



# 2023

# ANNUAL REPORT



For the year ended 31 March 2023  
**NZ Institute of Economic Research Inc.**

**WELLINGTON**

Level 13, 22-28 Willeston Street  
PO Box 3479, Wellington 6140

**AUCKLAND**

Ground Floor, Shortland Chambers, 70 Shortland Street  
PO Box 503, Auckland 1140

0800 220 090 or 04 472 1880  
econ@nzier.org.nz  
www.nzier.org.nz



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# About NZIER

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The NZ Institute of Economic Research (NZIER) is an independent economic consultancy and forecasting organisation that has been informing and encouraging debate on issues affecting Aotearoa New Zealand, since its foundation as an incorporated society in 1958.

Our core values of independence and promoting better outcomes for all New Zealanders are the driving force behind why we exist and how we work today. Our purpose is to help our clients and members make better business and policy decisions and to provide valuable insights and leadership on important public issues affecting our future.

We are independent of government and any other organisation, and we conduct our activities in an impartial and independent manner free from bias or any sectional interest.

We invest a share of our surplus into our Public Good Programme, which provides economic research and thought leadership on important public issues for the betterment of Aotearoa New Zealand.

We help Boards and senior decision makers in business, local and central government and not-for-profits to understand the financial and non-financial dimensions of their complex business and policy decisions.

We are a membership organisation and provide a range of forecasts, commentary and expert advice to our members. Membership is open to all.

We have our headquarters in Wellington. Our expert team of economists are primarily based in Wellington and Auckland. They work with clients both in New Zealand and overseas and operate across all sectors of the New Zealand economy. Our expert team combines their sector knowledge with the application of robust economic logic, models and data and an understanding of the linkages between government and business to help our clients tackle complex issues.

## Thanks

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Premium members, members and clients for providing the funding necessary to carry out the NZIER work.

The New Zealand Treasury for providing a grant towards the cost of the Quarterly Survey of Business Opinion.

Peter Griffin, Patrick Smellie, Mihingarangi Forbes and Merja Myllylahti for being a part of the PM's Summer Reading List Panel for 2022.



# Keith Watson

## Board Chair

This year is 65 years since the NZ Institute of Economic Research was established. The establishment of NZIER came about as the result of a finding from the Royal Commission on Money Banking and Credit Systems in 1956, supported by the Reserve Bank, that New Zealand needed an “an absolutely independent institution” that would produce systematic research that would prove helpful to both government and private enterprises. Although research topics and how the Institute is funded have changed over the last 65 years, we remain committed to being independent, objective and producing work of value to both government and private enterprise. We do this in the consulting and membership services we provide to members and clients, respectively, and through our Public Good Programme.

In my report last year, I mentioned that the Board had tasked Chief Executive Jason Shoebridge to undertake a strategic review to look at how NZIER can grow its membership and consulting revenue to generate a greater surplus that we can invest in our Public Good Programme. The Public Good Programme is core to NZIER’s kaupapa. It aims to educate and inform the debate on significant economic and policy issues confronting Aotearoa New Zealand, as NZIER has done since 1958. I am pleased to report that we have achieved the objective of growing revenues and investment in the Public Good Programme in the year ended 31 March 2023.

### Financial results

Consulting and membership revenues were up 19 percent year on year for the year ended 31 March 2023. We started the financial year with a full order book of work and continued to win new projects throughout the year. Consulting revenues were at the second highest level they have been at in a decade and membership revenues were at their highest levels for a decade.

The strong revenue performance allowed NZIER to report a surplus of \$151,000 and increase investment into our Public Good Programme to \$302,000. This also increased our working capital by 9 percent and our cash reserves by 15 percent over the previous year.

Over the last year, although we have achieved very good growth in our consulting revenues, we have been constrained in our ability to grow further through a tight labour market, making it difficult to find employees with the right mix of expertise and experience to join the NZIER team. This constraint continues into this year. While we continue to look for new talent, the Board and management remain very focused on ensuring that we can attract and retain the best people and operate as effectively and efficiently as possible with the excellent team we currently have at NZIER.

### Environment, Social and Governance activities

As a not-for-profit incorporated society, the Board recognise that NZIER has a responsibility to have good environment, social and governance (ESG) policies and practice. This year for the first time, our annual report includes a report on our ESG activities to allow members and other stakeholders to understand the activities that we are undertaking in these areas. This report is a ‘baseline’, and we will report on these activities in future years to measure our progress.

### Staff

This year we surveyed our clients. This demonstrated that NZIER’s reputation in the market is built on the quality of its staff. The expertise, independence and understanding of government and business that our staff have are valued by clients and members alike. The financial results outlined above are impossible without the staff’s hard work and expertise. On behalf of the Board, I would like to thank them for their efforts and achievements in this financial year and their ongoing commitment to NZIER.

## Public Good

A large component of our ESG activity is our Public Good Programme. As mentioned above, we were able to increase our investment into our Public Good Programme this year and intend to increase our investment further next year.

The Public Good Programme funds NZIER's series of Insights, brief papers intended to stimulate public discussion on important topics and publications such as Consensus Forecasts, the Shadow Board, masterclasses aimed at improving the quality of policy advice and the Prime Minister's Summer Reading List.

This year, a notable addition to our Public Good Programme was the creation of a scholarship in partnership with the Victoria University of Wellington – Te Herenga Waka to be awarded to an undergraduate student studying economics or public policy who has a demonstrable interest in the Māori economy. We see this as making an important contribution to the future supply of practitioners to a vital part of the New Zealand economy. We were pleased to be able to award the scholarship to Metiria-Hinekorangi Doyle (Ngāti Rauru, Ngāti Raukawa, Te Atiawa). Metiria-Hinekorangi is a third-year law and economics student with a strong affiliation and involvement in her iwi and hapu.

