

FIRST 'ANNUAL' REPORT

MOTU ECONOMIC AND PUBLIC POLICY RESEARCH

September 2000 to June 2002

Motu philosophy

Motu aims to promote well-informed and reasoned debate on public policy issues.

Motu is independent and does not advocate an expressed ideology or political position.

Motu, as a research trust, is distinct from other independent research organisations in that our main focus is on long-term research programmes and not consultancy.

Motu Economic & Public Policy Research
19 Milne Terrace
Island Bay
Wellington 6002
New Zealand

Email info@motu.org.nz
Telephone 64-4-383 4250
Website www.motu.org.nz

This report was compiled by Emma Brunton, Motu Research Analyst.

CHAIRMAN'S REPORT



An essential element into the debate on key issues of public policy is well-reasoned high quality research supported by a solid appeal to the evidence. Many organisations, including industry associations, economic consultancies and universities, all make a contribution. So why Motu?

Motu is different. It has no political or ideological affiliation; it is devoted to excellence in research; and its staff are fully dedicated to long-term research without other responsibilities. Such an organisation is unique in New Zealand.

In the short time since its inception Motu has established itself as a leading centre for public policy research. Its highly qualified research staff, its wide international linkages and its extensive output of research findings are all evidence of a young, vigorous organisation making a valuable contribution in New Zealand. Readers of this, our first 'annual' report, will be left in no doubt that Motu has already established for itself a place in any serious debate on a wide range of environmental, social and macro-economic issues.

It has been both a pleasure and an honour to serve as the founding chair of Motu's Board of Trustees. I would like to express my thanks to my fellow trustees, Sir Geoffrey Palmer, and Dr. Ann Sullivan for their contributions in seeing Motu through its infancy.

While still relatively small, Motu has expanded its resource base through a series of collaborative arrangements involving joint projects with academic researchers. In its approach to research, in the wide dissemination of findings, and in providing others with access to databases Motu hopes to foster an atmosphere of openness. Motu places high priority on communicating its research findings. I commend its highly informative website (www.motu.org.nz) to you.

The Board and staff are committed to building on the solid foundation that has been created, and I am proud to be associated with New Zealand's pre-eminent centre for public policy research.

Dr Grant Scobie
Chairman
Board of Trustees

DIRECTOR'S REPORT



I am both pleased and relieved to reach the end of our first two years. We have achieved more than we expected despite some difficult periods. Motu is beginning to take shape as a credible research institute and we are making significant progress toward our goals. Many challenges lie ahead and we look forward to our next stage of development.

Motu is gradually establishing its role in building capacity for socioeconomic research in New Zealand through collaborative work, teaching, and developing databases. Members of Motu staff are working with staff in the Victoria University Economics Department, Lincoln University (Canterbury) and East Harbour Management Services, the Health Services Research Centre, The Treasury, the Ministry of Social Policy, and the Department of Labour as well as in many international institutions including the World Wildlife Fund, Resources for the Future, and Columbia University. We have, with The Treasury's help, continued to develop the Motu/Treasury socio-economic GIS database. With Resources for the Future (United States) we have produced a workable database on the New Zealand Quota Management System for fisheries.

In terms of our research goals, we have published one book, eight journal articles, 18 book chapters, and 28 working papers and reports. This research has been widely disseminated through academic journals; presentations at conferences in New Zealand, the United States, and Costa Rica; and several presentations to New Zealand policy audiences, including The Treasury and the New Zealand Business Council for Sustainable Development. Our research is also available through other institutions' websites (The Treasury, Resources for the Future, MIT, Center for Clean Air Policy). Our own website is getting stronger, packed with information about our research programmes and activities—thanks to the hard work of Maxine Watene and Jason Timmins.

Looking forward, our environmental work continues to focus on land use patterns and climate change and on fisheries management. Our work on deforestation in Costa Rica continues; we are now beginning work on New Zealand land use. Our fisheries database is largely complete and we are embarking on the exciting work of analysing and interpreting the data. We are engaged in a fascinating project on human pressure on the Galapagos Islands.

In terms of social and labour market research we have completed initial work on the relationship between education and economic performance, and continue our work on inequality and child poverty. We have an extensive project on regional development and are now considering the implications of geography for health access. We have a new project focusing on local government finance and how councils cope as their communities grow or decline rapidly. We are heavily involved in a major new project on the dynamics of firm growth and decline. This work is integrally linked with an exciting new database development coordinated by several government departments and linked to an international project.

We are proud to announce that Dave Maré has won a research fellowship at the Institute of Social and Economic Research at the University of Essex. He will be working with them from July 2002 through January 2003 on research closely linked to both their and our research agendas.

We are also extremely pleased to welcome Arthur Grimes, who will broaden our areas of research interest to include more work on regional economic integration and on monetary policy and institutions, among other possibilities, as well as providing significant intellectual stimulation.

I am proud of the achievements of our high-calibre, committed staff. We could not have achieved this, however, without extensive help. We have been heartened and strengthened by support from senior people both in New Zealand and in the United States. Grant Scobie, Chair of our Board of Trustees, has been a tower of strength even during financially perilous times. We would like to thank Sir Geoffrey Palmer for his valuable input during his time as our Trustee. Our International Panel of Advisors has provided critical direction on governance and research directions. Other researchers in New Zealand have provided support, useful suggestions and productive collaboration. Many government officials have been open to our ideas for building research relationships. We are also grateful to our friends of Motu. The Ministry of Economic Development has become our first “supporter”, for which we are grateful. More people than we can name here have continued to help us as we move from infancy to childhood. You know who you are, thank you.

Suzi Kerr

CONTENTS

Motu Purposes, History and Structure 7

Board of Trustees 10

Motu Senior Fellows and Associates 12

International Panel of Advisors 13

Motu Achievements..... 14

Research and research dissemination 14

Building capacity for New Zealand economic and public policy research..... 26

Outreach to end users 27

Human Resource Management 31

Financial Information 33

Banking, accounting, legal and insurance 33

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, 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.*

History

Motu had its genesis at Harvard University in the early 1990s when a group of New Zealand graduate students decided they wanted to return to New Zealand when they completed their doctoral studies. Their aim was to dedicate themselves full-time to public policy research in a rewarding intellectual environment. They saw the example of non-political US research institutes where exciting cutting-edge research was going on, funded by grants and donations. No existing New Zealand institution offered this stimulating environment where a group of researchers have the time, skills and resources needed to carry out top-quality academic research and create the critical mass necessary to maintain the intellectual momentum. The best New Zealand academics seemed to be spread across a range of institutions with limited opportunities to benefit from joint work and discussion.

Their experience of involvement with New Zealand policy processes also suggested that objective research input into public decisions was rare, particularly from sources outside of government processes, and the level of public debate on issues was relatively unsophisticated.

After working at the University of Maryland and with some US research institutes for three years, Suzi Kerr returned to New Zealand, and with advice and support from Dave Maré began to create Motu as a sole trader in November 1998. Motu was registered as a Charitable Trust on 1 September 2000 and Motu had grown to seven permanent staff with a wide range of projects as of 30 June 2002. Motu was accepted as an affiliate organisation of the Royal Society of New Zealand (RSNZ) in 2002.

Motu is distinctive in New Zealand for three main reasons. The first is the extremely high quality of our senior staff. Both of our current principal researchers have PhDs in economics from Harvard as well as extensive job experience relating to policy issues. They are internationally recognised researchers. We are continuing to recruit senior researchers with similar training and experience.

