



Motu

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



ANNUAL REPORT

JULY 2017 – JUNE 2018

OUR GOALS

PRODUCING HIGH-QUALITY RESEARCH

PROMOTING REASONED DEBATE

**DISSEMINATING TOPICAL ECONOMIC
& PUBLIC POLICY RESEARCH**



**Ministry of Business,
Innovation & Employment**

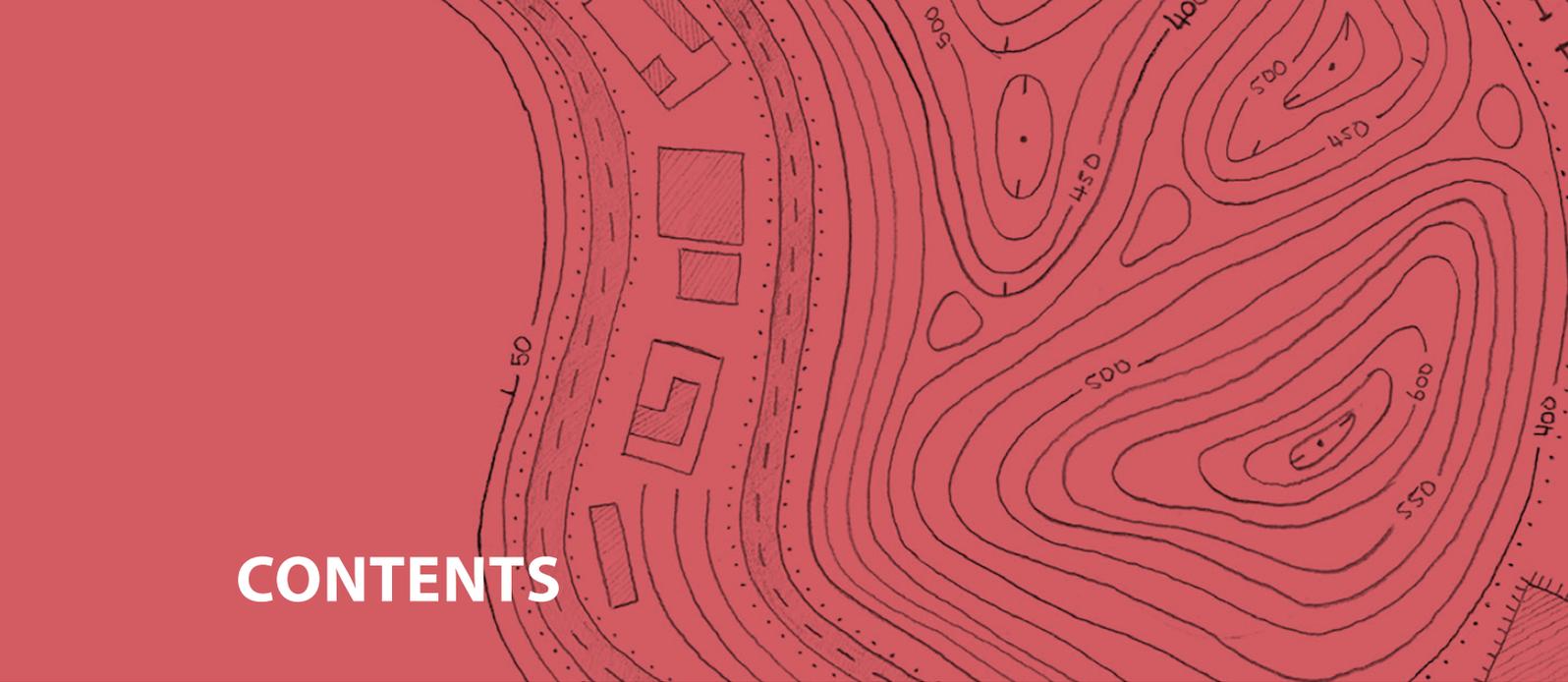


Te Puni Kōkiri
REALISING MĀORI POTENTIAL



HUAWEI





CONTENTS

Chair's Report	2
Director's Report	3
About Motu	4
Our Work	6
Publications	8
Grants and Patrons	10
Financial Performance	12





In my first year as Chair of the Motu Trust Board I have come to an even clearer understanding of the organisation. It is truly world class, ranking in both the top 10 economic think tanks and climate change policy organisations internationally. It is also New Zealand's top economic organisation, beating universities and consultancies alike. Motu staff are passionate about undertaking and disseminating high-quality independent research, and about the opportunity to develop New Zealand's future researchers and economists.

