



NZIER
NEW ZEALAND INSTITUTE OF
ECONOMIC RESEARCH

2024

**ANNUAL
REPORT**



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About NZIER

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 combine 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

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.

The NZIER Early Career Economics Leader Award panellists of 2023: Angela Bull, Dominick Stephens, Julia Talbot-Jones, Paul Conway, and Professor Viv Hall.

Dileepa Foneska and Craig Stobo for being a part of the PM's Summer Reading List Panel for 2023.



Keith Watson

Board Chair

I am pleased to present my report for the year ended 31 March 2024.

As I write this report, New Zealand is experiencing a strong economic downturn, with recent data (including that from NZIER's membership publications) indicating poor trading conditions. This downturn has hit service organisations such as NZIER hard. The recent release of the BNZ's Business New Zealand Performance of Services Index indicated activity in the services sector in May was at its lowest level for a non-COVID lockdown month since the survey began in 2007, exceeding even the aftermath of the Global Financial Crisis. This downturn has been particularly difficult for businesses, like NZIER, that are exposed to the public sector, with public sector agencies reducing costs, and in particular consulting spend, to meet the new Government's cost-saving targets.

NZIER, along with the rest of the consulting industry, has not been immune to these economic pressures. Last year, we wrote in the annual report that despite strong revenue performance, our revenue growth was actually constrained by difficulties in recruiting staff. This year, as other businesses have reported in our most recent Quarterly Survey of Business Opinion, the constraint on profitability has been weak demand.

Financial results

The decrease in demand saw our consulting revenue fall 19% year-on-year for the year ended 31 March 2024, with the last quarter of the year accounting for a significant proportion of this decrease. Although membership revenue was up for the year, climbing 13%, the size and swiftness of the downturn meant we were unable to decrease our cost base sufficiently to offset the material decrease in consulting revenues. Tight cost control resulted in our overhead expenses, including staff costs actually being marginally below last year, which was pleasing in an inflationary environment, while spending on associates and other subcontractors reduced year-on-year. Despite this, we have reported a deficit of \$596k for the year.

As I write this report, NZIER is continuing to be impacted by lower demand for consulting services. The Board has worked with management to ensure that we have measures in place to reduce expenditure and conserve cash until the market picks up again. Reserves and cash remain healthy, and over its 66-year history, NZIER has weathered a number of similar storms.

Environmental, social and governance activities

As a not-for-profit incorporated society, the Board recognises that NZIER has a responsibility to have good environmental, social and governance (ESG) policies and practices. This year, for the second 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 and follow our progress in this area.

Governance

Dr Di McCarthy stepped down from the Board at the Annual General Meeting in August 2023. We are pleased to report that after a search, Mike Burrell has been appointed to the Board, and members will be able to ratify Mike's appointment at this year's AGM. Mike is currently Executive Director of the Sustainable Business Council and the Climate Leaders Coalition. Previously, Mike has worked for the Ministry of Foreign Affairs and Trade, a primary sector industry organisation and an international consultancy. Mike's breadth of experience strengthens NZIER's capability around climate change, which is a strategic focus for the Institute and is directly relevant to NZIER's kaupapa.

We welcome Mike to NZIER.

I am stepping down from the Board at the Annual General Meeting this year as I have reached the end of my second term. Bruce Wattie will replace me as Chair, while Paula Brosnahan has replaced Bruce as Chair of the Audit and Risk Committee.

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

Staff

Our staff are the key strength of NZIER. The work of our previous staff has built our reputation in the market, and the experience and expertise of our current staff are the reasons that clients and members continue to use NZIER's services. I would like to thank our staff for their hard work and dedication in what has been a difficult year.

Thanks

Finally, as I step down from the Board of NZIER after six years, I would like to thank Jason, Todd, Christina, Terri and Sarah for their leadership of NZIER. Thanks to my colleagues on the Board for their ongoing support and contributions. The Institute is extremely fortunate to have such a high-calibre Board. Thank you, Bruce, for taking over the Chair role; you will be a great Chair.

It has been a privilege to be on the Board of NZIER. I thank you all for the opportunity and wish NZIER the absolute best in the future.



Keith Watson

CHAIR





Jason Shoebridge

Chief Executive

I am pleased to present my report for the year ended 31 March 2024.