We have also focused this year on our Public Good Programme's impact. We measure that in terms of the media attention, our publications have achieved and the engagement these publications and activities have had from members, other stakeholders and the public. We have published these metrics in this annual report in our Statement of Service Performance for the first time. The activities we undertook are also described in our ESG report referenced earlier, which details the activities we are planning in the current financial year.

## Membership

I mentioned above that we recorded a strong growth in membership revenue in the last financial year. This was the result of strong growth in membership numbers. We finished the year with 137 members, an increase of 17 from the end of the last financial year. Our membership comprises some of New Zealand's most prominent public and private sector organisations and some overseas members. We are a membership organisation, and it is heartening to see this increase in membership numbers. However, we are conscious that we must continue to demonstrate the value members receive from their membership. Our focus for this year is to look at how we can grow this value and ensure the retention of our members. The Board remains grateful for the ongoing support of our members.

## Governance

This year's Annual General Meeting will see Dr Di McCarthy step down from the Board. Di joined the Board in 2017, was the Chair from 2019 to 2020 and has been a member of the Remuneration Committee and the Audit Committee at different times during her time on the Board. Di has provided outstanding leadership and guidance in her time on the Board, both as Chair and as a Board member. I know that I speak for the Board, management and staff when I thank her for her contribution and say that we will miss her guidance going forward. We all wish Di all the best for the future.

I would like to thank all my Board colleagues for their contributions this year, both as Board members and as members of the Audit and Remuneration Committees, which have continued to operate well.

## 65th anniversary celebration

As I mentioned above, this year marks 65 years of operation for NZIER. We will mark this auspicious occasion in October with a cocktail function in Wellington. Invitations will come out shortly, and I hope to see you there.

## Thanks

Finally, I would like to close by reiterating my thanks to my Board colleagues, the staff of NZIER and to our members and clients for their continued support of NZIER.



Keith Watson

**CHAIR**



# Jason Shoebridge

## Chief Executive

I am pleased to present my report for the year ended 31 March 2023. The last financial year has been a year of considerable progress for NZIER, and this has been reflected in our financial results, the Public Good Programme, membership, and the work we have undertaken within NZIER.

### Public Good Programme

We invested \$302,000 in our Public Good Programme this year, an increase over the previous year. This year our annual report provides more information about what we invested under our Public Good Programme – within our ESG report – and the impact it had – within our Statement of Service Performance. The impact of our Public Good Programme is a critical measure for us at NZIER. The goal of the Public Good Programme is to educate and inform the debate around significant policy and economic issues confronting Aotearoa New Zealand. To do this, the work we produce must be high quality, thought-provoking and be noticed by the general public and stakeholders who make or influence decisions in these areas.

Under this Programme, in the last year, we produced Insights giving our view on a diverse range of subjects that have importance to New Zealand, such as climate change policy, housing, health system reform, the ongoing economic impact of COVID-19, supply chains and the use big data by government.

We have also created, in partnership with the Victoria University of Wellington, a new scholarship for an undergraduate student studying economics or public policy with an interest in and connection to the Māori economy. We are proud to announce that the inaugural scholarship was awarded to Metiria-Hinekorangi Doyle (Ngāti Rauru, Ngāti Raukawa, Te Atiawa), a worthy recipient.

Under our Public Good Programme, we also produced our regular releases of Consensus Forecasts, masterclass notes on improving the quality of policy advice, Shadow Board updates, dealt with regular requests for media commentary and gave presentations on topical issues. We've maintained Data1850, our database of long run historical economic data for New Zealand, and partnered with Unity Books and BusinessDesk to produce our third Prime Minister's Summer Reading List.

Looking forward to the current year, we have canvassed our members, clients, staff and other stakeholders for their ideas on what would be worthy topics to research under our Public Good Programme. I am pleased to report we got a very big response and will produce further Public Good pieces on climate change resilience and adaptation incentivisation, housing availability and affordability, Closer Economics Relations (CER) at 40 and New Zealand primary students' performance in maths and science.

Last year we formed a partnership with Global Women, an organisation whose purpose is to increase diversity in leadership in Aotearoa New Zealand, through promoting, encouraging and facilitating the development of women. As part of that partnership, we will produce research on gender issues looking through an economic lens.

### Consulting

NZIER experienced significant growth in its consulting revenues for the year ended 31 March 2023. Consulting revenue grew by 20 percent from the previous year. This was due to strong performance in winning new projects in the previous year that were worked on this year and in this year. Last year was the first year of our revenue growth strategy, and it was pleasing to see a growth in new business projects won in areas such as infrastructure and for private sector clients where we had focused effort.



During the year, NZIER carried out over 180 projects for 135 clients. These clients came from all areas of the New Zealand economy, and the projects covered various subject areas. A feature of our work is its diversity, with projects encompassing economic, equity and wellbeing impact analysis, cost-benefit analysis, advice to government agencies and programmes in diverse policy areas and reviews of the quality of policy advice all being represented this year.

The pleasing revenue growth also acts as a scorecard reflecting how clients perceive our work's quality and expertise. This year we surveyed our clients on their perceptions of the quality of our work and the expertise of our people. We received excellent ratings and some great feedback on where we can further improve. Thank you to all our clients who participated in this survey and all we worked with this year.

## Membership

NZIER is a membership organisation, so it is pleasing to report that our membership grew again this year, and we finished the year with 137 members, up from 120 at the start of the year and 111 in the previous year. This likely reflects the value members see in our publications, such as the Quarterly Survey of Business Opinion and Quarterly Predictions, which give insights into the future in what have become difficult and uncertain economic times.

Our Quarterly Survey of Business Opinion attracted significant media attention this year and from as far afield as the Daily Telegraph in London. This was on the back of the December result, which recorded that business confidence was lower than at any point since 1970 when we started collecting this data. The fact that we could report this stunning fact is testimony to the value of NZIER's longevity and the longevity of this publication.