Everyone associated directly with Motu – especially my fellow Board members and the staff – believe that policy will work for the long-run well-being of New Zealand, so long as our policymakers understand the facts and have a clear analysis of the economic forces at work. Our aim is to ensure that Motu's blend of academic research and policy advice is valued by both government agencies and business. The ongoing, systematic research undertaken by Motu is exceptional in both its quality and its focus, both in New Zealand and, increasingly, overseas.

The culture and ethos of Motu have their beginnings in the way the organisation was dreamed up by Suzi Kerr and Dave Maré as graduate students at Harvard in the 1990s. In 2019, Suzi Kerr will step down as a Senior Fellow to become Chief Economist at the Environmental Defense Fund (EDF) in New York. This is an incredible achievement for her and we wish her well amidst our own sadness. Suzi's work with EDF will build on the expertise she has developed while at Motu and is a unique opportunity for the contributions she has made to environmental economics in New Zealand to assume an even more global form. Suzi's career move can also be viewed as part of the gaining influence of Motu on the international stage. We look to our continuing relationship with Adam Jaffe as an inspiration for how we can work with our distinguished alumni.

In the past year, Motu has continued to produce research informing New Zealand policy, and has increased its

staff capability at all levels. In response to the need for more space and, particularly, quiet areas and meeting rooms, we have taken on additional office area next door at 93 Cuba Street (Motu's first location in the city). We have also refurbished the office to ensure we continue to comply with the requirements of Stats NZ for Data Labs and to help our researchers work in comfort.

We took a hard look at how we build capacity for New Zealand research. Following on from this review we have restructured our support for rangatahi Māori into an individual scholarship awarded at each university to a promising student who is planning to study quantitative economics in their second year. This has had the added benefit of building relationships with kaiārahi across the tertiary sector.

I would like to extend special thanks to Lesley Haines, one of my fellow Board members, who has acted as Motu's Interim Director while we carry out an in-depth search to find a permanent replacement for Adam Jaffe, who stepped down from the directorship at the end of 2017. We have been blessed to have Adam's experience and intellect continuing at Motu, even while he is living in Boston. We are also rapt that he continues to gain work for and with Motu staff on international projects alongside smaller national work.

In my first year I have been greatly privileged to help steer this energetic and academically rigorous organisation. I have huge admiration for the research and small support team, from the Interim Director down. As Chair, I'd like to extend my thanks to all Board members, past and present. I must say a special thanks to John Hay, who made an excellent Chair for nine years and has left the organisation in great heart and prosperity.

I would also like to thank our customers – those who commission work from Motu and allow our researchers access to the information about which they are passionate. Finally, I want to acknowledge and thank the patron organisations that 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 path.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bruce Wills', with a long horizontal flourish extending to the right.

Bruce Wills

Chair, Motu Economic and Public Policy Research Trust
1 November 2018



Over the last year Motu has undertaken an exciting range of important projects. The following examples illustrate their breadth and depth:

- more than 75 external presentations, 14 externally published articles, 13 Motu Working Papers and, in several cases, significant media comment;
- the completion of the pilot phase of the Human Rights Measurement Initiative (HRMI), including harnessing international enthusiasm and funding;
- two major research papers on the gender wage gap that generated significant press attention;
- research to increase the role that native forests can play in helping to bring economic, environmental and social benefits to Māori on the East Cape;
- work with two National Science Challenges: the Deep South and Building Better Homes, Towns and Cities;
- Shaping New Zealand's Low-Emission Future, a project to help inform climate change policymaking and private-sector actions, and significantly benefit New Zealand's longer-term development; and
- ongoing work with Te Pūnaha Matatini, a Centre of Research Excellence focused on the characterisation and analysis of complex systems and networks.