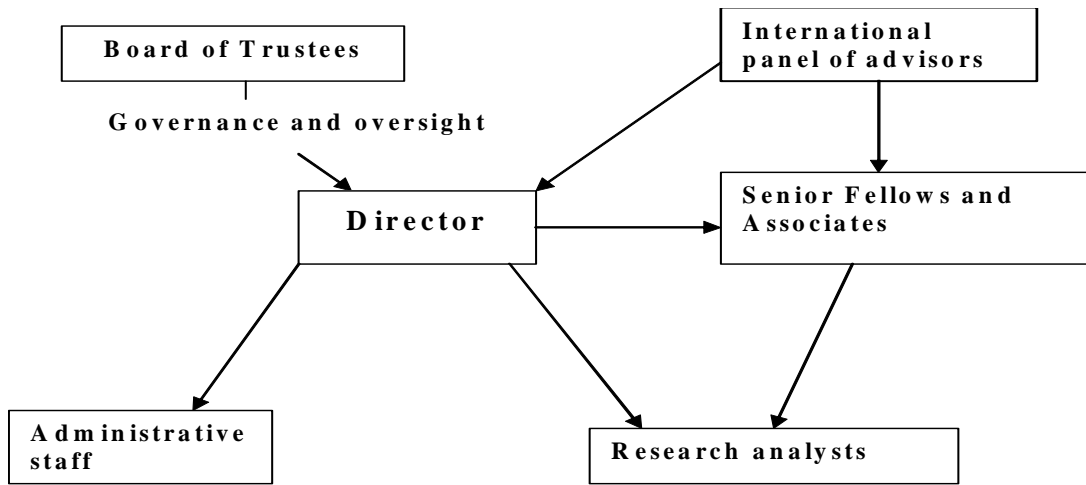
A second distinctive feature is our strong international linkages. Motu takes full advantage of global integration to bring the benefits of international experience in research and policy. Because of our strong foreign training, international work experience and ongoing research and policy relationships as well as extensive foreign travel, we have access to some of the finest minds in the world. A high percentage of our current funding comes from foreign foundations and governments (see below). Our research not only illuminates local issues but also is of a quality that has international significance. Foreign researchers and funders want to work with us both because of our successful track record and because of intense interest in the New Zealand reforms.

Because New Zealand often suffers from intellectual isolation related to its geographical isolation, we regard these international linkages as critical to our success and also one of the major benefits we are able to bring to New Zealand. We also contribute to the global community by producing work on issues of global concern such as climate change, regional development and fisheries policy. One of our senior researchers will be visiting at the Massachusetts Institute of Technology for part of next year establishing even stronger relationships with top researchers. Both will be spending extended periods working overseas to maintain our own skills and involve foreign researchers in research on issues of interest to New Zealand.

Our third distinctive feature within New Zealand is our strong emphasis on empirical work. While we have strong training in theory and institutional design we have also worked extensively in econometric data analysis. Rather than relying totally on theoretical speculation, anecdotal evidence or extrapolation from international evidence, we are able to explore the real effects of New Zealand policy and identify future possibilities for policy improvement. Two of our current projects in New Zealand (see below) have involved developing significant new databases that will allow all researchers interested in New Zealand issues to do more sophisticated work.

From a funding point of view, our distinctive features make us attractive because we are able to fill niches that are currently not served. We expect to continue to receive funding from a range of countries and sources. We do not expect to compete strongly with other New Zealand research institutes but will work in a way that is complementary to them and that allows them to provide even better service to New Zealand.

Structure



BOARD OF TRUSTEES

Dr Grant Scobie: Trustee and Chairman since September 2000

Grant received his undergraduate degree from Massey University in Palmerston North, and after completing a Master's degree in Australia, 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 economic growth and development. As well as holding research positions in the Australian and New Zealand governments, he 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. He served as a member of the Todd Commission on Funding Education and was a lay member of the High Court of New Zealand between 1993 and 1995. He has held a number of positions and consultancies with the Consultative Group for International Agricultural Research, and between 1995 and 1999, was Director-General of the International Centre for Tropical Agriculture (CIAT) in Colombia. He is currently Principal Advisor in Policy Coordination and Development in the New Zealand Treasury. He also serves as Chairman of the Overseas Programmes Advisory Committee for Save the Children, and as a National Board member of Save the Children.



Dr Grant Scobie, Dr Ann Sullivan and Sir Geoffrey Palmer

Sir Geoffrey Palmer: Trustee from September 2000 to December 2001

The Right Honourable Sir Geoffrey Palmer studied at the University of Chicago Law School, graduating Doctor of Law (*cum laude*) in 1967. Between 1969 and 1973 he was a law professor at the University of Iowa, and also taught at the University of Virginia. In 1974 he was appointed Professor of Law at Victoria University of Wellington. In 1979 Geoffrey Palmer was elected Member of Parliament for Christchurch Central and became Deputy Leader of the Opposition in 1983. Between 1984 and 1990 he occupied a number of ministerial posts, including Minister of Justice, Attorney-General, Leader of the House, Minister for the Environment, Deputy Prime Minister and Prime Minister of New Zealand.

On retiring from politics at the 1990 general election, Sir Geoffrey held a joint appointment as Professor of Law at Victoria University of Wellington and Professor of Law at the University of Iowa. In 1994 he founded, with Mai Chen, the Chen & Palmer partnership (now Chen Palmer & Partners).

Sir Geoffrey was made a KCMG in 1991, and an Honorary Companion of the Order of Australia. He is a member of Her Majesty's Privy Council and holds honorary doctorates from Hofstra University, Washington University in St Louis and Victoria University of Wellington. He is a laureate of the United Nations Environment Programme's Global 500 Roll of Honour, served a term as a member of the International Advisory Council of the World Wide Fund for Nature, and is a fellow of the World Academy of Art and Science. He is the author or joint author of twelve books, and he has published more than 40 law review articles. Sir Geoffrey has a particular interest in constitutional law and regularly provides commentary on comparative constitutional law both in New Zealand and the United States. He also specialises in administrative law, the law and custom of Parliament and international law.

Dr Ann Sullivan: Trustee since September 2000

Ann is of Nga Puhi descent, and has an MSocSc and a DPhil from the University of Waikato, New Zealand. Dr Sullivan is currently (since 2002) Associate Professor in the History and Anthropology Departments and also teaches in the Maori Studies Department at the University of Auckland, New Zealand. Before that she was on the faculty of the Political Science Department at the University of Waikato. She co-authored a book *Proportional Representation on Trial: The New Zealand General Election and the Fate of MMP* that won the 2002 Wallace Award for best academic publication on electoral matters. Her major areas of teaching are public policy, New Zealand politics and comparative ethnic politics. Her research and extensive publications focus on Maori development, public policy and representation. She is a frequent commentator on radio and television on Maori politics.

MOTU SENIOR FELLOWS AND ASSOCIATES

Suzi Kerr: Director and Senior Fellow

Suzi has been Director and Senior Fellow of Motu: Economic and Public Policy Research in New Zealand since November 1998, when she returned to New Zealand after an extensive period of study and work in the US. She graduated from Harvard University in 1995 with a PhD in Economics. Following that she was an Assistant Professor at the University of Maryland from 1995 through 1998. She has been a visiting scholar at Resources for the Future (United States) and Victoria University (from January–August 2001). She was a visiting scholar in the Joint Center for the Science and Policy of Global Change at the Massachusetts Institute of Technology in Boston, USA. Before leaving New Zealand she did her honours degree in economics at Canterbury and then worked as a housing analyst at the New Zealand Treasury. Her current research work empirically and theoretically investigates domestic and international emissions trading issues with special emphasis on land use and climate change in both the tropics and New Zealand, domestic carbon permit market design, and the New Zealand Fisheries Individual Transferable Quota system.

Dave Maré: Senior Fellow

Dave completed his PhD in Economics at Harvard University in 1995. Prior to joining Motu in June 1999 he was at the Department of Labour where he was research adviser, and before that, the manager of the research and labour market monitoring team. His research focuses on empirical labour economics, covering a broad range of topics including geographic labour markets, income distribution, migration, firm dynamics, the effectiveness of active labour market policies, and education and training issues. During the second half of 2002, Dave will be a Visiting Fellow at the Institute for Social and Economic Research (ISER) at the University of Essex, Colchester, England, as part of their academic visitorship programme. This will give Dave the opportunity to work in a highly regarded research institute, and will also serve to strengthen Dave's and Motu's links to the European labour and social policy research community.

Arthur Grimes: Senior Research Associate

Arthur officially joined Motu in June 2002. Prior to 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. His academic background includes a BSocSc(Hons) Economics (Waikato); MSc(Distinction) and PhD from London School of Economics (thesis: The Transactions Role of Financial Assets). He received a number of academic prizes and awards including the Ely Devons Prize for best student in MSc(Econ), the Robert McKenzie Prize for Outstanding Performance in MA, MSc, MPhil or PhD degrees, and the Sayers Prize for Distinguished Thesis in Monetary Economics. He has published papers on finance, banking, monetary, macroeconomic and economic reform topics in international academic journals, and contributed to many policy and practitioner journals.