## Staff

I would like to conclude this report by paying tribute to the NZIER staff and talk a little about what we are doing to ensure we continue attracting and retaining the best staff. As the Quarterly Survey of Business Opinion told us throughout the year, in times of such low unemployment, attracting and retaining staff has been particularly difficult for all businesses in New Zealand. We know from client feedback that it is the expertise and experience of our people that is NZIER's competitive advantage. As a management team, we are focused on providing an engaging employment environment and a competitive remuneration and benefits package.

Every year we undertake a staff engagement survey, and I am pleased to report year-on-year engagement growth. We not only pay market remuneration but also provide a performance bonus, additional leave, and flexible working arrangements. This year the Board agreed to improve our parental leave policy so that we now top up the payment an employee receives from the government if they are a primary caregiver to their normal salary for six months, as well as providing other enhancements. These enhancements to parental leave are consistent with our desire to have a diverse workplace where our employees can find a good work/life balance.

We also believe that our Public Good Programme is beneficial to our staff. They can work on projects that are important to Aotearoa New Zealand, and them personally.

I would therefore like to thank all NZIER's people. They are outstanding, and the success this year is attributable to them.

Thank you also to the NZIER Board for their commitment, support and wisdom this year.

Finally, I would like to thank our members and clients for their ongoing support of NZIER.



Jason Shoebridge  
**CHIEF EXECUTIVE**

# NZIER Board

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## The role of the NZIER Board is to:

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Be responsible for the Institute continuing to strive towards attaining its goals as they are agreed from time to time, and for the Institute's strategic direction.

Monitor and safeguard the continuation of the Institute in good financial health and morale.

Ensure the employment of a Chief Executive of the Institute, on appropriate terms, and monitor the Chief Executive's performance relative to those terms.

Keep under review the performance of the Chief Executive and, through the Chief Executive, the Institute's staff.

Give advice to the Chief Executive on questions of general business practice or standards within the knowledge of the Board and give advice on strategic planning initiatives and issues.

## NZIER Board as at 31st March 2023

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Keith Watson  
CHAIR



Dr Dianne McCarthy  
DEPUTY CHAIR



Paula Brosnahan  
BOARD MEMBER



Professor Les Oxley  
BOARD MEMBER



Grant Pryde  
CHAIR HR AND REMUNERATION  
COMMITTEE



Bruce Wattie  
CHAIR AUDIT AND RISK  
COMMITTEE



Jason Shoebridge  
CHIEF EXECUTIVE, EX-OFFICIO

AUDITORS Grant Thornton

SOLICITORS Dentons Kensington Swan  
Simpson Grierson

SECRETARY Terri Boote

# Membership Services

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NZIER offers its members a comprehensive macro-economic forecasting service. Successful organisations need a clear picture of the economy, and how it is likely to develop. Economic forecasts can help our members understand the economic circumstances that are likely to prevail in the future, allowing them to take advantage of economic opportunities and minimise the impact of downturns.

Our standard membership services are listed below. In addition, we offer our members customised analysis and strategic briefings.

Information on becoming a member is available at <https://www.nzier.org.nz/about/membership>

Membership products are available at <https://www.nzier.org.nz/member-publications>

## Quarterly Predictions

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Quarterly Predictions contains detailed and comprehensive forecasts for the New Zealand economy. Each issue contains forecasts for four to five years ahead, with a focus on the composition and drivers of economic growth in the coming two years. Empirical analysis is complemented by an examination of related economic and policy issues and any risks attached to the forecasts.

During the 2022-2023 year issues 234 -237 were published.

## Quarterly Survey of Business Opinion

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Begun in 1961, NZIER's Quarterly Survey of Business Opinion is New Zealand's longest-running and most comprehensive business confidence survey. The resulting indicators are a valuable tool for assessing the current state of the economy and forecasting short-term economic activity.

The survey samples manufacturers, builders, architects, wholesalers and retailers, and service sector firms. Information from these industries provides useful indicators of future investment patterns and the likely direction and composition of economic growth in coming quarters.

During the 2022-2023 year issues 245-248 were published.

## CPI Consensus Forecasts

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This specialist publication provides the forecasts of inflation in the Consumers Price Index (CPI) of all the major forecasting organisations in one place.

The CPI Forecast Summary table is published four times a year in March, June, September and December.

# Members 2022-2023 list

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## Platinum Members

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Ministry of Business, Innovation & Employment

## Premium Members

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Auckland Council  
Citi Investment Research and Analysis  
Colliers International New Zealand  
Commerce Commission  
Horizon Energy Group

Jones Lang LaSalle Advisory Ltd  
Ministry of Foreign Affairs & Trade  
Reserve Bank of New Zealand  
The Treasury

## Overseas Members

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Apoena Consulting

Citadel

## Standard Members

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AAPC Properties Pty Ltd  
AbbVie  
Accident Compensation Corporation  
Acumen NZ  
AECOM  
AIA  
Airways Corporation of New Zealand  
ANZ Banking Group Ltd  
ASB Bank Ltd  
Ashburton District Council  
Auckland Business Chamber  
Auckland Transport  
Auckland University of Technology  
Aurora Energy  
Australian High Commission  
Bank of New Zealand  
Beca  
Beef and Lamb New Zealand Ltd  
Boffa Miskell  
Business New Zealand  
Cameron Partners Ltd  
CB Richard Ellis Ltd  
Chorus  
Cooperative Bank

Counties Power  
Darroch Ltd  
Delegation of the EU to NZ  
Deloitte (SMEM)  
Department of Prime Minister and Cabinet  
Deutsche Group Services Pty Ltd  
Ebos Healthcare  
Electrix  
Embassy of Switzerland  
Embassy of the United States of America  
Employers and Manufacturers Association (EMA)  
EY  
Financial Markets Authority  
Fonterra Cooperative Group  
Genesis Energy  
Goldman Sachs New Zealand Ltd  
Goodman Property Trust  
Grant Thornton NZ Ltd  
Habour Asset Management  
Hanga-Aro-Rau  
Hobson Leavy  
Hutt City Council  
Infometrics Ltd  
Inland Revenue

