

Motu

**Motu Economic and Public Policy Research Trust
and Motu Research and Education Foundation**

A detailed illustration of tree roots and leaves, rendered in a dark purple or charcoal color. The roots are thick and gnarled, branching out across the lower half of the page. The leaves are large and have prominent veins, positioned in the upper left quadrant. The entire illustration is set against a solid purple background.

ANNUAL REPORT
JULY 2015 – JUNE 2016

OUR GOALS

PRODUCING HIGH-QUALITY RESEARCH

PROMOTING REASONED DEBATE

DISSEMINATING TOPICAL ECONOMIC
& PUBLIC POLICY RESEARCH



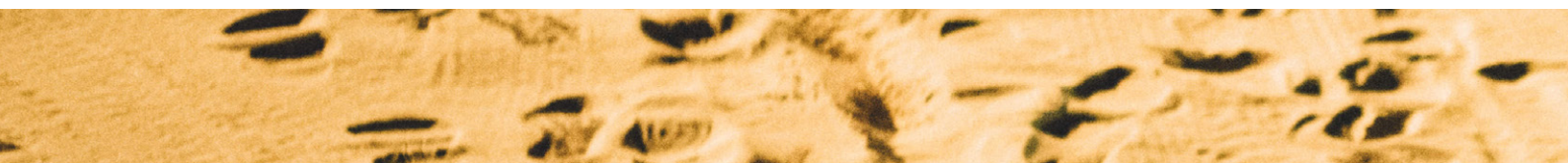
Ministry of Business,
Innovation & Employment



Ministry for the
Environment
Manatū Mō Te Taiao



Environmental
Protection Authority
Te Mana Rauhi Taiao





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Motu is New Zealand's top economic organisation, beating out universities and consultancies alike. Since the beginning Motu staff have charged themselves with undertaking and – crucially – disseminating high-quality, independent research, as well as developing New Zealand's future researchers and economists.

The board and staff of Motu believe firmly that understanding the facts and analysing the economic forces at work can help ensure that policy will work for the long-run wellbeing of New Zealand. Economists and other social scientists in universities are often focused on relatively general, abstract research, rather than research focused specifically on understanding New Zealand. Thus Motu fills a vital and distinctive niche between academic researchers and policy consultants and advisers, by undertaking ongoing, systematic research specifically on New Zealand.

Communicating the results of this research to the public partially involves structuring the job descriptions and compensation for our senior researchers so that they spend only about 60% of their time carrying out specific research projects. The remainder of their time is explicitly made available for public speaking and meeting with interested parties to present and discuss policy issues and research results (as well as developing new research projects and other professional activities). These policies are crucial to our carrying out our mission of providing a solid economic foundation for informed public debate on important public issues.

In the past year, Motu has opened itself more widely to the public. The public seminars and lectures have always been well attended, and the Motu Working Papers and Notes eagerly sought. Now however, with Motu's involvement in Te Pūnaha Matatini and the Productivity Hub, it is gaining further influence on policy-making. This was recognised by Motu's inclusion as a finalist in the 2016 Auckland University of Technology Business Awards.

Over the last eighteen months, the Board of Trustees and senior fellows have made a careful analysis of the market for economic advice in New Zealand. In response we have created a new programme in agricultural economics. I look forward to welcoming David Fleming to the team in November as the Fellow overseeing this area.

It is a joy to Chair the Motu Board and to help steer such an exciting and academically rigorous organisation. I have a huge admiration for the research and small support team from the Director down. I am now in my fifth year as Chair and I'd like to extend my thanks to all Board members, past and present. I would also like to especially welcome our new members, Jo Wills (Chair of the Motu Research and Education Trust), Lesley Haines, and Paul Reynolds.

Finally, I want to acknowledge and thank the patron organisations who provide annual funding to support Motu's capacity building and the sponsors who fund our public policy seminars. Their support, and the excellence of the staff, has ensured Motu continues on a stable and sustainable financial path.

Sincerely,

A handwritten signature in dark ink that reads "John Hay". The signature is written in a cursive, slightly slanted style.