With sadness, but no little pride, Motu has announced that Suzi Kerr has accepted a position as the Chief Economist at Environmental Defense Fund in New York and will leave Motu in April 2019. Suzi's new role is a recognition of everything she has built over the course of her distinguished career and an acknowledgement of her world-class work. We have been blessed to have Suzi's passion and intellect at Motu, and her role in our genesis is part of what makes us the organisation we are today. That legacy will stay with us in how we look to build economic and public policy capacity in Aotearoa and in our commitment to contributing strong, non-partisan research.

One of the great contributions Suzi made to Motu was in helping to hire Isabelle Sin back in the early 2000s. Izi was one of our first research analysts when she was just out of Canterbury University, back when the organisation was getting started. She went on to gain an impressive doctorate from Stanford before returning to Motu as a Fellow. This year, we promoted her to Senior Fellow, and watched as she was appointed to the Government's Fair Pay Agreement Working Group, and handled media, policymakers, politicians and researchers with incisive aplomb in relation to her gender wage gap research.

We also appointed a brand-new Senior Fellow. Niven Winchester worked at the Massachusetts Institute of Technology (MIT) for 10 years and wanted to return home to New Zealand. His research focuses on analyses of climate, energy and trade policies using computable general equilibrium models. Niven provides Aotearoa with much-needed expertise in modelling; in fact, his research on sports ranking systems was the catalyst for the change to the bonus point system in Super Rugby in 2016.

In addition, we have employed two new Fellows this year. Lynn Riggs has extensive experience with large confidential data sets and researches health, labour, education and financial economics. Élodie Blanc has also been working at MIT, and her research interests include agricultural economics, applied econometrics, water modelling and crop modelling. We also welcomed new research analysts Ben Davies, Dom White and Sophie Hale, who are hitting their paces well.

I am constantly amazed at how this unique organisation punches above its weight. It has been an honour and a privilege for me to be part of this journey. Soon, however, it will be time for me to hand the baton to an Executive Director, with whom I look forward to working as I return to my role as an enthusiastic Board member.

Sincerely,

Lesley Haines
Interim Director

1 November 2018



In a modest office up an inconspicuous set of stairs on Cuba Street, you'll find a small team of world-class economic and public policy researchers undertaking independent work that directly impacts government policy, and that 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 had encountered 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.

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 was registered as a charitable trust on 1 September 2000, and in 2002 it was accepted as an affiliate organisation of the Royal Society of New Zealand. It now has more than 25 staff and is the top-ranked research organisation in New Zealand and in the top 10 think tanks in the world, according to the RePEc (Research Papers in Economics) website, which ranks all economists and economic research organisations in the world based on the quantity and quality of their research publications. Motu also ranks 10th in the world for climate change work internationally and second for climate think tanks outside Europe and North America, according to the standardised ranking of the International Center for Climate Governance.

Motu's Senior Fellows – all of whom have PhDs from top international universities, as well as extensive public policy experience – work together as a cooperative. Each Fellow and Senior 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.



BUILDING NEW ZEALAND'S NEXT GENERATION OF RESEARCHERS

Motu offers salaried positions to smart and motivated undergraduates. While graduate positions at other organisations involve fulfilling tasks for their seniors, Motu research assistants (RAs) are encouraged to develop their own analytical skills and author papers alongside Senior Fellows. Motu has now employed 31 RAs and 42 interns, five of whom have gone on to complete economics PhDs from top international graduate schools, and five of whom are currently studying towards their doctorates. Other former RAs

and interns have taken up senior roles at the World Bank, the New Zealand Treasury, and in the Ministry for Business, Innovation and Employment and other government departments.

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.