INTERNATIONAL PANEL OF ADVISORS

A. Denny Ellerman—Massachusetts Institute of Technology

Denny is a leading energy economist and is recognised internationally as an authority on emissions trading and coal economics. He is the Executive Director of the MIT Joint Program on the Science and Policy of Global Change and the Center for Energy & Environmental Policy Research. His current research interests focus on the U.S. SO₂ emissions-trading program and emissions trading as a component of climate change policy. Denny is co-author, with Sloan School colleagues, of *Markets for Clean Air: The U.S. Acid Rain Program*.

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 teaches urban and social economics and microeconomic theory. He 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 also edits *The Quarterly Journal of Economics*. He received his Ph.D. from the University of Chicago in 1992.

John McMillan—Stanford University

John is the Jonathan B Lovelace Professor of Economics in the Stanford University Graduate School of Business and a Senior Fellow at the Stanford Institute for Economic Policy Research. His research interests are: economic reform, mechanism design, cross-country comparisons of market institutions, and entrepreneurship in developing and transition economies. John is also the editor of *The Journal of Economic Literature*.

Wallace (Wally) Oates—University of Maryland

Wally is a visiting scholar in Resources for the Future's (RFF) Energy and Natural Resources division and a professor of economics at the University of Maryland, College Park. His primary research and teaching interests are in public finance, with a particular emphasis on fiscal federalism and state-local finance, and environmental economics.

Paul R Portney—Resources for the Future

Paul is President of Resources for the Future (RFF). An economist by training, Paul joined the research staff of RFF in 1972. Since then, he has become a senior fellow and directed two of RFF's research divisions—its Quality of the Environment division and its Center for Risk Management. He became Vice President in 1989 and was named President in 1995.

MOTU ACHIEVEMENTS

Motu's purposes can be summarised in three categories: producing and presenting top quality research; building capacity within New Zealand for research; and outreach to end users. Because this is our first Annual Report, the following section reports on Motu's activity in achieving the above purposes from 1 September 2000 (when Motu was registered) until 30 June 2002 in respect of its three major research programmes: labour/social policy, environmental regulation and macroeconomics.

Research and research dissemination

Labour/social policy analysis (main projects)

Income inequality

The rise in income inequality in New Zealand over the past fifteen to twenty years has been large by international standards. This fact has attracted a great deal of policy and analytical attention both in New Zealand and internationally. Motu's contribution to this line of enquiry includes research into household income inequality, into inequality across different geographic areas, and on family and child poverty. Motu used data from the Household Economic Survey and the Housing Labour Force Survey Income Supplement to research and summarise variation in household income and consumption in New Zealand. This summary was used to investigate the determinants of observed income inequality changes.

Researchers

Motu: Dave Maré and Jason Timmins

Funding

Ministry of Social Development

The Treasury

Department of Labour

Regional labour markets

Motu, with the New Zealand Treasury, has carried out research into the way that local labour markets adjust. We have looked at the persistence of regional labour market differences, and the role of internal migration in spreading the impact of local changes. We have also estimated the impact of a local labour market shock on wages, unemployment, participation, and migration, and found that migration is the single most significant form of adjustment. Adjustment is largely completed within 3-5 years but does not reverse longer term differences in labour market outcomes across regions.

Researchers

Motu: Dave Maré and Jason Timmins

Funding

The Treasury

Firm dynamics

Motu, together with the New Zealand Treasury and Department of Labour, has conducted a preliminary analysis of job creation and destruction using the business demography

database maintained by Statistics New Zealand. The results suggest that New Zealand has high rates of job creation and destruction compared to overseas countries. This may be partially a result of the wide industry coverage of the analysis and also the many small firms within the analysis. Initial analysis of firm cohorts suggests that small and new firms appear most vulnerable to exit, and for firms that do not exit the majority are most likely to remain near their initial employment size.

Researchers

Motu: Dave Maré and Jason Timmins
Department of Labour: Labour Market Policy Group

Funding

Department of Labour

Education and economic performance

This project addressed the question, “Is the changing mix of qualifications in New Zealand related to employment growth patterns and changing incomes?” The results showed a general upskilling in New Zealand between 1986 and 1996 that is evident across a wide range of job-groups. Employment growth was strongest in job-groups that had high initial levels of highly qualified workers but does not appear to be related to subsequent upskilling. The relationship between employment growth and initial skill-intensity does not reflect solely industry- or occupation-related factors. The change in income between 1986 and 1996 reflects quantity adjustments more than price adjustments. Changes in aggregate employment and in the skill mix of the workforce account for much greater proportions of the change than do aggregate productivity or relative price effects. Further work will incorporate New Zealanders not in the labour force to investigate what qualification groups are more at risk from being unemployed.

Researchers

Motu: Dave Maré and Jason Timmins

Funding

The Treasury

Land taxes and revenue needs as communities grow and decline

In 1998, 56% of New Zealand local government revenue came from property taxes. What drives long-term changes in the property/land tax base? How responsive is land tax revenue to external shocks? How does a “property tax” empirically differ from a “land tax” in terms of the variability of the tax base? Motu’s research will combine economic analysis of an extremely rich dataset with valuation techniques to identify causes and levels of fiscal stress and study the responses of local governments. Based on these empirical results we will assess how reliant local government should be on property and land taxes.

Researchers

Motu: Suzi Kerr and Dave Maré
Lincoln University: William McCluskey

Funding

Lincoln Institute of Land Policy (Cambridge, MA, United States)

Research papers and related publications and presentations

Over the 22 months from September 2000 to June 2002, Motu's labour/social policy analysis research area produced 19 research papers. Thirty-one presentations were given on the findings of these papers, and as of June 2002 the papers had received 19 related publications, including five articles in refereed journals.

Research papers	Paper presentation details	Publication details
Kerr, S. and J. Timmins. "Economic Geography and Spatial Statistics: Theory and Empirics of New Zealand Regions".	2000: Kerr and Timmins presented at Treasury seminar.	2000. Working Paper 00/11, The Treasury.
Kerr, S. and J. Timmins. "Targeting Regional Assistance".	2000: Kerr and Timmins presented at Treasury seminar.	2000. Report for Regulatory and Tax Policy. Wellington: The Treasury.
Maré, D. C. and J. Timmins. "Internal Migration and Regional Adjustment: Some Preliminary Issues".	November 2000: Maré presented at the Labour Employment and Work Conference.	2000. In <i>Labour Employment and Work in New Zealand: 2000, Proceedings of the Ninth Conference 23rd and 24th November</i> , Victoria University of Wellington. P. Morrison, ed.
Chapple, S., D. Maré, S. Carson and J. Timmins. "Child and Adult Annual Poverty Transitions in New Zealand".	June 2001: Chapple presented at the New Zealand Association of Economists Conference. December 2001: Chapple and Maré presented to Statistics New Zealand. March 2002: Chapple and Maré presented revised version to Ministry of Social Development.	
Glaeser, E. and D. Maré. "Cities and skills".		2001. <i>Journal of Labor Economics</i> , 19(2), pp. 316-42.
Hyslop, D. and D. Maré. "Understanding Changes in the Distribution of Household Incomes in New Zealand between 1983-86 and 1995-98".	1999-2001: Hyslop presented at Victoria University of Wellington's REF seminar, the University of Canterbury, New Zealand Treasury, UC Berkeley's labor lunch, UCLA, Stanford and GRADE, Lima, Peru. June 2001: Maré presented at New Zealand Association of Economists Conference.	2001. Working Paper 01/21, The Treasury.
Kerr, S., D. C. Maré, W. Power, and J. Timmins. "Internal Mobility in New Zealand".	June 2000: presented at the New Zealand Association of Economists Conference.	2001. Working Paper 01/04, The Treasury.