John Hay
Chair, Motu Economic and Public Policy Research Trust

1 November 2016



This has been an exciting year for Motu and one I have found personally fulfilling in the third year of my directorship. Over the last year, Motu's wide range of projects included:

- Finishing up a five-year Marsden-funded research project on wellbeing that delivered new measures of wellbeing applicable to both New Zealand and internationally, while providing new understanding of how policies affect wellbeing both within and across countries.
- A project for the World Bank creating a handbook for any jurisdiction wanting to design or revamp an emissions trading system.
- An analysis of the government's '90-day trial period' policy for new employees, which showed that neither the proponents' claims for its employment-enhancing benefits nor its opponents' worries about harm to workers were borne out in the data.
- A number of papers for the Productivity Hub that aim to improve how policy can contribute to the productivity performance of the New Zealand economy and the wellbeing of New Zealanders.

We have also welcomed a baby, employed some talented new research analysts, and farewelled several skilled research analysts. We are also about to increase our capability with the employment of Dr David Fleming, a Chilean economist who has been working in Australia, as our new Agricultural Economics Fellow. I am confident that David's ability will complement the existing talent and dedication of Motu's staff.

This year has, however, also seen significant challenges for Motu's mission of informed policy debate. Around the globe, we see multiple political movements founded on fear of the future and nostalgia for some image of the past. These movements have explicitly criticised or rejected economists and other evidence-based policy analysts as elitist, and appealed instead to group identity and other instinctive impulses as the basis for policy choices.

Here in New Zealand, we have heard some university- and CRI-based researchers express concern about their ability to contribute to public debate. They fear that speaking out about the implications of their research for public policy issues may threaten their ability to get funding for their research or even impede their career development.

Motu was founded as a public charity, in order to pursue our interrelated missions of engaging in excellent research on public policy issues, disseminating the results of that research, and building New Zealand's capability for this kind of research by training young Kiwis in research methods. Most of our research projects are funded by the government, primarily through contestable processes. We insist on a clause in all our research contracts that research results will be published, subject only to appropriate concerns about non-revelation of confidential underlying data. This makes us one of the few reliable sources of truly independent analysis on policy issues.

The parties that fund our research, however, do not usually provide resources for disseminating the research results, nor for working to help inject the results appropriately into public debate. Recently, despite our contractual protections around publication, we have had tussles with several of the government agencies that fund our work over when and even whether our research results can be made public.

All of this means that Motu is more important than ever for New Zealand. We will be continuing to seek ways to preserve our independence, and to bolster our ability to communicate our findings and the implications of our findings without fear or favour. If you would like to contribute to this effort, you can go to www.motu.nz and contribute to the Motu Research and Education Foundation, which provides crucial support for our outreach and education activities.

I encourage you to browse this Report for a snapshot of our people and programmes. If you would like further information about anything we do, please email me at adam.jaffe@motu.org.nz.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam B. Jaffe'.

Adam B. Jaffe
Director and Senior Fellow

1 November 2016



Up an inconspicuous set of stairs and into a modest office in Cuba Mall, you'll find a small team of world-class economic and public policy researchers undertaking independent work that directly impacts government policy, and which is lauded and referenced around the world. This is Motu, which was first dreamed up at Harvard University in the early 1990s, when a group of Kiwi graduate students, including Motu senior fellows Suzi Kerr and Dave Maré, discussed a vision to return to New Zealand and dedicate themselves full-time to independent public policy research. They saw non-political research institutes in the United States, where cutting-edge research was funded by

grants and donations, and wanted to create a New Zealand equivalent – to fill a hole of non-ideological contributions to economics and public policy.

Motu was registered as a charitable trust on 1 September 2000 and in 2002 was accepted as an affiliate organisation of the Royal Society of New Zealand. It now has almost 20 staff and is the top-ranked research organisation in New Zealand and in the top ten think-tanks in the world, according to the Research Papers in Economics (RePEc) website, which ranks all economists and economic research organisations in the world based on the quantity and quality of their research publications.

UNDERTAKING HIGH-QUALITY RESEARCH

Since its inception, Motu has developed a sound reputation for its well-informed, well-reasoned and fastidiously researched information on public policy issues. This, combined with its fully independent status (not compromised by any ideology or political position), the experience and qualification of its senior researchers, and its links to a large pool of internationally renowned experts, is the secret to its success.

Motu's five senior fellows – who all have PhDs from top international universities, as well as extensive public policy experience – work together as a cooperative: each fellow identifies valuable research questions that they can potentially answer, and finds funding to support their work on these topics, and the running of the organisation as a whole.