FREELY DISSEMINATING RESEARCH

One of Motu's guiding principles is its commitment to freely disseminating research findings. It releases full reports and Working Papers that are available to the New Zealand public policy service, economic and public policy researchers, private sector organisations, Māori organisations and non-profit organisations. Motu also releases data sets 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.

Motu has also undertaken significant new work in communicating information to individual stakeholder groups, often through innovative media. Motu regularly

runs dialogue groups to bring together a variety of viewpoints on a subject, and has created videos, songs and games as a way of demonstrating complex information.

To enhance its communications, Motu works to disseminate its Fellows' research through its website, 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.



HUMAN RIGHTS MEASUREMENT INITIATIVE

Anne-Marie Brook is continuing to grow the work of the Human Rights Measurement Initiative (HRMI) in collaboration with a range of international academics and human rights practitioners. The ultimate purpose of the initiative is to enable a more rigorous and evidence-based approach to addressing some of the world's greatest challenges. Our goal is to extend data coverage to all countries in the world and expand our suite of metrics to include all human rights defined in international human rights laws.

The Open Society Foundations awarded us a US\$200,000 grant in August 2017. They have renewed

this funding for the current year and committed a further US\$100,000 for the year beginning July 2019. In March 2018, we launched new data visualisation tools on the HRMI website, together with the release of our beta data set. This data set includes five measures of economic and social rights for more than 120 countries going back 10 years, and seven measures of civil and political rights for a pilot group of 13 countries. Feedback has been very positive, and we are continuing to apply for further grants to progress this work.

BUILDING BETTER HOMES, TOWNS AND CITIES NATIONAL SCIENCE CHALLENGE

There are significant difficulties in New Zealand's built environment, which the Building Better Homes, Towns and Cities National Science Challenge seeks to address. These issues include our housing supply, the quality of our housing, and the vulnerabilities and underperformance of some of our urban environments.

Motu is leading the 'Supporting Success in Regional Settlements' strategic research area in this Challenge. Arthur Grimes is the Regional Settlements Programme Leader, and he and Dave Maré lead a whenu (research stream) that examines the role of amenities in driving success and lack of success across New Zealand settlements.



TE PŪNAHA MATATINI

Te Pūnaha Matatini – ‘the meeting place of many faces’ – is a Centre of Research Excellence hosted by the University of Auckland that is developing methods and approaches for transforming complex data about New Zealand’s environment, economy, and society into knowledge, tools, and insight for making better decisions. Dave Maré, Isabelle Sin and Suzi Kerr are Principal Investigators and Adam Jaffe continues to work with them on various science funding and innovation projects. Te Pūnaha Matatini is studying:

- How innovators in New Zealand are connected to the worldwide innovation network.
- How patterns of innovation and movement of skilled workers affects regional economic growth.
- How cooperation and competition among fishers can give us insight into the ways in which institutions affect society’s ability to manage common resources.

OTHER RESEARCH

In 2017–2018, Motu produced publications showing detailed economic policy work on topics as diverse as:

- how to measure civil and political rights around the world;
- the global influence of published research on industry and innovation;
- the gender wage gap;
- vulnerability to rising seas and more frequent flooding;
- well-being;
- ultra-fast broadband and its impact;
- how distance affects book translations;
- the impact of removing student allowances on postgraduates;
- productivity in Aotearoa’s construction sector;
- the impact of climate change on stormwater and wastewater systems;
- the changing price of urban disaster risk following an earthquake; and
- how to value sunshine in the real estate market.



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. Motu also provides executive summaries of our Working Papers, which along with 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

18-08 Sin, Isabelle, Kabir Dasgupta and Gail Pacheco. 2018. 'Parenthood and labour market outcomes' (also a Ministry for Women report).

18-07 Grimes, Arthur and Dennis Wesselbaum. 2018. 'Moving towards happiness'.

18-06 Qasim, Mubashir and Arthur Grimes. 2018. 'Sustainable economic policy and well-being: the relationship between adjusted net savings and subjective well-being'.