Janssen  
JP Morgan  
Kiwi Property Management Ltd  
Kiwibank  
KPMG  
Lincoln University  
Maritime NZ  
Marsden Maritime Holdings  
Massey University  
McDonald's Restaurants NZ  
Meat Industry Association  
Metals NZ  
Ministry for Primary Industries  
Ministry for the Environment  
Ministry for Pacific Peoples  
Ministry of Education  
Ministry of Justice  
Ministry of Social Development  
Ministry of Transport  
Muka Tangata  
National Australia Bank  
Newcrest  
New Zealand Customs Service  
New Zealand Funds Management  
New Zealand Infrastructure Commission  
New Zealand Lotteries Commission  
New Zealand Trade & Enterprise  
nib  
Norwood  
NZX  
Office of the Controller & Auditor-General  
Omnicom Media Group  
Opes Partners  
Oranga Tamaraki  
Oyster Property Group Ltd  
Pacific Aluminium New Zealand Ltd  
Palmerston North City Council  
Parliamentary Library  
Ports of Auckland  
Powerco Ltd  
PricewaterhouseCoopers  
Priority One  
Productivity Commission  
Queenstown Airport  
Rank Group Ltd  
RDT Pacific  
Rider Levett Bucknall  
Ringa Hora  
Rokos Capital Management  
Skills Consulting Group  
SMC Corporation (NZ)  
Sport NZ  
Statistics New Zealand  
Steel and Tube Holdings Ltd  
Strategic Pay Ltd  
T&G Global  
TAB NZ  
Tatua Co-op Dairy  
Tauranga City Council  
Te Puni Kōkiri  
Toi Mai  
Toitu Te Waiora  
Toyota New Zealand Ltd  
Trade Me  
Transpower  
Universal Homes  
University of Auckland  
Vector Ltd  
Vero  
Victoria University of Wellington  
Waihanga Ara Rau  
Waikato District Council  
Wairarapa Building Society  
Waste Management NZ Ltd  
Westpac New Zealand Ltd  
Wigram Capital Advisors Ltd  
Wood Processors and Manufacturers Association

# Environment, Social and Governance report

The NZ Institute of Economic Research is a not-for-profit incorporated society that was first registered in 1958. The surplus that we make from providing economic and policy consulting to our clients and subscription from our members is applied to our Public Good programme. This programme provides thought leadership and research on the significant economic and policy issues confronting Aotearoa New Zealand, and funds other activities that facilitate education and debate about economic and policy issues.

The Board and staff of NZIER recognise that NZIER, as a not-for-profit incorporated society, has a responsibility to have effective environment, social and governance (ESG) policies and practices. Part of this is to provide transparency around these ESG policies and practices in an annual report.

This is our first ESG report. Its purpose is to inform our stakeholders about our ESG policies and practices and to provide a baseline against which we can benchmark how we are progressing in these areas.

## Environment

### Greenhouse gas emissions

NZIER utilises CarbonTrail to measure our carbon emissions. This tool uses data from our accounting system to estimate emissions based on CarbonTrail's database. The details of our carbon emissions for the years ended 31 March 2022 and 2023 are set out below.

**Table 1 NZIER emission profile**

Emission type <sup>(1)</sup>	Year ended 31 March 2023 (tonnes of carbon dioxide equivalent)	Year ended 31 March 2022 (tonnes of carbon dioxide equivalent)
Scope 1	0	0
Scope 2	7.6	7.2
Scope 3	193.8	214.3
<b>Total</b>	<b>201.4</b>	<b>221.5</b>

Scope 1 Emissions: Direct greenhouse gas (GHG) emissions that occur from sources owned or controlled by NZIER; Scope 2 Emissions: Indirect GHG emissions resulting from the generation of purchased electricity, heat, or steam consumed by NZIER.

Scope 3 Emissions: Indirect GHG emissions that result from activities of the reporting entity, but occur from sources not owned or controlled by NZIER

Source: CarbonTrail<sup>1</sup>

Given the nature of our work, our largest category of emissions relates to transport, and in particular flights, and our premises.

**Table 2 Source of NZIER's emissions**

Source of emissions	Year ended 31 March 2023 (tonnes of carbon dioxide equivalent)	Year ended 31 March 2022 (tonnes of carbon dioxide equivalent)
Air travel	51.2	36.3
Premises	24.0	56.1
Professional services	17.0	27.1

Source: CarbonTrail

Emissions from air travel were lower than normal in the year ended 31 March 2022 due to the impact of COVID-19 lockdowns, especially in Auckland. The reduction in emissions year-on-year from premises resulted from NZIER exiting a lease it had on premises in Lambton Quay, Wellington, that it was previously subletting.

Our use of air travel is, to an extent, dependent on client work. However, we do, where possible, have meetings online to limit air travel, and when we do fly, we purchase offset credits through Air New Zealand's offset programme.

We will continue measuring our greenhouse gas emissions and look for opportunities to reduce them. For example, this year, we will be shifting premises in Auckland and moving into premises with more energy-efficient lighting and air conditioning systems.

## Climate change

As part of our commitment to educating New Zealand about climate change issues and informing policy debates on these issues, as part of our Public Good Programme, this year we produced a thought leadership piece entitled *Four ways to improve climate policy and why*,<sup>1</sup> and evaluated the most economical options for New Zealand to reach its emissions target.

Next year we will publish two Public Good Programme thought leadership pieces. The first considers how initiatives in the Government's Budget move New Zealand towards or away from its emissions targets. The second piece will look at how households, businesses, local government and central government can be incentivised to invest in measures to build resilience and provide adaptation to climate change.

During the year, NZIER joined the Sustainable Business Council and committed to the objectives of the organisation.