“They are probably the most august organisation of their type in New Zealand and are very highly regarded internationally for the quality of their work.”

HARVEY BROOKES
MANAGER, ECONOMIC DEVELOPMENT,
AUCKLAND COUNCIL



BUILDING NEW ZEALAND'S NEXT GENERATION OF RESEARCHERS

Motu offers salaried positions to smart and motivated undergraduates. While other grad positions involve fulfilling tasks for their seniors, Motu RAs are encouraged to develop their own analytical skills, and author papers alongside senior fellows. Motu has now employed 28 research assistants and 38 interns, four of whom have gone on to complete economics PhDs from top international graduate schools, and six more currently studying towards their doctorates. Other former RAs and interns have taken up senior roles at Treasury, Parliamentary Commissioner for the Environment and other government departments.

FREELY DISSEMINATING RESEARCH

One of Motu's guiding principles is its commitment to freely disseminating research findings. It releases full reports and working papers to the New Zealand public policy service, economic and public policy researchers, private sector organisations, Māori organisations and non-profit organisations. Motu also releases datasets from its work, so that others can use the research at its most profound level. Motu insists on a clause in every research contract stating that the results of the research will be published publicly, rather than allowing the research funder to decide whether the results will be released or not.

"I don't think there exists an institution that provides the same development to junior research staff. There was an attitude to do the best work, not just what would please the client."

JASON TIMMINS
PRINCIPAL RESEARCHER, SUPERU

Beyond the RA programme, Motu offers summer internships and scholarships and provides opportunities for Motu researchers to further their own training, while Motu fellows teach university courses and supervise thesis students.

Motu has also undertaken significant new work in communicating information to individual stakeholder groups, often through innovative mediums. Motu regularly runs dialogue groups to bring together a variety of viewpoints on a subject, and has created videos and games as a way of demonstrating complex information.

To enhance its communications, Motu works to disseminate its fellows' research through its website as well as on social media and through subscription-based email. These platforms for enhanced education and outreach present Motu research to the public in a reliable and comprehensible form.



SHAPING NEW ZEALAND'S LOW-EMISSION FUTURE

Motu is working on the Shaping New Zealand's Low-Emission Future project to help inform climate change policy making and private-sector actions, and significantly benefit New Zealand's longer-term development. This project is the result of a two-year grant from the Aotearoa Foundation, established by Julian Robertson. The programme has now completed:

- a coordinated programme of basic and applied research,
- stakeholder dialogue,
- international exchanges, and
- communications on New Zealand's pathway toward a global low-emission future.

TE PŪNAHA MATATINI

Te Pūnaha Matatini is a Centre of Research Excellence (CoRE) funded by the Tertiary Education Commission and focused on the characterisation and analysis of complex systems and networks. Te Pūnaha Matatini is studying how:

- innovators in New Zealand are connected to the worldwide innovation network,

“Motu is a key partner in Te Pūnaha Matatini, contributing expertise in economics. Motu's focus on excellent research with relevance to New Zealand is a perfect fit for what we want to achieve with Te Pūnaha Matatini.”

SHAUN HENDY
DIRECTOR, TE PŪNAHA MATATINI

Co-funding for this project came from Meridian Energy, Z Energy, the Ministry for the Environment and the Parliamentary Commissioner for the Environment.

- patterns of innovation and movement of skilled workers affects regional economic growth, and
- how cooperation and competition among fishers can give us insight into how institutions affect society's ability to manage common resources.



RESEARCH PARTNERSHIP FOR USE OF THE LONGITUDINAL BUSINESS DATABASE (LBD)

This programme – secured through a competitive selection process – for research and capability building focuses on expanding the use of the microeconomic data held by Statistics NZ to study patterns and causes of productivity in New Zealand firms. The research partnership is between Motu and the Productivity

“The value of the Motu report was it provided an authoritative independent assessment of our insulation scheme and this was used to effectively and strongly demonstrate both the national benefit and the benefit to those who are also most in need.”

MIKE UNDERHILL
CEO, ENERGY EFFICIENCY AND
CONSERVATION AUTHORITY

Hub (Treasury; the Ministry of Business, Innovation and Employment; Statistics NZ; and the Productivity Commission).