Research papers	Paper presentation details	Publication details
Maré, D. C., P. Mawson, and J. Timmins. “Deprivation in New Zealand: Regional Patterns and Changes”.	2001: Mawson presented at Treasury seminar.	2001. Working Paper 01/09, The Treasury.
Maré, D. C. and W-K. Choy. “Regional Labour Market Adjustment and the Movement of People: A Review”	November 2000: Choy presented at a Treasury seminar and at the Labour Employment and Work conference at Victoria University.	2001. Working Paper 01/08, The Treasury. A version was also published in <i>Labour Employment and Work in New Zealand: 2000, Proceedings of the Ninth Conference 23rd and 24th November</i> , Victoria University of Wellington, P. Marrison, ed.
Maré, D. C. “The Impact of Labour Regulation in New Zealand: Designing Empirical Tests”.	May 2001: Maré presented at Department of Labour workshop on Employment Relations Act—evaluation strategy.	2001. Motu Manuscript, May.
Carroll, N., D. Hyslop, D.C. Maré, J. Timmins, and J. Wood. “An Analysis of New Zealand’s Business Demography Database”.	March 2002: Carroll presented at the Database Integration and Linked Employer-Employee Data conference in Wellington. http://www.dileed.govt.nz/ May 2002: Maré presented at Statistics New Zealand seminar. June 2002: Carroll presented at New Zealand Association of Economists.	2002. <i>New Zealand Economic Papers</i> . 36 (1); pp 59-62. A previous version of the conference proceedings titled “ <i>The Turbulent Labour Market</i> ” is available online from the New Zealand Association of Economists (Inc) website in two parts. http://nzae.org.nz/past_conference_papers.php Paper #16 Parts 1 and 2.
Choy, W-K., D.C. Maré and P. Mawson. “Modelling Regional Labour Market Adjustment in New Zealand”.	2002: Choy and Mawson presented at a Treasury workshop.	2001. Working Paper 02/01, The Treasury.
Hendy, J., D. Hyslop and D. Maré. “Qualifications, Employment and the Value of Human capital, 1986-1996”.	April 2002: Maré presented at Treasury Seminar.	
Karagedikli, O., D. Maré and J. Poot. “Disparities and Despair: Changes in Regional Income Distributions in New Zealand 1981-96”.	September 2000: Poot presented at the 2000 ANZRS AI Conference in Hobart. February 2002: Poot presented at the 41 st Annual Meeting of the Western Regional Science Association in Monterey, California. February 2002: Poot presented at the New Zealand/Malaysia Symposium “The State, Economic Development and Ethnic Co-existence”, Victoria University of Wellington. 2002: Karagedikli presented at Victoria University of Wellington Economics seminar.	2001. <i>Australasian Journal of Regional Studies</i> 6(3) pp. 323-47.

Research papers	Paper presentation details	Publication details
Maré, D. C. "The Impact of Employment Policy Interventions".		<i>Labour Market Bulletin 2000-2002 Special Issue</i> , pp. 57-100. A version was also published in <i>Labour Employment and Work in New Zealand: 2000, Proceedings of the Ninth Conference 23rd and 24th November</i> . P. Morrison, ed. Victoria University of Wellington.
Maré, D. C. and K. Papps. "The Effects of Occupational Safety and Health Interventions".		<i>Labour Market Bulletin 2000-2002 Special Issue</i> , pp. 101-131.
Slack, A., J. Cumming, D.C. Maré and J. Timmins. "Variations in Secondary Care Utilisation and Geographic Access".	June 2002: Paper presented at the New Zealand Association of Economists Conference. June 2002: Timmins and Slack presented at Wellington Health Economists Seminar.	2002. Initial Analysis of 1996 Data HSRC Discussion Paper No. 7, Health Services Research Centre and Motu Economic and Public Policy Research.

Environmental regulation (main projects)

International climate change policy

Motu was engaged in research on the design of an international emissions trading system for addressing climate change; analysis of the allocation of risk within tradeable permit systems; and the design of international programmes to encourage land use change and forestry activities that store and sequester carbon.

Researchers

Motu: Suzi Kerr

Center for Clean Air Policy: Tim Denne, Tim Hargrave, Ned Helme, Cathleen Kelly and Catherine Leining

Funding

Center for Clean Air Policy, United States

Resources for the Future, United States

New Zealand climate change policy

Motu has produced a series of reports addressing the design of a domestic emissions trading programme. We have explored comparisons with “project trading”, the potential employment impacts of climate change policy, and the use of auctions rather than grandfathering and considered how to design a trading programme to encourage favourable land use change.

Researchers

Motu: Suzi Kerr and Joanna Hendy

Landcare Research: Fiona Carswell, Garth Harmsworth, Ian Turney and Rau Kirikiri

University of Maryland: Peter Cramton

Resources for the Future: Michael Toman and Carolyn Fischer

Funding

Ministry for the Environment

Ministry for Economic Development

The Foundation for Research, Science and Technology

Resources for the Future, United States

Center for Clean Air Policy, United States

New Zealand Climate Change Policy and renewable energy

Motu, in collaboration with East Harbour Management Services (Wellington), has prepared a report for the Ministry for the Environment to identify and assess possible additions to New Zealand's climate change policy, specifically renewable energy options, as part of the overall strategy to achieve the efficient implementation of New Zealand's greenhouse gas commitments.

Researchers

Motu: Suzi Kerr

East Harbour Management Services: Brian White, John Rutherford and Brian Cox

Resources for the Future: Richard Newell (peer review)

Funding

Ministry for the Environment

Land-use change in Costa Rica—greenhouse gas sinks and carbon sequestration

This international collaborative research project examines the causes of deforestation in Costa Rica, and synthesises evidence on the carbon content of these forests. Motu is modelling this information to create a “carbon sequestration” supply curve and through sensitivity analysis investigating the importance of different aspects of accuracy in the measurement of carbon credits.

Researchers

Motu: Suzi Kerr, Joanna Hendy and Jason Timmins

Columbia University: Alex Pfaff

University of Alberta: Arturo Sanchez

EROS Data Center: Shuguang Liu

Oregon State University: Boone Kauffman

Tropical Science Center (Costa Rica): Vicente Watson, Joseph Tosi

United States Forest Service: Flint Hughes

Funding

Food and Agriculture Organisation of the United Nations

Columbia University

The Tinker Foundation

United States National Science Foundation (Grant 9980252)

Harvard Institute for International Development

National Center for Ecological Analysis and Synthesis

Fisheries management

Motu and Resources for the Future (Washington, DC) are jointly undertaking economic and policy research on fisheries management in New Zealand. We are examining the role and effectiveness of market-based instruments, in particular the individual transferable quota (ITQ) system as a fisheries management tool. The objective of this research project is to assess the efficiency of the New Zealand market and identify possible sources of inefficiency by studying quota price formation and market operation.

Researchers

Motu: Suzi Kerr, Joanna Hendy and Gina Straker

Resources for the Future: Richard Newell and Jim Sanchirico

Funding

Ministry of Fisheries

Resources for the Future

Migration and the environment in the Galapagos

This project analyses the economic and policy incentives driving migration trends in the Galapagos Islands, and the potential impacts on the environment and social implications derived from associated population increases or decreases. Motu has undertaken a review of migration patterns and socio-economic characteristics of people arriving and leaving the Galapagos. We examined incentives driving migration and identified sources of spatial distortion that encourage people to move for inefficient reasons. We identified the resulting pressures on the Galapagos’ unique natural resources. From the analysis we formulated innovative, viable and achievable recommendations for the Ecuadorian government.

Researchers

Motu: Suzi Kerr and Joanna Hendy

Ecolap (Ecuador): Susana Cardenas

Translators: Eduardo Villouta, Sandra Sandoval and Juan Andres Robalino

Funding

World Wildlife Fund (WWF)

We have also done work on environmental policy and technology change; trade and the environment; ecological taxation in New Zealand; and air pollution in Santiago, Chile.

Research papers and related publications and presentations

Over the 22 months from September 2000 to June 2002, Motu’s environmental regulation programme produced research on 28 topics. More than 25 presentations were given on the findings of these papers, and as of June 2002, 25 papers were published, including 2 refereed journal articles and 14 book chapters.

