Closing Senior Fellow Research Reserve	\$50,560	\$50,560	0	0
ACCUMULATED FUNDS				
Opening Accumulated Funds	985,984	700,470	985,984	700,470
Net Surplus/(Deficit)	66,371	85,847	0	0
Less Movements to Reserve	-50,560	-50,560	0	0
TOTAL ACCUMULATED FUNDS	\$1,001,795	\$735,757	\$985,984	\$700,470



Motu Economic and Public Policy Research Trust Group

Statement of Financial Position as at 30 June 2009

	Note	2009 Group	2009 Parent	2008 Group	2008 Parent
CURRENT ASSETS		\$	\$	\$	\$
Bank and Cash	4	1,440,553	1,132,022	1,198,986	959,635
Accounts Receivable		231,348	186,348	224,426	224,426
Work in Progress		46,343	46,343	53,764	53,764
Total Current Assets		<u>1,718,245</u>	<u>1,364,714</u>	<u>1,477,175</u>	<u>1,237,825</u>
CURRENT LIABILITIES					
Accounts Payable		212,560	205,067	244,175	300,338
Accrued Expenses		55,803	55,803	64,014	64,014
Income Received in Advance		554,933	474,933	288,377	278,377
Total Current Liabilities		<u>823,296</u>	<u>735,803</u>	<u>596,567</u>	<u>642,730</u>
WORKING CAPITAL		894,949	628,911	880,609	595,095
NON-CURRENT ASSETS					
Plant, Property and Equipment	5	157,406	157,406	105,375	105,375
Total Non-current Assets		<u>157,406</u>	<u>157,406</u>	<u>105,375</u>	<u>105,375</u>
NET ASSETS/(LIABILITIES)		<u>\$1,052,355</u>	<u>\$786,317</u>	<u>\$985,984</u>	<u>\$700,470</u>
Represented by;					
Accumulated Funds		1,001,795	735,757	985,984	700,470
Senior Fellow Research Reserve		50,560	50,560	0	0
EQUITY		<u>\$1,052,355</u>	<u>\$786,317</u>	<u>\$985,984</u>	<u>\$700,470</u>

On behalf of board;

Director:



Trustee:



Date: October 7 2009



Motu Economic and Public Policy Research Trust Group

Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2009

I. STATEMENT OF ACCOUNTING POLICIES

Motu Economic and Public Policy Research Trust is a charitable trust registered under the Charitable Trusts Act 1957. The financial statements have been prepared in accordance with the Financial Reporting Act 1993.

Consolidated Financial Statements

The consolidated group financial statements comprise the following entities: Motu Economic and Public Policy Research Trust (“Trust”) and Motu Research and Education Foundation (“Foundation”). The purchase method of consolidation whereby all inter-entity transactions and balances are eliminated, is used. Motu Research and Education Foundation was incorporated on 08 September 2006 and commenced operation in May 2007. The Foundation is controlled by the Trust as defined by FRS37 and so has been consolidated in accordance with the financial reporting standard.

Measurement Base

The general accounting principles recommended by the New Zealand Institute of Chartered Accountants for the measurement and reporting of profits and the financial position on a historical cost basis have been followed.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

(a) Differential Reporting

Under Paragraph 4.23 of the Financial Reporting Act 1993, Motu Economic and Public Policy Research Trust qualifies for the differential reporting as it is not publicly accountable and it is small. Motu Economic and Public Policy Research Trust has taken advantage of all available differential reporting exemptions except GST. The statements are presented exclusive of GST.

(b) Revenue Recognition Policy

Income is recognised progressively as work is completed.

(c) Patron Income

Patron income is recognised in the period of patronage.

(d) Fixed Assets & Depreciation

The entity has the following classes of fixed assets;

Furniture & Fittings	11.4–60%
Office Equipment	26–60%

All fixed assets are recorded at cost less accumulated depreciation.

Depreciation of the assets has been calculated using up to the maximum rates permitted by the Income Tax Act 1994.