OTHER RESEARCH

In 2015/16, Motu produced 26 papers showing detailed economic policy work on topics as diverse as:

- Finishing up a five-year Marsden-funded research project that delivered new measures of wellbeing applicable to both New Zealand and internationally, while providing new understanding of how policies affect wellbeing both within and across countries.
- A project for the World Bank creating a handbook for any jurisdiction wanting to design or revamp an emissions trading system.
- A framework constructed for the Ministry of Business, Innovation and Employment for quantifying the beneficial economic, social and environmental impact of publicly funded scientific research.

- A series of papers examining emissions trading, both in New Zealand and internationally.
- Research investigating resilient urban futures.
- Work with National Institute of Water and Atmospheric Research on the economic effects of climate impacts.

Motu’s work also appeared in many prestigious international journals including: Journal of Economic Literature, Asia-Pacific Journal of Accounting and Economics, IZA Journal of Migration, NZ International Review, New Zealand Sociology, New Zealand Economic Papers, Journal of Futures Markets, Contemporary Economic Policy and NBER.



PUBLICATIONS

Motu is committed to making the results of its research on key issues facing New Zealand accessible to public and private decision-makers and the general public. Our two publication series, the Motu Working Paper Series and Motu Notes, are both available free from

our website, <http://motu.nz>. Motu Working Papers are technical papers intended for working economists and other experts, while Motu Notes are less technical and designed to appeal to a general or policy audience. Motu also maintains an online archive of our public datasets.

WORKING PAPERS

16-10 Chappell, Nathan and Isabelle Sin. 2016. "The Effect of Trial Periods in Employment on Firm Hiring Behaviour" (also known as Treasury Working Paper 16/03)

16-09 Timar, Levente. 2016. "Does Money Grow on Trees? Mitigation under Climate Policy in a Heterogeneous Sheep/Beef Sector."

16-08 Jaffe, Adam B., Trinh Le and Nathan Chappell. 2016. "Productivity Distribution and Drivers of Productivity Growth in the Construction Industry."

16-07 Fabling, Richard, Arthur Grimes and Levente Timar. 2016. "Labour Market Dynamics following a Regional Disaster."

16-06 Leining, Catherine and Suzi Kerr. 2016. "Lessons Learned from the New Zealand Emissions Trading Scheme."

16-05 Grimes, Arthur, Judd Ormsby, Anna Robinson and Siu Yuat Wong. 2016. "Subjective Wellbeing Impacts of National and Subnational Fiscal Policies."

16-04 Ryan Greenaway-McGrevy, Arthur Grimes and Mark Holmes. 2016. "Two Countries, Sixteen Cities, Five Thousand Kilometres: How Many Housing Markets?"

16-03 Fabling, Richard and Lynda Sanderson. 2016. "A Rough Guide to New Zealand's Longitudinal Business Database (2nd edition)."

16-02 MacCulloch, Robert. 2016. "Can 'Happiness Data' Help Evaluate Economic Policies?"

16-01 Gørgens, Tue and Dean Hyslop. 2016. "The Specification of Dynamic Discrete-Time Two-State Panel Data Models."

15-20 Maré, David C., Ruth M. Pinkerton and Jacques Poot. 2015. "Residential Assimilation of Immigrants: A Cohort Approach."

15-19 Timar, Levente, Arthur Grimes and Richard Fabling. 2015. "Before a Fall: Impacts of Earthquake Regulation and Building Codes on the Commercial Market."



15-18 Maré, David C., Dean R. Hyslop and Richard Fabling. 2015. “Firm Productivity Growth and Skill.”

15-17 Fabling, Richard and David C. Maré. 2015. “Addressing the Absence of Hours Information in Linked Employer–Employee Data.”

15-16 Thirkettle, Matt and Suzi Kerr. 2015. “Predicting Harvestability of Existing *Pinus radiata* Stands: 2013–2030 Projections of Stumpage Profits from pre-90 and post-89 Forests.”

15-15 Fabling, Richard and David C. Maré. 2015. “Production Function Estimation using New Zealand’s Longitudinal Business Database.”

15-14 Grimes, Arthur, Robert MacCulloch and Fraser McKay. 2015. “Indigenous Belief in a Just World: New Zealand Māori and other Ethnicities Compared.”