## Energy usage

Our main energy usage comes from the electricity used in our offices in Auckland and Wellington.

**Table 3 NZIER electricity usage (MWh)**

	Year ended 31 March 2023	Year ended 31 March 2022
Auckland and Wellington offices	7.56 tCO <sub>2</sub> e (total for both offices)	7.24 tCO <sub>2</sub> e (total for both offices)

Source: NZIER energy providers

As identified above we expect to reduce electricity usage this year when we move into new office premises in Auckland.

<sup>1</sup> <https://www.nzier.org.nz/publications/four-ways-to-improve-climate-change-policy-and-why-nzier-insight-106>



## NZIER's Public Good Programme for the year ending 31 March 2023

NZIER's Public Good Programme is a self-funded programme that provides thought leadership and economic research on the significant economic and policy issues that confront Aotearoa New Zealand, as well as funding other activities that facilitate education and debate around economic and policy issues. We do this across a range of activities. The table below summarises our total spending on our Public Good Programme.

**Table 4 NZIER Public Good Programme expenditure**

	Year ended 31 March 2023	Year ended 31 March 2022
Value of staff time	\$256,164	\$228,265
Direct expenditure	\$46,105	\$55,756
<b>Total</b>	<b>\$302,269</b>	<b>\$284,021</b>

Source: NZIER

Activities we undertook this year as part of our Public Good Programme are described below. Metrics around the reach of these activities can be found in the Statement of Service Performance in our annual report. Copies of these reports can be found on our website.<sup>2</sup>

### Insights

Insights are thought leadership or research on significant economic and policy issues confronting Aotearoa New Zealand. The topics for these papers are sourced from our staff, members and other stakeholders interested in economics and public policy in New Zealand. This year we published six insights and one special feature on the following subjects:

- Four ways to improve climate change policy and why
- Overcoming preconceptions: How big data can gain a social licence in New Zealand
- Assessing housing shortages in New Zealand (a special feature)
- Celebrate resilience: supply chains have passed the test
- How big data can be a force for good
- A question of trust
- Long COVID? Previous pandemics changed us – what about this time?

### Consensus Forecasts

NZIER released four issues of Consensus Forecasts during the year. These reports provide consensus forecasts on key economic measures for the New Zealand economy, drawing on the predictions of various external economists.

### Shadow Board

The Shadow Board comprises external economists and other business people. NZIER released seven Shadow Board reports during the year. These reports are released shortly before Reserve Bank Monetary Policy Committee meetings and provide the predictions, together with their rationale, of the Shadow Board on whether the official cash rate will increase, decrease or stay unchanged.

<sup>2</sup> <https://www.nzier.org.nz/public-good>



## Masterclasses

Masterclasses are a series of articles written with the intention of improving the quality of policy advice and decision making in central and local government. In the last year, NZIER staff wrote 11 Masterclass notes on the following topics:

- Say it in plain English
- Giving Ministers an armchair ride
- Lessons from speechwriting
- Implementation matters
- Intervention logic
- Infographics
- Types of papers
- Presenting your paper
- 2022 Election special (local government)
- Access to knowledge (local government)
- Lessons from speechwriting (local government).

## Events

In November 2022, NZIER released its third annual Summer Reading List for the Prime Minister. This is an event where a panel comprising NZIER staff and others choose five books they recommend that the Prime Minister might like to read over the Christmas Break. This year's theme was 'good communication based on evidence and clear narratives'. Details of the books that were selected for the list can be found on our website.<sup>3</sup>

In February, NZIER hosted a well-attended webinar entitled "Women in Work", which showcased the work of Dr Isabelle Sin, recipient of the NZIER Early Career Economics Leader Award in 2021. This webinar explored gender equity issues in the workplace.

## Scholarship

This year NZIER partnered with the Victoria University of Wellington and established a scholarship for undergraduate economics or public policy students with an interest in and connection to the Māori economy. This is a two-year scholarship with an annual payment of \$7,500 per annum. It is intended to support the building of a pipeline of economics or public policy graduates who can apply their skills to the Māori economy.

The applications we received were of a high standard. After an interview process, the scholarship was awarded to Metiria-Hinekorangi Doyle (Ngāti Rauru, Ngāti Raukawa, Te Atiawa). Metiria-Hinekorangi is in her third year of studying law and economics.

## Other activity

NZIER staff, as part of our Public Good Programme, also give presentations and provide media commentary on economic and policy issues. Topics covered this year included parental leave benefits offered by organisations and impacts on easing labour constraints and the longer-term effects of COVID-19 on the New Zealand economy. In addition, comment was provided in the media for economic and policy issues that arose during the year.

## NZIER's Public Good Programme for the year ending 31 March 2024

NZIER is budgeting to increase Public Good Programme expenditure to \$390,000 for the year ended 31 March 2024, an increase of \$88,000 on the amount spent in the year ended 31 March 2023. Highlights of the planned programme are as follows.

3 <https://www.nzier.org.nz/publications/2022-summer-reading-list-for-the-prime-minister>

## Insights

In the coming year, NZIER intends to produce Insights on the following topics:

- How aligned are the Government's 2023 Budget and its new initiatives with New Zealand's international emission reduction commitments?
- Does the relationship between the prior achievement and engagement with maths and science by primary school teachers impact their teaching of these subjects and New Zealand students' relative performance in these subjects?
- As Closer Economic Relations (CER) with Australia turns 40, what has it achieved, and what is the future of the agreement?
- What are the options for incentivising firms, households, communities and the Government to invest in resilience and productivity-enhancing technologies and processes to address threats from a changing climate?
- How can New Zealand address housing affordability and availability?
- How diverse are economists and students studying economics in New Zealand, and why does diversity in economics matter?
- What is the value of road safety, and what are the implications of updating the Government's Value of Preventing Fatalities metric?