Research area	Paper presentation details	Publication details
<i>International climate change regulation</i>		
Kerr, S. (ed) "Global Emissions Trading: Key Issues for Industrialized Countries". Kerr, S. "Introduction: Trading Toward a Stable Climate". Kerr, S. "An International Tracking System for Greenhouse Gas Trading". Hargrave, T., S. Kerr, N. Helme and T. Denne. "Treaty Compliance as Background for an Effective Trading Program". Kerr, S. "Additional Compliance Issues Arising from Trading". Kerr, S. "Domestic Greenhouse Regulation and International Emissions Trading". Kerr, S. "Fair Competition and Annex I Trading". Kerr, S. "Market Power and Annex I Trading". Kerr, S. "The Way Forward? Design Principles for Annex B Trading".		Kerr, S, ed. 2000. <i>Global Emissions Trading: Key Issues for Industrialized Countries</i> . Glos., United Kingdom: Edward Elgar Publishing Inc.
Kerr, S. "Enforcing Compliance: The Allocation of Liability in International GHG Emissions Trading and the Clean Development Mechanism".		2001. In <i>Climate Change Economics and Policy: An RFF Anthology</i> . M.A. Toman, ed. Washington, DC: RFF.

Research area	Paper presentation details	Publication details
Kerr, S. and Leining, C. R. "Land use change and international climate change regulation".	<p>November 2000: Paper presented at the Conference of the Parties 6, The Hague.</p> <p>April 2001: Papers discussed with international climate delegates at Center for Clean Air Policy CDM dialogue group.</p> <p>April 2001: Paper presented at RFF workshop <i>Can Carbon Sinks Be Operational.</i>, April, 2001</p> <p>February 2001. "Deforestation, Carbon-Offsets and the Clean Development Mechanism" February 2001: presented at a Tinker Foundation Funded Symposium, San Jose, Costa Rica</p>	<p>Kerr, S. and Leining, C. R. November 2000. "Permanence of LULUCF CERs in the Clean Development Mechanism".</p> <p>Kerr, S. 2001. "Seeing the Forest and Saving the Trees: Tropical Land-Use Change and Global Climate Policy?"? Manuscript in <i>Can Carbon Sinks Be Operational</i>. RFF Workshop Proceedings, Roger A. Sedjo and Michael Toman. Also published as Resources for the Future Discussion Paper 01-26, August 2001.</p> <p>Kerr, S. and Leining, C. R. "Deciding the Eligibility of Land Use, Land-Use Change and Forestry Projects Under the CDM: Negotiation Issues Post COP6". In. <i>Bolivian Environmental Conflict Management Cases and CC + CDM Sectoral Preparations for Kyoto Protocol Negotiations</i>. R. Saner, S. Jaruegui and L. Yiu, eds.</p>
<i>Domestic climate change regulation</i>		
Fischer, C., S. Kerr and M. A. Toman. "Using Emissions Trading to Regulate National Greenhouse Gas Emissions".	<p>Presented by Michael Toman at Snowmass.</p> <p>2001: Presented by Carolyn Fischer at AERE meetings, 2001.</p>	2001. In <i>Climate Change Economics and Policy: An RFF Anthology</i> . M.A. Toman, ed. Washington, DC: RFF.
Kerr, S. "Emissions Trading, Project-Based Trading and Joint Implementation".	Presented to interdepartmental working group on climate change.	Paper written for the New Zealand Ministry of Economic Development, 2001.
Kerr, S., B. White, B. Cox and J. Rutherford. "Renewable Energy and the Efficient Implementation of New Zealand's Current and Potential Future Greenhouse Gas Commitments".	2002: Presented to staff of the Ministry for the Environment.	Report prepared for the Ministry for the Environment, 2002.
Cramton, P. and S. Kerr. "Tradeable Carbon Permit Auctions: How and Why to Auction Not Grandfather".		2002. <i>Energy Policy</i> 30, pp. 333-345.
Kerr, S. "Efficient Contracts for Carbon Credits from Reforestation Projects".		Motu Manuscript, 2002.
Kerr, S. "Indigenous Forests and Forest Sink Policy in New Zealand".		Motu Manuscript, 2002.

Research area	Paper presentation details	Publication details
Carswell, F., G. Harmsworth, S. Kerr, R. Kirikiri, and I. Turney. "A Framework for Engagement of Maori Landowners in 'Carbon Farming' Using Indigenous Forest Regeneration".	2001: Discussed with Nga Whenua Rahui.	Landcare Research and Motu manuscript, 2002.
Kerr, S. and J. Hendy. "Regional Employment Impacts of the Kyoto Protocol"		Report prepared for the Ministry for the Environment, 2002.
<i>Costa Rica deforestation and carbon storage</i>		
Pfaff, A. S. P., S. Kerr, R. F. Hughes, S. Liu, G. A. Sanchez-Azofeifa, D. Schimel, J. Tosi and V. Watson. "Integrated model design and development for carbon storage and sequestration in Costa Rica".	2001: Presented at MIT Joint Program on the Science and Policy of Global Change. 2001: Presented at National Center for Ecological Analysis and Synthesis workshop.	2000. "The Kyoto Protocol and Payments for Tropical Forest: An Interdisciplinary Method for Estimating Carbon-Offset Supply and Increasing the Feasibility of a Carbon Market under the CDM." <i>Ecological Economics</i> 35(2), pp. 203-221. Kerr, S., S. Liu, R. F. Hughes and A. Pfaff. 2002. "Carbon Dynamics and Land Use Choices: Building a Regional Scale Multidisciplinary Model." Motu Manuscript. Pfaff, A., A. Sanchez, and S. Kerr. 2001. "A Case Study of Costa Rican LUCC: Carbon Sequestration Supply from and Clean Development Mechanism Rules for Tropical Forest Carbon Sinks." <i>Land Use and Climate Change Newsletter</i> , May, No. 6.
Kerr, S., A. S. P. Pfaff, W. Power and A. Sanchez. "The Dynamics of Deforestation: Evidence from Costa Rica".	October 2000: Paper presented at the Geography Institute, Victoria University of Wellington. January 2001: AERE meetings session on Land Use and Global Climate Change, New Orleans.	Columbia University, Department of Economics, Discussion Paper Series No. 0001-0.1. Kerr, S., A. Pfaff, A. Sanchez and M. Boscolo. 2001. "How Can Carbon Sequestration in Tropical Forests be Rewarded? Evidence from Costa Rica". In <i>Environment for Growth: Environmental Management for Sustainability and Competitiveness in Central America</i> , Harvard Studies in International Development. T. Panayotou, ed. Cambridge, MA: Harvard University Press, pp. 409 - 431.

Research area	Paper presentation details	Publication details
Kerr, S., A. Pfaff and A. Sanchez. "The Dynamics of Deforestation and the Supply of Carbon Sequestration: Illustrative Results from Costa Rica".	2001: Presented at MIT Joint Program on the Science and Policy of Global Change, 2001	In <i>Environment for Growth: Environmental Management for Sustainability and Competitiveness in Central America</i> , Harvard Studies in International Development. T. Panayotou, ed. Cambridge, MA: Harvard University Press, pp. 409 - 431.
Hendy, J., S. Kerr and A. Pfaff. "Uncertainty and Tropical Carbon Sequestration".	June 2002: Joanna Hendy presented at the New Zealand Association of Economists Conference.	
<i>Fisheries Management</i>		
Newell, R. G., J. N. Sanchirico and S. Kerr. "Fishing Quota Markets".	Presented by Richard Newell and Jim Sanchirico in a number of venues including IIFET, Stanford, Harvard, RFF.	Resources for the Future Discussion paper 02-20, 2002.
Straker, G., S. Kerr and J. Hendy. "A Regulatory History of New Zealand's Quota Management System".		Chapters 1-4, Motu manuscript, 2002.
<i>Other environmental research</i>		
Kerr, S. and R. G. Newell. "Policy-Induced Technology Adoption: Evidence from the U.S. Lead Phasedown".		Resources for the Future Discussion Paper 01-14, 2001.
Kerr, S. and E. DeSombre. "Trade and the Environment: The Risks and Opportunities for New Zealand Associated with the Relationship between the WTO and Multilateral Environmental Agreements".		Paper prepared for the New Zealand Ministry for the Environment (released 8 October, 2001).
Kerr, S. "Ecological Tax Reform".	2001: Presented to the Ministry for the Environment.	Report prepared for the New Zealand Ministry for the Environment, 2001.
Kerr, S. and M. Kahn. "The Causes and Consequences of Air Pollution in Santiago".		2002. In <i>Chile: Political Economy of Urban Development</i> . Edward L. Glaeser and John R. Meyer. Cambridge, MA: Harvard Studies in International Development, John F. Kennedy School of Government, Harvard University. ¹

¹ This paper is based on a chapter of the same name in Kerr, S. (1995) *Contracts and Tradeable Permit Markets in International and Domestic Environmental Protection*. PhD Thesis, Harvard University.