15-13 Apatov, Eyal, Richard Fabling, Adam B. Jaffe, Michele Morris and Matt Thirkettle. 2015. “Agricultural Productivity in New Zealand: First Estimates from the Longitudinal Business Database.”

MOTU NOTES

Motu Note #23 Leining Catherine and Suzi Kerr. 2016. “New Zealand’s Low Emission Future: Transformational Pathways”

Motu Note #22 Leining, Catherine. 2016. “Time-Travelling on the New Zealand Emissions Trading Scheme.”

15-12 Laws, Athene, Jason Gush, Victoria Larsen and Adam B. Jaffe. 2015. “The Effect of Public Funding on Research Output: The New Zealand Marsden Fund.”

15-11 Dorner, Zachary and Suzi Kerr. 2015. “Methane and Metrics: From Global Climate Policy to the New Zealand Farm.”

15-10 Grimes, Arthur and Marc Reinhardt. 2015. “Relative Income and Subjective Wellbeing: Intra-national and Inter-national Comparisons by Settlement and Country Type.”

15-09 Grimes, Arthur and Sean Hyland. 2015. “A New Cross-Country Measure of Material Wellbeing and Inequality: Methodology, Construction and Results.”

Motu Note #21 Hyland, Sean and Arthur Grimes. 2015. “The Material Wellbeing of New Zealand Households.”

Motu Note #20 Kerr, Suzi, Suzie Greenhalgh and Geoff Simmons. 2015. “The Taupō Nitrogen Market: The World’s Only Diffuse Source Trading Programme.”



LIST OF GRANTS – MOTU ECONOMIC AND PUBLIC POLICY RESEARCH TRUST

The following is a full list of grants and funding sources (of greater than \$30,000) active during the 2015/16 financial year:

- The Royal Society of New Zealand Marsden Grant – Testing the Validity and Robustness of National Wellbeing and Sustainability Measures
- The Royal Society of New Zealand Marsden Grant – Margins in Earning Dynamics
- Te Pūnaha Matatini – Participation in the Centre of Research Excellence’s research
- National Institute of Water and Atmospheric Research (NIWA) – Climate Impacts
- Ministry for Primary Industries – Climate Mitigation Co-Benefits Arising From Freshwater Reforms
- Aotearoa Foundation – Emissions Trading Scheme research
- New Zealand Productivity Commission – Research Partnership for Use of the Longitudinal Business Database (LBD)
- University of Otago, Wellington – Resilient Urban Futures
- The Treasury – 90 Day Trial research
- The Royal Society of New Zealand Marsden Grant (previously University of Otago) – Mind the Gap
- Ministry for Primary Industries – No Cost Mitigation
- University of Waikato – Capturing the Diversity Dividend of Aotearoa New Zealand
- University of Auckland – Networked Infrastructure (Patent Matching)
- Tertiary Education Commission – Tertiary IDI Pathways Project
- The Royal Society of New Zealand Marsden Grant – Skilled Migration
- Parliamentary Commissioner for the Environment – Greenhouse Gas Emissions



MOTU RESEARCH AND EDUCATION FOUNDATION

The Motu Research and Education Foundation was established in 2006, with the aim of building capability of economic research and public decision-making. It aims to achieve this by funding and promoting research into public policy issues affecting New Zealand without advocating an ideological or political position.

Specifically, it provides:

- funding for internships,
- funding for Māori scholarships,

- funding for visiting academics to present in New Zealand, and
- seed funding to explore new areas of economic and policy research.

The Motu Foundation is not an operational entity. It doesn't carry out its own research, so in pursuing these objectives, the Foundation co-operates with a range of people and organisations, particularly Motu Research.

PATRONS AND DONORS – MOTU FOUNDATION

Our activities are funded through generous support from patrons, and other donations. Our patrons are the backbone of the Motu Research and Education Foundation. Their commitment provides an ongoing level of financial support that makes the Foundation's work possible.

The Foundation had four patrons during 2015/16:

- Huawei
- Environmental Protection Agency
- Ministry of Business, Innovation and Employment
- Ministry for the Environment

In addition, the Foundation received funding from the Poutama Trust and the Kelliher Trust in support of our internship and mentorship programs.