## NZIER Early Career Economics Leader Award

In the coming year, NZIER will award our biennial NZIER Early Career Economics Leader Award. This award is made to an outstanding practising economist working in New Zealand at the time of the award and who has received their highest academic award or started their economics career within the last 15 years. The award has a value of \$10,000, and the recipient must give a presentation or provide a publication explaining how their work has benefited New Zealand.

## Data1850 refresh

Data1850 is an interactive database that contains economic time series data for New Zealand dating back to 1850.<sup>4</sup> NZIER will update this time series this coming year and revamp the tool's functionality to make it more accessible and relevant for users.

## Awarding of a further scholarship

We intend to make a further scholarship available to a tertiary student studying economics or public policy at a New Zealand university for the next academic year. The exact requirements of the scholarship have not been determined, but the intention is to use it to increase the diversity of graduates entering the economics or public policy workforce.

## Post-election briefing

NZIER will hold a webinar in late October/early November following the 2023 General Election to provide our view on how well the incoming Government's policies will address the economic and policy issues that Aotearoa New Zealand faces.

## Other publications and events

In the coming year, we plan to publish four issues of Consensus Forecasts, seven Shadow Board reports and eight masterclasses. We will also hold an event to release the Prime Minister's Summer Reading List and undertake other presentations and media commentary.

## Our people

NZIER's competitive advantage is the expertise and experience of our people. As such, we have introduced a range of benefits and working practices to ensure we can attract and retain the best people in the market. Below are details of the benefits we provide that exceed statutory minimums.

<sup>4</sup> <https://data1850.nz/>

### Enhanced parental leave

In the year ending 31 March 2023, NZIER amended its parental leave policy to provide benefits beyond the statutory minimum. These enhancements include:

- Commitment to top up the Government payment made to any employee who is the primary carer to their annual salary for 26 weeks once they have been employed by NZIER for a minimum period.
- Two weeks paid leave for any employee who is a partner of a primary carer.
- Continuation of the employer Kiwisaver contributions during the employee's parental leave.
- Payment of annual leave at the employee's normal salary when they return from parental leave.
- Flexible return-to-work policies.

### Enhanced sick leave

To ensure our staff's health and wellbeing and recognise the increased burden of looking after sick dependents in the wake of COVID-19, this year, NZIER increased its annual sick leave entitlement to 20 days with a maximum accrual of 40 days.

### Additional annual leave

All staff receive two days of additional annual leave over the Christmas/New Year period and a day of birthday leave.

## Health and safety

NZIER recorded two health and safety incidents in the year ended 31 March 2023. Both were minor and did not result in any lost time. In the year ended 31 March 2022, we had no incidents.

## Staff engagement

NZIER conducts an annual staff engagement survey using the Ask Your Teams survey tool. This survey asks employees to rate how much they agree or disagree with a set of statements which have been proven to be indicators of staff engagement. An average score is then calculated across all the statements and is compared to a benchmark score calculated from all private sector organisations that use Ask Your Teams. Set out below are the results.

**Table 5 Annual staff engagement survey results**

Year	Participation rate	Overall score	Benchmark score
2023	92%	66%	66%
2022	95%	62%	65%

Source: NZIER

The results are reported to our Board and shared with the staff. The survey is used to identify areas for improvement by the management team and the staff. These initiatives are shared with Board, and progress is monitored in the following year's survey.

The target for this year is to lift our overall score to 68 percent.

## Professional development

Ensuring our staff continue to develop their expertise is critical to meeting our clients' requirements, providing Public Good activities and developing our staff's careers. Set out below are the details of expenditure on staff training and the value of the staff time spent in training

**Table 6 Staff training**

	Year ended 31 March 2023	Year ended 31 March 2022
Value of staff time spent in training	\$166,035	\$190,552
Training expenditure	\$31,661	\$17,672
Total	\$197,696	\$208,224
<b>Total per FTE</b>	<b>\$9,753</b>	<b>\$11,926</b>

Source: NZIER

## Gender diversity

NZIER is committed to diversity and inclusion. In 2023, NZIER became a partner organisation of Global Women. This organisation has the purpose of increasing diversity in leadership in Aotearoa New Zealand, through promoting, encouraging and facilitating the development of women. As part of the partnership, we are committed to producing a piece of Public Good work on a topic around gender issues in the workplace or economy.

During the year, NZIER completed projects for clients and as part of the Public Good Programme on:

- The gender impacts of working from home
- The impact of the gender pay gap and parental leave policies on Kiwisaver contributions
- A stocktake of enhanced parental leave policies in New Zealand.

As mentioned above, we also introduced enhanced parental and sick leave policies to make NZIER a more family-friendly workplace.

Set out below is the gender diversity of our staff as at 31 March 2023 and 31 March 2022.

**Table 7 Gender diversity at NZIER, as at 31 March 2023**

	Male	Female
Board	67%	33%
Management team	50%	50%
Client facing staff	73%	27%
Support staff	0%	100%

Source: NZIER

**Table 8 Gender diversity at NZIER, as at 31 March 2022**

	Male	Female
Board	67%	33%
Management team	50%	50%
Client facing staff	62%	38%
Support staff	0%	100%

Source: NZIER

# Governance

## Board composition

NZIER is an Incorporated Society and is governed by a Board. Members of the Board (other than the Chief Executive) are elected by NZIER's members in accordance with NZIER's Constitution. The Board is responsible for the financial performance, statutory compliance, activities and performance of NZIER, together with the employment of the Chief Executive.

Board members' duties, conduct and behaviours, and the Board's responsibilities and processes are set out in the Board charter. The purpose of this Charter is to ensure the success of NZIER by embedding sound and ethical corporate governance practices aligned with its strategic goals and Code of Conduct.

The Board has two sub-committees: the Audit and Risk Committee and the Remuneration and HR Committee.

The Audit and Risk Committee comprises at least two elected Board members, including the Chair. The Audit Committee Chair should be suitably qualified.