Macroeconomics

Australia–New Zealand Economic Relationship

Arthur Grimes conducted work on the topic of Australia– New Zealand economic relationships as a precursor to a formal Marsden-funded programme begun in 2002/03 on "Is New Zealand an Economic State of Australasia?". He co-edited the book *States of Mind: Australia and New Zealand 1901-2001*. 2002. Wellington: Institute of Policy Studies, and wrote three published papers dealing with the Australia–New Zealand relationship.

Research papers and related publications.

Research paper	Publication details
Grimes, A. 2002. "Managing Small Open Economies: Exchange Rate Systems & Real Sector Shocks".	In <i>Globalization and the Asia Pacific Economy</i> . Kyung Tae Lee, ed. London: Routledge, pp. 226-244.
Grimes, A. and J. Rolfe. 2002. "Optimal Defence Structure for a Small Country".	In <i>Defence and Peace Economics</i> , 13 (4), pp. 271-286.
Grimes, A. 2002. "Living Arrangements for the Tasman Currencies: De Facto Partners, Legal Marriage or Just Good Friends".	In <i>States of Mind: Australia and New Zealand 1901-2001</i> . Arthur Grimes, Lydia Wevers and Ginny Sullivan, eds. Wellington: Institute of Policy Studies, pp. 271-291.
Rolfe, J. and A. Grimes.. 2002. "Australia-New Zealand Defence Cooperation: Some Considerations".	<i>Agenda</i> , 9(1), pp. 47-64.

Building capacity for New Zealand economic and public policy research

Teaching

In 2001 and 2002 Dave Maré taught graduate labour economics in collaboration with Professor Jacques Poot at the School of Economics and Finance, Victoria University of Wellington.

In 2001 Dave Maré and Jason Timmins ran a six-week course on Panel Data Analysis for selected practitioners.

In 2002 Dave Maré shared teaching of an undergraduate labour economics course at Victoria University of Wellington.

In 2001 Suzi Kerr taught the honours level Public Sector Economics course in collaboration with Bob Stephens and Jackie Cummings at Victoria University of Wellington.

Student internships

David Kennedy (Victoria University) was a Motu student intern over the 2000/01 summer. Stephen Hutton (Victoria University) and Wendy Pottinger (Lincoln University) were Motu student interns over the 2001/02 summer.

Datasets

We see the development of common databases that can be used by a wide range of researchers as an essential component in building an effective New Zealand research community in our areas of interest. These are two datasets where we have invested considerable resources.

1 New Zealand Regional Information Database

The database is a collection of sub-national socio-economic New Zealand statistics that was created by the Policy Coordination and Development (PCD) section of The Treasury and Motu.

2 New Zealand Fisheries database

Motu together with Resources for the Future has created an extensive database that is easily usable, integrated and documented. This database was created with financial support from Resources for the Future and considerable help from the Ministry of Fisheries, Statistics New Zealand, FishServe, NIWA, Clement & Associates and SeaFIC. Some data is subject to confidentiality agreements so is not freely available.

Research networking

Salt Meetings: We have run a series of informal meetings with groups of people drawn from policy, private sector and academia. We have covered issues including devolution of control in the health sector, education policy, and climate change policy.

Outreach to end users

Motu website (www.motu.org.nz)

The Motu website provides extensive detail on all our work programmes. We publish all our research as soon as it is completed. We are also beginning to use our website to facilitate research networks. We have had positive feedback from local, regional, national and international users. Readers are invited to download papers and reports from the website in PDF format.

Motu newsletter *Research Update*

The first edition of Motu's newsletter *Research Update* was published in September 2001, and the second in April 2002. It is planned to be a six-monthly production, and will continue to be sent widely to all contacts in New Zealand and abroad (hardcopies and email), and may be downloaded from the website in PDF format. Copies are also lodged with the National Library of New Zealand (ISSN 1176-0206).

International visitors

Dr Malgosia Madajewicz

Dr Malgosia Madajewicz is a development economist from the Economics Department of Columbia University who visited in November 2000. She gave a seminar on microfinance at Victoria University and visited the Ministry of Foreign Affairs and Trade to discuss their use of microfinance in overseas development assistance programs.

Media coverage

Assymetric Info, newsletter of the New Zealand Association of Economists, announcement of Motu's commencement on 01 September 2000.

Interviews with Brian Fallow, Economics Editor, *NZ Herald*:

International Emissions Trading "Barter is the best way to cut emissions", January 2001.

Global warming, November 2001.

Carbon Monitor, February 2001.

Policy advice to New Zealand agencies

Motu has given policy advice on labour/social policy to:

- New Zealand Treasury
- Department of Labour
- Ministry of Social Policy
- Department of Work and Income.

Motu has given policy advice on environmental regulation to:

- Ministry of Economic Development
- Ministry for the Environment
- Department of Prime Minister and Cabinet.

Involvement of Motu staff at conferences, seminars and workshops

From 2000 to 2002 Suzi Kerr led a series of working-group meetings relating to a project on Carbon Sequestration in Costa Rica at the National Center for Ecological Analysis and Synthesis in Santa Barbara, California.

- 2000 September: Jason Timmins presented at the New Zealand ESRI User Group Conference, Christchurch.
- 2000 October: Suzi Kerr and William Power presented at the Institute of Geography at Victoria University, Wellington.
- 2000 November: Suzi Kerr presented at the Conference of the Parties 6, The Hague.
- 2000 November: Dave Maré presented at the Labour Employment and Work Conference.
- 2001 Suzi Kerr and Jason Timmins presented work on regional patterns and internal migration at Treasury seminars.
- 2001 January: Suzi Kerr presented “The Dynamics of Deforestation and the Supply of Carbon Sequestration in Costa Rica” at the Association of Environmental and Resource Economists (AERE) Conference, New Orleans.
- 2001 February: Suzi Kerr assisted with organising and presented at the Tinker Foundation-funded Symposium in Costa Rica “Entendiendo el Protocolo de Kyoto: Las Dimensiones Humanas y Biofísicas del Secuestro de Carbono”.
- 2001 April: Dave Maré presented at the New Settlers/New Demographic Directions meeting, “Research Directions”.
- 2001 April: Dave Maré presented at the Ministry of Social Policy Seminar, The Long Road to Knowledge: Longitudinal Research and Social Policy.
- 2001 April: Suzi Kerr presented at the Center for Clean Air Policy CDM Dialogue in New York City, presentation titled “LULUCF Activities and the CDM: Finding a Path through the Trees”.
- 2001 April: Suzi Kerr presented at the Resources for the Future symposium session “Can carbon sinks be operational?” in Washington DC, “Finding a Path through the Trees: Tropical Land-use Change and Global Climate Policy”.
- 2001 Suzi Kerr presented work on climate change policy to the New Zealand Business Council for Sustainable Development.
- 2001 Suzi Kerr presented at the MIT Joint Program on the Science and Policy of Global Change, “Modelling Land-use Change, Baselines and Carbon Supply, and Uncertainty and the Contribution of Tropical Land-use to Carbon Mitigation”.
- 2001 May: Dave Maré presented at a Department of Labour workshop on the Employment Relations Act evaluation strategy.
- 2001 December: Dave Maré presented to Statistics New Zealand.