18-05 Clay, K. Chad, Ryan Bakker, Anne-Marie Brook, Daniel W. Hill, Jr. and Amanda Murdie. 2018. 'HRMI civil and political rights metrics: 2018 technical note'.

18-04 Apatov, Eyal, Nathan Chappell and Arthur Grimes. 2018. 'Is internet on the right track? The digital divide, path dependence, and the rollout of New Zealand's ultra-fast broadband'.

18-03 Sin, Isabelle, Eyal Apatov and Dave Maré. 2018. 'How did removing student allowances for postgraduate study affect students' choices?'

18-02 Jaffé, Adam and Nathan Chappell. 2018. 'Worker flows, entry, and productivity in New Zealand's construction industry'.

18-01 Harris, Richard and Trinh Le. 2018. 'Absorptive capacity in New Zealand firms: measurement and importance'.

17-15 Sin, Isabelle, Steven Stillman and Richard Fabling. 2017. 'What drives the gender wage gap? Examining the roles of sorting, productivity differences, and discrimination'.

17-14 MacCulloch, Robert. 2017. 'Political systems, social welfare policies, income security and unemployment'.

17-13 Fleming, David A., Arthur Grimes, Laurent Lebreton, David C. Maré and Peter Nunns. 2017. 'Valuing sunshine'.



MOTU NOTES

Motu Note #30 Stephenson et al. 2018. ‘Communities and climate change: vulnerability to rising seas and more frequent flooding’.

Motu Note #29 White et al. 2017. ‘Climate change and stormwater and wastewater systems’.

ARTICLES

Motu’s work also appeared in many prestigious international journals, including *Economics Letters*, *Nature Biotechnology*, *Economic Journal*, *International Journal of Disaster Risk Reduction*, *Journal of Real Estate Finance and Economics*, *IZA Papers* (Institute of Labour Economics), *Regional Science*, *Economics of Disasters and Climate Change*, *International Regional Science Review*, *Regional Science and Urban Economics* and the *Regional Science Series*.

GRANTS AND PATRONS



Following is a full list of grants and funding sources (of greater than NZ\$50,000) active during the 2017–2018 financial year:

CLIENT	DESCRIPTION	DURATION	2017–18
BRANZ (Building Better Homes, Towns and Cities National Science Challenge)	Building Better Homes	2016–2019	\$792,000
Foundation to Promote Open Societies	Human Rights Measurement Initiative	2017–2019	\$274,000
University of Auckland	Te Pūnaha Matatini	2015–2020	\$217,000
Aotearoa Foundation	Shaping New Zealand’s Low-Emission Future and other work	2017–2024	\$203,000
Royal Society	Margins in earnings dynamics	2015–2018	\$150,000
Ministry for Primary Industries (MPI)	No-cost mitigation	2016–2018	\$120,000
MPI	Sustainable Land Management and Climate Change - native forest	2017–2020	\$105,000
National Institute of Water and Atmospheric Research (NIWA) (Deep South National Science Challenge)	Impacts and Implications – Science Leadership Team	2017–2018	\$101,000
University of Waikato	Capturing the Diversity Dividend of Aotearoa/New Zealand	2015–2020	\$96,000
MPI	Land mitigation/climate change	2017–2018	\$86,000
Queensland University of Technology	Consulting	2014–2020	\$74,000
Ministry of Business, Innovation and Employment (MBIE)	Policy advice	2014–2018	\$73,000
Seoul National University	Developing a forest sector climate team model	2017–2018	\$73,000



CLIENT	DESCRIPTION	DURATION	2017-18
NIWA (Deep South National Science Challenge)	Public insurance and climate change	2017-2019	\$71,000
MPI	Review of agriculture mitigation research	2017-2018	\$69,000
NIWA (Deep South National Science Challenge)	Drought	2017-2018	\$52,000
MBIE	Competition and productivity	2017-2018	\$51,000
Victoria University of Wellington	Institute of Governance and Policy Studies	2017-2018	\$50,000
Victoria University of Wellington and GNS Science (Deep South National Science Challenge)	Tailored engagement	2018	\$50,000

MOTU RESEARCH AND EDUCATION FOUNDATION

The Motu Research and Education Foundation was established in 2006 with the objective 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. The foundation is not an operational entity. It does not carry out its own research, so in pursuing these objectives it cooperates with a range of people and organisations, particularly Motu Research.