The Committee reviews the annual financial statements prior to their approval by the Board, including for the effectiveness of management information systems and systems of internal control and the efficiency and effectiveness of the external audit functions.

The Remuneration and HR Committee comprises at least two elected Board members, including the Chair. The Remuneration and HR Committee Chair should be suitably qualified and informed of current HR practices.

The Committee reviews the performance of the Chief Executive and the proposed bonus pool for all staff and makes recommendations to the Board.

The Board comprises six elected members and the Chief Executive, an ex-officio member. Elected Board members are elected for a term of three years and can be re-elected at the end of their three-year term. The composition of the Board as at 31 March 2023 is as follows.

**Table 9 NZIER Board**

Board member	Position/committee membership	Date first appointed as a Board member	End of current term
Keith Watson	Chair	28 February 2018	August 2024
Dr Di McCarthy	Deputy Chair	1 August 2017	August 2023
Bruce Wattie	Chair, Audit and Risk Committee	30 May 2019	August 2025
Grant Pryde	Chair, Remuneration and HR Committee	1 April 2019	August 2024
Paula Brosnahan		5 February 2020	August 2023
Professor Les Oxley		3 September 2019	August 2025
Jason Shoebridge	Chief Executive	7 September 2021	6 September 2026

Source: NZIER

## Board remuneration

For the year ended 31 March 2023, the Board members received the following remuneration.

**Table 10 Board remuneration**

Board member	Position/committee membership	Remuneration
Keith Watson	Chair	\$25,000.00
Dr Di McCarthy	Deputy Chair, Member of Remuneration and HR Committee	\$16,000.00
Bruce Wattie	Chair, Audit and Risk Committee	\$16,000.00
Grant Pryde	Chair, Remuneration and HR Committee	\$16,000.00
Paula Brosnahan	Member, Audit and Risk Committee	\$12,000.00
Professor Les Oxley		\$12,000.00
Jason Shoebridge	Chief Executive	Ex-officio

Source: NZIER

## Board meeting attendance

Board meetings are held quarterly, and the Audit and Risk Committee and Remuneration and HR Committee meet twice yearly. During the year ended 31 March 2023, Directors had the following attendance at meetings.

**Table 11 Board attendance**

Board member	Board and annual general meetings attended	Audit and Risk Committee meetings attended	Remuneration and HR Committee meetings attended
Keith Watson	5	2	3
Dr Di McCarthy	4	n/a	3
Bruce Wattie	5	2	n/a
Grant Pryde	5	n/a	3
Paula Brosnahan	5	2	n/a
Professor Les Oxley	5	n/a	n/a

Source: NZIER

## Risk management policies and procedures

NZIER has policies and procedures to identify and manage risks. A risk register detailing and quantifying the organisation's key strategic risks and mitigations in place is reviewed quarterly at every Board meeting.

NZIER engaged Grant Thornton to undertake an external audit of its annual financial statements. We also engage external consultants to identify specific risks and recommend actions to mitigate them. In the year ended 31 March 2023, ZX Security Limited was retained to evaluate NZIER's cybersecurity posture and recommend how this can be improved. All recommendations arising from the review have been actioned or are in the process of being actioned.

NZIER maintains the following insurance policies to provide cover for material insurable risks its faces:

- Association liability
- Cyber insurance
- Material damage
- Business interruption
- General liability
- Statutory liability
- Employers' liability
- Business travel.

To ensure that it is adequately resourced in the event of unexpected downturns in business, NZIER has a reserves policy. This reserves policy stipulates that working capital should be not less than six months of cash operating expenses. Of this working capital, \$2 million must be held in cash or term deposit accounts.

# Summary Financial Statements

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## Notes

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### General information

The summary financial statements are presented in New Zealand dollars, which is the Institute's functional and presentation currency.

The summary financial statements have been prepared in accordance with FRS 43: Summary Financial Statements.

The summary financial statements have been extracted from audited financial statements authorised by the Board of Directors for issue on 24 May 2023.

The full financial statements comply with New Zealand generally accepted accounting practice and were prepared under the framework for differential reporting.

An unmodified audit opinion was issued on the full financial statements.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements are available on the NZIER website [www.nzier.org.nz](http://www.nzier.org.nz).

The summary financial statements are for the New Zealand Institute of Economic Research (Inc.) as a separate legal entity. The Institute is designated as a public benefit entity for financial reporting purposes.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year.

### Public Good work

In addition to direct operational expenditure of \$46,105 (2022: \$55,756) on a wide range of Public Good projects, the Institute incurred a further \$256,164 (2022: \$228,265) at normal charge out rates of staff time on Institute Public Good activities. The total resources applied to Public Good work was \$302,269 (2022: \$284,021).



# Statement of Comprehensive Revenue and Expenses

for the year ended 31 March 2023

	<b>2023</b> \$	<b>2022</b> \$
<b>Revenue from non-exchange transactions</b>		
Grants	15,000	15,000
	<b>15,000</b>	<b>15,000</b>
<b>Revenue from exchange transactions</b>		
Membership fees	374,465	351,220
Contract research income	5,526,856	4,617,130
Interest income	53,564	13,592
Gain on disposal of assets	273	-
Other operating income	637	548
Sublease rental income	-	184,203
	<b>5,955,795</b>	<b>5,166,693</b>
<b>Total revenue</b>	<b>5,970,795</b>	<b>5,181,693</b>
<b>Expenses</b>		
Direct public good costs	46,105	55,756
Employee related costs	3,786,262	3,249,527
Contract expenses	972,361	663,017
Depreciation and amortisation	105,594	146,121
Loss on disposal of assets	-	31,015
Operating expenses	893,653	1,265,067
Operating lease rental	15,811	15,622
<b>Total expenses</b>	<b>5,819,786</b>	<b>5,426,125</b>
<b>Total surplus or (deficit) for the year</b>	<b>151,009</b>	<b>(244,432)</b>
<b>Other comprehensive revenue and expenses</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expenses for the year</b>	<b>151,009</b>	<b>(244,432)</b>