- 2001 Suzi Kerr presented work on “projects” to an interdepartmental working group on climate change.
- 2001 Suzi Kerr presented work on renewable energy to staff of the Ministry for the Environment.
- 2001 Suzi Kerr presented work on land use and climate change to Nga Whenua Rahui.
- 2001 Suzi Kerr presented work on ecological taxes to the Ministry for the Environment.
- 2002 January: Suzi Kerr was discussant of “The Effect of Allowance Allocation on the Cost of Carbon Emission Trading” by Dallas Burtraw, Karen Palmer, Ranjit Bharvirkar and Anthony Paul at the Association of Environmental and Resource Economics session of the American Social Science Association.
- 2002 March: Dave Maré and Jason Timmins presented at the Ministry of Social Development Seminar.
- 2002 March: Dave Maré was involved in the organisation of, and presented at, the Data Integration Linked Employer-Employee Data (DILEED) Conference organised by Statistics New Zealand, the Labour Department and The Treasury.
- 2002 April: Dave Maré and Jo Hendy presented at New Zealand Treasury Seminars.
- 2002 April: Dave Maré presented at Statistics New Zealand Seminar.
- 2002 June: Jason Timmins and Joanna Hendy presented at the New Zealand Association of Economists Conference, Wellington.

HUMAN RESOURCE MANAGEMENT

Motu staff

Motu was established with two senior fellows, two research analysts and two support staff. By June 2002, we had grown by one senior fellow. One long-term employee left (William Power) out of eight permanent staff at Motu over a 22-month period, with no staff turnover in the last financial year.

Dr Arthur Grimes joined Motu as a Senior Research Associate in June, 2002. His involvement broadens the scope of Motu research, provides heightened intellectual interaction for both senior and junior staff and has favourable financial consequences (FRST and Marsden).

Our research analysts in June 2002 were Jason Timmins, who works primarily on labour/social research, and Joanna Hendy, who works primarily on environmental regulation. Gina Straker was our office manager and worked as a research analyst on the fisheries management programme. Maxine Watene handled the website as well as providing administrative assistance.

During this period we employed three students (David Kennedy, Stephen Hutton and Wendy Pottinger) and a temporary office assistant (Judy Shone). We also employed a variety of subcontractors on specific projects.

Training policy

Motu's aim is to enhance the opportunities for staff to reach their full potential by providing reasonable access to and support for training, career development and continuous improvement. Career-development opportunities may include on-the-job training, internal training courses, external courses and conferences, study assistance, etc. Motu may approve study assistance to enable staff to undertake a course of study to complete qualifications, to attend courses and seminars, and to undertake research or projects that are relevant to their work with Motu.

During the period covered by this report, three of our research analysts completed university economics papers. Support and research staff completed a variety of computing and general skills courses. Our research analysts were also actively involved in conferences, both attending and presenting.

Workshop attendance by research analysts

Jason Timmins

New Zealand Association of Economists Conference, Wellington, June 2000
New Zealand ESRI Central User Group Meeting, Nelson, New Zealand, 2000
New Zealand ESRI User Group Conference, Christchurch, September 2000
Ninth Conference on Labour, Employment and Work, Victoria University of Wellington, 2000
New Zealand Association of Economists Conference, Wellington, 2002

Joanna Hendy

New Zealand Energy Federation Conference, 2001

Royal Society New Zealand Conference, 2001 - "Human Dimensions of Climate Change"

New Zealand Association of Resource Economists, 2002

NCEAS, Santa Barbara, January 2002 (working group)

FINANCIAL INFORMATION

Banking, accounting, legal and insurance

Banking: Heather Allot, National Bank of New Zealand

Accountant: Joan Bishop

Auditor: Grant Thornton

Legal Advisor: Annelies McClure, Chapman Tripp

Insurance Agent: Mark Ranum, Aon Risk Services

Insurance cover (at 30 June 2002)

Type of cover	Total cover
CPF Commercial (business assets)	\$75,000
Senior Fellows (death/disability)	\$400,000
Public liability	\$1,000,000
Professional indemnity	\$500,000

Financial highlights (all figures in NZ\$000s)

2000–2001			2001–2002		
Revenues	New Zealand sources	120	Revenues	New Zealand sources	396
	Foreign sources	152		Foreign sources	129
Net surplus		- 14	Net surplus		24
Net equity		- 14	Net equity		10

We would like to thank the Ministry of Economic Development for being a Motu “supporter” during 2001/02.



Major funders

New Zealand

- The Treasury
- Department of Labour
- Ministry of Social Development
- Ministry for the Environment
- Ministry of Fisheries
- Victoria University of Wellington

Foreign

- Lincoln Institute for Land Policy, Cambridge, Massachusetts, United States
- National Science Foundation, United States
- United Nations Food & Agriculture Organisation (FAO)
- National Center for Ecological Analysis and Synthesis, United States

Motu had extraordinary success in fundraising in 2002. We have received two grants from the Foundation for Research Science and Technology and one Marsden Fund grant. From the beginning of the 2002/03 year, these will largely drive our research agenda for two years and maybe longer. We will endeavour, however, to maintain diversity in funding both within New Zealand and internationally.

Motu Endowment Fund

The following rules govern the management of the endowment, which was established with a nominal sum of \$1,000 in October 2001.

- 5% of the value of the endowment at the beginning of the financial year can be used each year to fund the ongoing activities of Motu.
- Any additional funds withdrawn from the endowment will need to be approved by the Trustees.
- If a funder chooses to put restrictions on the use of funds (by broad area of research or other purposes, not controlling specific research or activities) the funds will only be directed to those purposes.
- The funds will be invested in ways approved by the Board of Trustees.
- While Motu is short of funds, any surplus earned will be initially used as working capital (i.e. to reduce debt) and then placed in a “research fund”, which can be drawn down at the discretion of the Director.
- Contributions to the endowment will be regularly reassessed by the Board of Trustees.

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2001**

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2001**

CONTENTS	Page
Statement of Financial Performance	3
Statement of Movements in Equity	4
Statement of Financial Position	5
Notes to the Financial Statements	6-7
Auditor's Report	8

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 30 JUNE 2001**

	30/06/01
Income	
Foreign Research Grants	\$120,330
NZ Research Grants	152,147
Interest Received	77
Other Income	<u>968</u>
 Total Income	 273,522
 Less Cost of Sales	 <u>5,256</u>
 Gross Profit/(Loss)	 268,266
 Expenses	
Accountancy	3,648
Advertising	249
Audit Fees	3,200
Cleaning	950
Computer & Internet Expenses	6,902
Conference Expenses	1,099
Consultants Fees	1,580
Depreciation	12,671
Electricity & Gas	708
Foreign Exchange Loss	2,409
Freight & Courier	740
General Expenses	5,735
Insurance	3,554
Interest Paid	3,376
Legal Expenses	649
Office Rental	10,400
Postage	166
Printing & Stationery	4,315
Telephone & Fax	2,070
Training Expenses	1,775
Travel	1,145
Wages	<u>214,915</u>
 Total Expenses	 282,256
 Net Surplus/(Deficit)	 <u>\$(13,990)</u>

These financial statements should be read in conjunction with the attached notes.

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2001**

	30/06/01
Accumulated Funds 01/09/00	-
Net Surplus/(Deficit)	<u>(13,990)</u>
Accumulated Funds 30/06/01	<u>\$(13,990)</u>

These financial statements should be read in conjunction with the attached notes.

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
STATEMENT OF FINANCIAL POSTION
AS AT 30 JUNE 2001**

	30/06/01
Current Assets	
Petty Cash	\$200
NBNZ US Dollar Account	1,366
Work in Progress	269
Accounts Receivable	<u>45,138</u>
 Total Current Assets	 46,973
Current Liabilities	
NBNZ Cheque Account	15,471
Accounts Payable	12,741
Accrued Expenses	27,006
Fees in Advance	5,585
IRD – PAYE & Student Loan	5,154
GST Payable	<u>5,792</u>
 Total Current Liabilities	 71,749
 Working Capital	 (24,776)
Fixed Assets	
Computer Hardware & Software	31,755
Furniture & Fittings	<u>3,914</u>
 Total Fixed Assets	 35,669
Non Current Liabilities	
Loan from Suzi Kerr	<u>24,883</u>
 Total Non Current Liabilities	 24,883
 Total Assets	 <u>\$(13,990)</u>
 <i>Represented by:</i>	
 Accumulated Funds	 <u>\$(13,990)</u>

On Behalf of the Board:

Director

Date

Trustee

Date

These financial statements should be read in conjunction with the attached notes.