MOTU ECONOMIC AND PUBLIC POLICY RESEARCH TRUST

SUMMARY GROUP AUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2016

SUMMARY GROUP STATEMENT OF FINANCIAL PERFORMANCE

	2016	2015
	\$	\$
INCOME		
Research Grants	2,203,862	2,049,820
Interest Received	63,087	68,445
Patron Income and Donations	43,500	70,000
Other Income	21,410	17,636
TOTAL INCOME	2,331,859	2,205,901
LESS EXPENSES		
Personnel	1,486,860	1,400,085
Research Project Costs	442,028	374,724
Other Operating Expenses	308,490	333,190
TOTAL OPERATING EXPENSES	2,237,378	2,107,999
SURPLUS	94,481	97,902
OTHER EXPENSES		
Senior Fellow Research Accounts	23,806	18,568
TOTAL EXPENSES	2,261,184	2,126,567
NET SURPLUS	70,675	79,334

SUMMARY GROUP STATEMENT OF MOVEMENTS IN EQUITY

	2016	2015
	\$	\$
Net Surplus for the Year	70,675	79,334
Total Recognised Revenues and Expenses	70,675	79,334
Opening Equity	<u>1,542,927</u>	<u>1,463,593</u>
Closing Equity	1,613,602	1,542,927
 SENIOR FELLOW RESEARCH RESERVE		
Opening Senior Fellow Research Reserve	212,549	204,133
Transfers (to)/from Accumulated Funds	(734)	26,984
Expenses Funded by Reserve	<u>(23,806)</u>	<u>(18,568)</u>
Closing Senior Fellow Research Reserve	188,009	212,549
 ACCUMULATED FUNDS		
Opening Accumulated Funds	1,330,378	1,259,460
Net Surplus/(Deficit) for the Year	70,675	79,334
Net Transfers from/(to) Senior Fellow Research Reserve	<u>24,540</u>	<u>(8,416)</u>
Closing Accumulated Funds	1,425,593	1,330,378

SUMMARY GROUP STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS		
Research Grants	2,333,109	1,964,664
Interest Received	-	3,236
Patron Income and Donations	33,500	50,000
Other Income	<u>148,366</u>	<u>57,374</u>
	2,514,975	2,075,274
PAYMENTS		
Personnel	1,501,732	1,399,998
Research Project Costs	585,046	498,249
Premises Rental Costs	90,000	90,000
Audit Fees	17,645	16,309
Senior Fellow Research Account Expenses	21,507	20,946
Other Operating Expenses	<u>161,548</u>	<u>166,363</u>
	2,377,478	2,191,865
Net GST (Paid)/Received	(38,670)	42,286
Net cash flows from operating activities	98,827	(68,305)
CASH FLOWS FROM INVESTING ACTIVITIES		
RECEIPTS		
Interest Received	58,089	69,406
Loan Repayments	<u>3,000</u>	<u>1,500</u>
Withdrawal of Term Deposits	1,271,865	1,182,419
PAYMENTS		
Investment in Term Deposits	1,441,500	1,051,085
Purchase of Fixed Assets	<u>23,617</u>	<u>48,048</u>
	1,465,117	1,099,133
Net cash flows from investing activities	(132,163)	154,191
Net (Decrease)/Increase in Cash and Cash Equivalents	(33,336)	85,887
Cash and Cash Equivalents at 1 July	176,539	90,652
Cash and Cash Equivalents at 30 June	143,203	176,539

SUMMARY GROUP STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

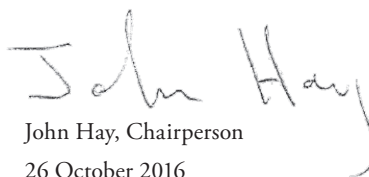
	2016 \$	2015 \$
CURRENT ASSETS		
Cash and Bank	143,203	176,539
Investments	1,711,500	1,541,865
Accounts Receivable	415,216	340,196
Work in Progress	<u>45,432</u>	<u>117,489</u>
Total Current Assets	2,315,351	2,176,089
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	331,126	331,361
Income Received in Advance	<u>448,511</u>	<u>387,334</u>
Total Current Liabilities	779,637	718,695
WORKING CAPITAL	1,535,714	1,457,394
NON-CURRENT ASSETS		
Plant, Property & Equipment	69,526	77,171
Accounts Receivable	<u>8,362</u>	<u>8,362</u>
Total Non-Current Assets	77,888	85,533
NET ASSETS	1,613,602	1,542,927
Represented by:		
Accumulated Funds	1,425,593	1,330,378
Senior Fellow Research Reserve	188,009	212,549
EQUITY	1,613,602	1,542,927