# Statement of Financial Position

for the year ended 31 March 2023

	<b>2023</b> \$	<b>2022</b> \$
<b>Current assets</b>		
Cash and cash equivalents	972,335	1,158,138
Investments	1,595,274	1,068,165
Receivables from exchange transactions	881,274	1,165,655
Work in progress	553,146	350,267
Prepayments and other assets	148,909	107,694
	<b>4,150,938</b>	<b>3,849,919</b>
<b>Non-current assets</b>		
Intangible assets	56,147	81,810
Property, plant and equipment	87,591	115,255
	<b>143,738</b>	<b>197,065</b>
<b>Total assets</b>	<b>4,294,676</b>	<b>4,046,984</b>
<b>Current liabilities</b>		
Trade and other payables	201,771	272,239
Employee entitlements	542,912	391,237
GST payable	149,702	93,659
Lease inducement	14,213	25,688
Revenue in advance from exchange transactions	666,077	659,169
Revenue in advance from exchange transactions	15,000	15,000
	<b>1,589,675</b>	<b>1,492,992</b>
<b>Total liabilities</b>	<b>1,589,675</b>	<b>1,492,992</b>
<b>Net assets</b>	<b>2,705,001</b>	<b>2,553,992</b>
<b>Equity</b>		
Net surplus/total comprehensive revenue and expenses	2,705,001	2,553,992
<b>Total equity</b>	<b>2,705,001</b>	<b>2,553,992</b>

# Statement of Changes in Net Assets

for the year ended 31 March 2023

## 2023

Opening balance 1 April 2022
Net surplus/total comprehensive revenue and expenses
<b>Closing equity 31 March 2023</b>

## 2022

Opening balance 1 April 2021
Net surplus/total comprehensive revenue and expenses
<b>Closing equity 31 March 2022</b>

Accumulated surpluses	Total equity
\$	\$
2,553,992	2,553,992
151,009	151,009
<b>2,705,001</b>	<b>2,705,001</b>
2,798,424	2,798,424
(244,432)	(244,432)
<b>2,553,992</b>	<b>2,553,992</b>

# Cash Flow Statement

for the year ended 31 March 2023

Net cash flows from operating activities
Net cash flows from investing activities
Net (decrease) in cash and cash equivalents
Cash and cash equivalents at 1 April
<b>Cash and cash equivalents at 31 March</b>

2023	2022
\$	\$
339,736	173,642
(525,539)	(114,048)
(185,803)	59,594
1,158,138	1,098,544
<b>972,335</b>	<b>1,158,138</b>

# Statement of Service Performance

for the year ended 31 March 2023

What we want to achieve	How	What we've done during the year	Measure (verifiable)	Period ended 31 March 2023	Period ended 31 March 2022
Provide robust and independent information on economic matters for planning and decision-making by our members	Provide forecasts, survey results and other macroeconomic information to our members	QSBO publication and data	No. of releases	4	4
			Email views	2996	n/a
			Viewed website	3519	n/a
			Mainstream media mentions	313	157
			Social media mentions	28	22
		QP publication and data	No. of releases	4	4
			Email views	3142	n/a
			Viewed website	2190	n/a
	Mainstream media mentions		33	29	
	Seminars/events	No. of events & attendees	15 events 360 attendees	2 events 31 attendees	
No. of webinars & attendees		1 webinar 67 attendees	2 webinars n/a attendees		
CPI forecasts	No. of releases	4	4		
	Email views	876	n/a		
	Viewed website	987	n/a		
	Mainstream media mentions	0	0		
	Social media mentions	0	0		
Maintain current membership numbers	improve the website, initiatives to engage members	No. of members	137	120	

What we want to achieve	How	What we've done during the year	Measure (verifiable)	Period ended 31 March 2023	Period ended 31 March 2022
Advance the study and understanding of economic matters	Develop and promote freely available content through our Public Good programme	Insights	No. of publications	5	4
			Email views	2292	n/a
			Viewed website	2576	n/a
			Mainstream media mentions	10	19
			Social media mentions	5	4
		QP publication and data	No. of releases	4	4
			Email views	3142	n/a
			Viewed website	2190	n/a
			Downloaded from website	n/a	564
			Mainstream media mentions	33	29
		Working papers	No. of publications	0	1
			Email views	0	n/a
			Viewed website	594	n/a
			Mainstream media mentions	0	1
			Social media mentions	0	0
		Consensus Forecasts	No. of publications	4	4
			Email views	1582	n/a
			Viewed website	3064	n/a
			Mainstream media mentions	19	15
			Social media mentions	4	6
		Shadow Board	No. of publications	7	7
Email views	3523		n/a		
Viewed website	3459		n/a		
Mainstream media mentions	41		13		
Social media mentions	8		13		
Other Publications	No. of publications	1	1		
	Email views	535	n/a		
	Viewed website	483	n/a		
	Mainstream media mentions	7	0		
	Social media mentions	8	1		

What we want to achieve	How	What we've done during the year	Measure (verifiable)	Period ended 31 March 2023	Period ended 31 March 2022
Support decision-making for our New Zealand-based clients on micro- and macro-economic matters that affect them	Through robust and independent research for our clients	Clients and projects worked on	Number of client projects/reports	135 clients 184 projects	120 clients 213 projects
	Make our client reports publicly available where possible	Knowledge transfer through our website and media activity by NZIER and our clients	Number of publicly released reports Viewed website Mainstream media mentions Social media mentions	6 3623 188 42	10 n/a 220 29



NZIER  
PUBLIC GOOD  
PROGRAMME

THINKING ABOUT AOTEAROA NEW ZEALAND'S FUTURE



NZIER  
NEW ZEALAND INSTITUTE OF  
ECONOMIC RESEARCH