Motu Economic and Public Policy Research Trust Group

Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2009

(e) Foreign Currencies

Transactions denominated in foreign currencies are converted at the exchange rate prevailing at the transaction date. Foreign currency receivables and payables are converted at exchange rates prevailing at balance date. Foreign exchange gains and losses are included as income or expenses respectively in the Statement of Financial Performance

(f) Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis except for accounts receivable and accounts payable which include GST as applicable.

(g) Income Tax

Motu Economic and Public Policy Research Trust and Motu Research and Education Foundation have been granted charitable status and are therefore exempt from income tax.

(h) Leased Assets

Operating Leases

Operating leases are those where all the risks and benefits are substantially retained by the lessor. Lease payments are expensed in the period the amounts are payable.

(i) Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. AUDIT

These financial statements have been subject to audit, please refer to Auditor's Report.

3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2008:\$0). Motu Economic and Public Policy Research Trust has not granted any securities in respect of liabilities payable by any other party whatsoever.



Motu Economic and Public Policy Research Trust Group

Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2009

4. BANK AND CASH

	2009	2009	2008	2008
	Group	Parent	Group	Parent
	\$	\$	\$	\$
National Bank – 00	103,094	103,094	176,180	176,180
National Bank – 025	229,865	229,865	102,143	102,143
National Bank – 1000	-	-	-	-
National Bank – US \$	38	38	1	1
National Bank – 00	32,911	-	34,659	-
National Bank – 025	275,620	-	204,691	-
Petty Cash	202	202	73	73
National Bank Term Deposit	798,822	798,822	681,238	681,238
Total Bank and Cash	\$1,440,553	\$1,132,022	\$1,198,986	\$959,635

The Trust has an overdraft limit of \$50,000 with ANZ National Bank Limited. The interest rate at balance date was 7.95%. This overdraft facility is secured by way of a term deposit of \$70,000 held at ANZ National Bank.

5. FIXED ASSETS

	2009	2009	2008	2008
	Group	Parent	Group	Parent
	\$	\$	\$	\$
Furniture and Fittings				
At cost	74,134	74,134	39,390	39,390
Less Accumulated Depreciation	22,681	22,681	17,359	17,359
	51,453	51,453	22,031	22,031
Office Equipment				
At cost	354,926	354,926	266,644	266,644
Less Accumulated Depreciation	248,972	248,972	183,300	183,300
	105,954	105,954	83,344	83,344
Total Fixed Assets	\$157,407	\$157,407	\$105,375	\$105,375

6. DEPRECIATION EXPENSE

	2009	2009	2008	2008
	Group	Parent	Group	Parent
	\$	\$	\$	\$
Furniture and Fittings	8,003	8,003	3,742	3,742
Office Equipment	65,672	65,672	45,414	45,414
Total Fixed Assets	\$73,675	\$73,675	\$49,157	\$49,157



Motu Economic and Public Policy Research Trust Group

Notes to and Forming Part of the Financial Statements for the Year Ended
30 June 2009

7. OPERATING LEASE COMMITMENTS

	2009	2009	2008	2008
	Group	Parent	Group	Parent
	\$	\$	\$	\$
Lease of premises at level 1, 97 Cuba Street, Wellington				
Within 1 Year	85,000	85,000	85,000	85,000
1–2 Years	85,000	85,000	85,000	85,000
2–5 Years	255,000	255,000	255,000	255,000
Over 5 Years			85,000	85,000
	\$425,000	\$425,000	\$510,000	\$510,000

	2008	2008	2007	2007
	Group	Parent	Group	Parent
	\$	\$	\$	\$
Photocopier Lease				
Within 1 Year	6,075	6,075	4,590	4,590
1–2 Years	6,075	6,075	4,590	4,590
2–5 Years	12,150	12,150	13,770	13,770
Over 5 Years	6,075	6,075		
	\$31,050	\$31,050	\$22,950	\$22,950

8. SUBSIDIARY ENTITY AND RELATED PARTY

The subsidiary entity is Motu Research and Education Foundation. The Foundation is a Charitable Trust settled on 8 September 2006. Under FRS37, the Foundation is deemed to be controlled by the Trust and therefore is consolidated with the Trust's financial results.

The Trust periodically invoices the Foundation for its share of common overheads.



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