The activities of the Foundation 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 in 2017-2018:

- Huawei;
- Ministry of Business, Innovation and Employment;
- Ministry of Transport; and
- Te Puni Kōkiri.

MOTU ECONOMIC AND PUBLIC POLICY RESEARCH TRUST

SUMMARY GROUP AUDITED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2018

SUMMARY GROUP STATEMENT OF FINANCIAL PERFORMANCE

	2018	2017
	\$	\$
INCOME		
Research Grants	3,196,287	2,652,110
Interest Received	71,992	67,209
Patron Income and Donations	65,530	84,900
Other Income	25,674	32,287
TOTAL INCOME	3,359,483	2,836,506
LESS EXPENSES		
Personnel	1,665,907	1,447,044
Research Project Costs	1,186,845	864,569
Other Operating Expenses	338,331	293,504
TOTAL OPERATING EXPENSES	3,191,083	2,605,117
SURPLUS	168,400	231,389
OTHER EXPENSES		
Senior Fellow Research Accounts	27,791	32,241
TOTAL EXPENSES	3,218,874	2,637,358
NET SURPLUS	140,609	199,148

SUMMARY GROUP STATEMENT OF MOVEMENTS IN EQUITY

	2018	2017
	\$	\$
Net Surplus for the Year	140,609	199,148
Total Recognised Revenues and Expenses	140,609	199,148
Opening Equity	<u>1,812,750</u>	<u>1,613,602</u>
Closing Equity	1,953,359	1,812,750
 SENIOR FELLOW RESEARCH RESERVE		
Opening Senior Fellow Research Reserve	247,387	188,009
Transfers from/(to) Accumulated Funds	38,270	91,619
Expenses Funded by Reserve	<u>(27,791)</u>	<u>(32,241)</u>
Closing Senior Fellow Research Reserve	257,866	247,387
 ACCUMULATED FUNDS		
Opening Accumulated Funds	1,565,363	1,425,593
Net Surplus/(Deficit) for the Year	140,609	199,148
Net Transfers (to)/from Senior Fellow Research Reserve	<u>(10,479)</u>	<u>(59,378)</u>
Closing Accumulated Funds	1,695,493	1,565,363

SUMMARY GROUP STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS		
Research Grants	3,356,391	3,193,144
Patron Income and Donations	80,530	89,900
Other Income	<u>71,548</u>	<u>94,907</u>
	3,508,469	3,377,951
PAYMENTS		
Personnel	1,710,525	1,446,644
Research Project Costs	1,420,548	1,039,976
Premises Rental Costs	99,450	90,000
Audit Fees	12,813	12,813
Senior Fellow Research Account Expenses	25,577	22,110
Other Operating Expenses	<u>181,281</u>	<u>152,871</u>
	3,450,194	2,764,414
Net GST (Paid)/Received	(32,244)	(3,983)
Net cash flows from operating activities	26,031	609,554
CASH FLOWS FROM INVESTING ACTIVITIES		
RECEIPTS		
Interest Received	76,420	74,848
Withdrawal of Term Deposits	<u>487,447</u>	<u>657,829</u>
	563,867	732,677
PAYMENTS		
Investment in Term Deposits	505,639	1,099,577
Purchase of Fixed Assets	<u>102,882</u>	<u>27,233</u>
	608,521	1,126,810
Net cash flows from investing activities	(44,654)	(394,133)
Net Increase/(Decrease) in Cash and Cash Equivalents	(18,623)	215,421
Cash and Cash Equivalents at 1 July	358,624	143,203
Cash and Cash Equivalents at 30 June	340,001	358,624