NOTE TO THE SUMMARY GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The summary financial statements for Motu Economic and Public Policy Research Trust for the year ended 30 June 2016 on pages 12 to 15 have been extracted from the full financial reports. The full financial reports were adopted by the Board of Trustees on 26 October 2016. The full financial statements were prepared in accordance with New Zealand generally accepted accounting practice ("NZ GAAP"). For the purposes of complying with NZ GAAP, the Trust is a public benefit entity and is eligible to apply Tier 2 Not-For-Profit Public Benefit Entity International Public Sector Accounting Standards on the basis that it does not have public accountability and it is not defined as large. This is the first financial year in which these financial reporting standards have been adopted. These summary financial statements comply with PBE standards as they relate to summary financial statements.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial reports. A copy of the full financial reports can be obtained by email to: finance@motu.org.nz.

The auditor KPMG Wellington has examined the summary financial statements for consistency with the audited full financial statements. An unmodified audit opinion has been issued. These summary financial statements have been approved for issue by the Board of Trustees.


John Hay, Chairperson
26 October 2016



Independent auditor's report on the summary financial statements

To the trustees of Motu Economic Public Policy Research Group

The accompanying summary financial statements on pages 12 to 15, which comprise the summary statement of financial position and movements in equity as at 30 June 2016 and the summary statement of financial performance and cash flows for the year then ended, and related notes, are derived from the audited financial statements of Motu Economic and Public Policy Research Trust and its subsidiaries ("the Group") for the year ended 30 June 2016. We expressed an unmodified audit opinion on those financial statements in our audit report dated 26 October 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our audit report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Group.

This report is made solely to the trustees as a body. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees as a body, for our audit work, this report or any of the opinions we have formed.

Trustees' responsibility for the financial statements

The trustees are responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interests in, the group.

Opinion

In our opinion, the summary financial statements, derived from the audited financial statements of the Group for the year ended 30 June 2016, are a fair summary of those financial statements, in accordance with FRS-43 *Summary Financial Statements*.

26 October 2016
Wellington



STAFF

Senior Fellows: Adam B. Jaffe, Arthur Grimes, David C. Maré, Dean Hyslop, Suzi Kerr

Fellows: Isabelle Sin, Levente Timar, Trinh Le

Policy Fellows: Anne-Marie Brooke, Catherine Leining

Research Analysts: Anna Robinson (to July 2015), Athene Laws (to August 2015) Corey Allan (to July 2016), Eyal Apatov, Judd Ormsby (to April 2016), Kate Preston (from March 2016), Nathan Chappell, Sean Hyland (to August 2015), Wilbur Townsend (from March 2016).

Support Staff: Grant Coppersmith, Ceridwyn Roberts, Clare O'Connor (from January 2016), Lynette Campbell (to January 2016), Maxine Watene

MOTU ECONOMIC AND PUBLIC POLICY RESEARCH BOARD OF TRUSTEES

John Hay (Chair), Adam Jaffe, Arthur Grimes, Bruce Wills, Horiana Irwin-Easthope, Lesley Haines (from July 2016), Paul Reynolds (from July 2016), Peter O'Shea, Stephen Goldson

MOTU EDUCATION AND RESEARCH FOUNDATION BOARD OF TRUSTEES

Adam Jaffe, Colin James (interim chair to July 2016), Jo Mills (Chair from July 2016), John Roberts, Kerry Prendergast

AFFILIATES

Adolf Stroombergen, Andrew Coleman, Deborah Cobb-Clark, Grant Scobie, Jacques Poot, James Sanchirico, John McDermott, Les Oxley, Lew Evans, Lynda Sanderson, Malathi Velamuri, Philip McCann, Richard Fabling, Richard Newell, Robert MacCulloch, Sholeh Maani, Steven Stillman, Tim Maloney, Viv Hall



MOTU ECONOMIC & PUBLIC POLICY RESEARCH

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