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2001**

Note 1: Statement of Accounting Policies

Reporting Entity

Motu: Economic & 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.

Measurement Base

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

Specific Accounting Policies

Fixed Assets

Fixed assets have been valued at cost less accumulated depreciation. Depreciation has been calculated on a diminishing value basis at the following rates:

Computer Hardware & Software	26% - 48% DV
Furniture & Fittings	12% - 60% DV

Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis.

Differential Reporting

Due to its size and lack of public accountability, Motu: Economic & Public Policy Research has qualified for Differential Reporting. They have applied all Differential Reporting exemptions.

Changes to Accounting Policies

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

Note 2: Capital Commitments and Contingent Liabilities

There are no capital commitments and contingent liabilities as at balance date.

Note 3: Events Subsequent to Balance Date

There are no events subsequent to balance date which require disclosure in the financial statements.

MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE PERIOD ENDED 30 JUNE 2001

Note 4: Comparatives

The Trust was incorporated on 1 September 2000. Accordingly the reporting period covered by these financial statements is from 1 September 2000 to 30 June 2001. Therefore no comparative information is available for the previous year.

Note 5: Fixed Assets

	Cost	Acc Deprn	Book Value
	30/06/01	30/06/01	30/06/01
Computer Hardware & Software	48,434	16,679	31,755
Furniture & Fittings	<u>5,300</u>	<u>1,386</u>	<u>3,914</u>
Total Fixed Assets	<u>\$53,734</u>	<u>\$18,065</u>	<u>\$35,669</u>

Note 6: Banking Arrangement

The Trust has an overdraft limit of \$50,000 with The National Bank of New Zealand Limited. This overdraft facility is secured by way of a guarantee limited to \$60,000 from David Christopher Mare and Marilyn Jayne Brieseman. The Trust is presently in the process of obtaining a new guarantee from Norman Meehan for \$60,000 to secure the overdraft facility. This will result in the guarantee being transferred from David Christopher Mare and Marilyn Jayne Brieseman to Norman Meehan.

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

CONTENTS	Page
Statement of Financial Performance	3
Statement of Movements in Equity	4
Statement of Financial Position	5
Notes to the Financial Statements	6-7
Auditor's Report	8

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2002**

	2002	2001
Income		
Foreign Research Grants	\$129,111	\$120,330
NZ Research Grants	396,863	152,147
Interest Received	21	77
Other Income	<u>1,621</u>	<u>968</u>
Total Income	527,616	273,522
Less Cost of Sales	<u>92,601</u>	<u>5,256</u>
Gross Profit/(Loss)	435,015	268,266
Expenses		
Accountancy	3,766	3,648
Advertising	-	249
Audit Fees	3,450	3,200
Cleaning	1,300	950
Computer & Internet Expenses	9,216	6,902
Conference Expenses	-	1,099
Consultants Fees	745	1,580
Depreciation	16,619	12,671
Electricity & Gas	1,387	708
Foreign Exchange Loss	2,289	2,409
Freight & Courier	154	740
General Expenses	7,562	5,735
Insurance	4,857	3,554
Interest Paid	1,699	3,376
Legal Expenses	1,098	649
Office Rental	15,600	10,400
Postage	-	166
Printing & Stationery	3,524	4,315
Telephone & Fax	2,995	2,070
Training Expenses	3,200	1,775
Travel	1,253	1,145
Wages	<u>329,763</u>	<u>214,915</u>
Total Expenses	410,477	282,256
Net Surplus/(Deficit)	24,538	(13,990)
Less: Transfer to Motu Endowment Fund	<u>(1,000)</u>	<u>-</u>
Net Surplus/(Deficit) Transferred to Accumulated Funds	<u>\$23,538</u>	<u>\$(13,990)</u>

These financial statements should be read in conjunction with the attached notes.

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
 STATEMENT OF MOVEMENTS IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2002**

	2002	2001
Equity at 1 July 2001	\$(13,990)	\$ -
Net Surplus/(Deficit)	23,538	(13,990)
Transfer to Motu Endowment Fund	<u>1,000</u>	<u>-</u>
Equity at 30 June 2002	<u>\$10,548</u>	<u>\$(13,990)</u>

These financial statements should be read in conjunction with the attached notes.

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2002**

	2002	2001
Current Assets		
Petty Cash	\$200	\$200
NBNZ US Dollar Account	1	1,366
NBNZ Cheque Account	34,017	-
NBNZ Term Deposit	1,000	-
Work in Progress	7,031	269
Prepayments	3,183	-
Accounts Receivable	<u>115,929</u>	<u>45,138</u>
Total Current Assets	161,361	46,973
Current Liabilities		
NBNZ Cheque Account	-	15,471
Accounts Payable	47,459	12,741
Accrued Expenses	66,147	27,006
Fees in Advance	37,202	5,585
IRD – PAYE & Student Loan	3,396	5,154
GST Payable	<u>16,770</u>	<u>5,792</u>
Total Current Liabilities	170,974	71,749
Working Capital	(9,613)	(24,776)
Fixed Assets		
Computer Hardware & Software	26,558	31,755
Furniture & Fittings	<u>3,603</u>	<u>3,914</u>
Total Fixed Assets	30,161	35,669
Non Current Liabilities		
Loan from Suzi Kerr	<u>10,000</u>	<u>24,883</u>
Total Non Current Liabilities	10,000	24,883
Net Assets	<u>\$10,548</u>	<u>\$(13,990)</u>
<i>Represented by:</i>		
Equity		
Accumulated Funds	9,548	(13,990)
Motu Endowment Fund	<u>1,000</u>	<u>-</u>
Total Equity	<u>\$10,548</u>	<u>\$(13,990)</u>

On Behalf of the Board:

Director Date

Trustee Date

These financial statements should be read in conjunction with the attached notes.

**MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

Note 1: Statement of Accounting Policies

Reporting Entity

Motu: Economic & 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.

Measurement Base

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

Specific Accounting Policies

Fixed Assets

Fixed assets have been valued at cost less accumulated depreciation. Depreciation has been calculated on a diminishing value basis at the following rates:

Computer Hardware & Software	26% - 48% DV
Furniture & Fittings	12% - 60% DV

Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis.

Differential Reporting

Due to its size and lack of public accountability, Motu: Economic & Public Policy Research has qualified for Differential Reporting. They have applied all Differential Reporting exemptions.

Changes to Accounting Policies

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

Note 2: Capital Commitments and Contingent Liabilities

There are no capital commitments and contingent liabilities as at balance date. (2001: \$Nil).

Note 3: Events Subsequent to Balance Date

There are no events subsequent to balance date which require disclosure in the financial statements. (2001: \$Nil).

Note 4: Comparatives

The Trust was incorporated on 1 September 2000. Accordingly the reporting period covered by these financial statements for the previous year is from 1 September 2000 to 30 June 2001. The reporting period covered by these financial statements for this year is from 1 July 2001 to 30 June 2002.

MOTU: ECONOMIC & PUBLIC POLICY RESEARCH TRUST
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2002

Note 5: Fixed Assets

	Cost 2002	Acc Deprn 2002	Book Value 2002
Computer Hardware & Software	59,274	32,716	26,558
Furniture & Fittings	<u>5,570</u>	<u>1,967</u>	<u>3,603</u>
Total Fixed Assets	<u>\$64,844</u>	<u>\$34,683</u>	<u>\$30,161</u>

	Cost 2001	Acc Deprn 2001	Book Value 2001
Computer Hardware & Software	48,434	16,679	31,755
Furniture & Fittings	<u>5,300</u>	<u>1,386</u>	<u>3,914</u>
Total Fixed Assets	<u>\$53,734</u>	<u>\$18,065</u>	<u>\$35,669</u>

Note 6: Banking Arrangement

The Trust has an overdraft limit of \$50,000 with The National Bank of New Zealand Limited. This overdraft facility is secured by way of a guarantee limited to \$60,000 from Norman L Meehan.