SUMMARY GROUP STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	2018 \$	2017 \$
CURRENT ASSETS		
Cash and Bank	340,001	358,624
Investments	2,171,441	2,153,249
Accounts Receivable	669,732	394,378
Work in Progress	<u>142,851</u>	<u>135,380</u>
Total Current Assets	3,324,025	3,041,631
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	334,294	327,493
Income Received in Advance	<u>1,152,403</u>	<u>953,803</u>
Total Current Liabilities	1,486,697	1,281,296
WORKING CAPITAL	1,837,328	1,760,335
NON-CURRENT ASSETS		
Plant, Property & Equipment	116,031	52,415
Total Non-Current Assets	116,031	52,415
NET ASSETS	1,953,359	1,812,750
Represented by;		
Accumulated Funds	1,695,493	1,565,363
Senior Fellow Research Reserve	257,866	247,387
EQUITY	1,953,359	1,812,750

NOTE TO THE SUMMARY GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The summary financial statements for Motu Economic and Public Policy Research Trust for the year ended 30 June 2018 on pages 1 to 3 have been extracted from the full financial reports. The full financial reports were adopted by the Board of Trustees on 25 October 2018. 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. 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.



Bruce Wills, Chairperson

25 October 2018



Independent Auditor's Report

To the Trustees of Motu Economic and Public Research Group

Report on the summary consolidated financial statements

Opinion

In our opinion, the accompanying summary consolidated financial statements of Motu Economic and Public Research Trust and its subsidiary (the group) on pages 1 to 3:

- i. Has been correctly derived from the audited Group financial statements for the year ended on that date; and
- ii. Is a fair summary of the Group financial statements, in accordance with the basis as described in note 1.

The accompanying summary consolidated financial statements comprises:

- the summary consolidated statement of financial position as at 30 June 2018;
- the summary consolidated statements of financial performance, movements in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

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



Use of this Independent Auditor's Report

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 Independent 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.



Responsibilities of the Trustees for the summary Consolidated Financial Statements

The Trustees, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the summary consolidated financial statements in accordance with the basis as described in note 1; and
- implementing necessary internal control to enable the preparation of a summary consolidated set of financial statements that is correctly derived from the audited consolidated financial statements.



xlr Auditor's Responsibilities for the summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with (or are a fair summary of) the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We expressed an unmodified audit opinion on the consolidated financial statements in our audit report dated 25 October 2018.

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

xlr

KPMG
Wellington

25 October 2018





MOTU ECONOMIC & PUBLIC POLICY RESEARCH

STAFF

Interim Director: Lesley Haines

Senior Fellows: Arthur Grimes, Dean Hyslop, Suzi Kerr, Dave Maré, Isabelle Sin, Niven Winchester (from August 2018).

Fellows: Élodie Blanc (from August 2018), Trinh Le, Lynn Riggs (from May 2018), Levente Timar.

Policy Fellows: Anne-Marie Brook, Angela Halliday (from February 2018), Catherine Leining.

Senior Research Associate: Adam Jaffe

Research analysts: Nathan Chappell (to April 2018), Ben Davies (from January 2018), Sophie Hale (from June 2018), Edmund Lou, Sally Owen, Kate Preston, Hannah Tuahine (to March 2018), Dom White (from May 2018).

Support staff: Pela Arathimos (from September 2017), Grant Coppersmith, Hannah Griffin (from June 2018), Thalia Kehoe-Rowden (from August 2018), Ceridwyn Roberts, Maxine Watene.

MOTU ECONOMIC AND PUBLIC POLICY RESEARCH BOARD OF TRUSTEES

Bruce Wills (Chair), Stephen Goldson, John Hay, Lesley Haines, David Maré, Peter O'Shea, Paul Reynolds.

MOTU EDUCATION AND RESEARCH FOUNDATION BOARD OF TRUSTEES

Jo Wills (Chair), Lesley Haines, Michael Potts, John Roberts, Duncan Small.

AFFILIATES

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

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