Current situation

As Keith outlined in his report, the year ended 31 March 2024 was a challenging year financially, especially the last quarter, when we saw market demand for consulting reduce significantly. In March alone, our consulting revenue was half what it had been in the same month last year.

We have responded to the market situation by reducing expenditure and increasing new business activity to ensure that we restore profitability and maximise our consulting work. As shown in the financial statements, we were able to hold our expenditure at the same levels as the previous year while reducing the use of subcontractors. We have been able to reduce spare capacity and, therefore, staff costs further as we go into the new financial year to better position us for a prolonged reduction in market demand. We have also reduced overhead expenditure across the organisation. In addition, we have also ensured that we are utilising any spare capacity in new business generation to maximise the revenue we earn. These measures are currently working and enabling us to ride out this downturn.

The impact of the weakening in demand on our financial results has overshadowed achievements and progress in other areas of our operations. As an organisation, we built on the progress we have made in the previous years in areas such as our Public Good Programme and membership initiatives.

Public Good Programme

Our Public Good Programme is central to NZIER's kaupapa. Through the self-funded Public Good Programme, NZIER provides a series of Insights, brief papers intended to stimulate public discussion on important topics, working papers and publications such as Consensus Forecasts, the Shadow Board, masterclasses aimed at improving the quality of policy advice, the Prime Minister's Summer Reading List, scholarships and sponsorships. A small upside of the reduction in demand for consulting this year was that we were able to devote more staff time to our Public Good Programme. As a result, we invested over \$400k in staff time and external expenditure in our Public Good Programme for the year, up by over \$100k from last year.

In addition to measuring what we invest in our Public Good Programme, a key measure of the success of our Public Good Programme is the impact the Insight publications have. This year, NZIER undertook three new initiatives to increase its impact. Firstly, we sought the views of our members, clients, staff and other stakeholders on the topics on which they would like NZIER to produce Insights. We had a great response, and the Insights we published were the result of this input. We also held webinars on the Insights where the authors presented the Insight and were able to take questions from webinar participants. Finally, we ensured that we released the Insights with a comprehensive media plan. As outlined in our Statement of Service Performance in our annual report, our Insights generated a total of 94 media mentions (up from 10 last year) and were viewed over 3,000 times on our website during the year.

NZIER produced Insights on the following topics this year:

- The congruence of the Government's Budget initiatives with New Zealand's climate commitments
- Housing affordability and availability in New Zealand
- The use of statistical value of life in public sector cost/benefit analyses
- An examination of the diversity of the economics profession in New Zealand

- How climate adaptation can be incentivised across local Government, households and businesses
- The impact of menopause in the workplace

For the coming year, we have repeated the process of soliciting topics for our Insights publications. Again, we received a great response with 80 topics suggested. We will be presenting Insights on climate change mitigation and adaptation, retirement savings policy, the teaching of maths in primary schools and infrastructure investment, amongst others.

We also held some notable events throughout the year. At a function celebrating the 65th anniversary of NZIER, we awarded our biennial NZIER Early Career Economics Leadership Award to Associate Professor Dennis Wesselbaum for his work on monetary and fiscal policy frameworks and contribution to economics in New Zealand. This prize is worth \$10,000, and Dennis subsequently presented a webinar on his work, which was well attended.

We held a post-election briefing webinar on the incoming coalition Government's policies and how we believe they addressed needs in health, education, trade, climate and the economy. This webinar was presented very shortly after the coalition agreement was finalised and had close to 200 registrations.

Finally, we were very pleased to be able to host two international thought leaders on public policy, Sir Geoff Mulgan and James Plunkett, for a discussion with senior Government and public policy stakeholders in conjunction with the Australia New Zealand School of Government.

Last 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. This is a two-year scholarship, so in addition to last year's recipient, Metiria-Hinekorangi Doyle (Ngāti Rauru, Ngāti Raukawa, Te Atiawa) receiving the second year of her scholarship, we awarded another scholarship this year to a very worthy recipient, Terran Patete Philippi (Te waka Tainui, Ngāti Koata, and Ngāti Kuia). Terran is a second-year Bachelor of Commerce student majoring in Economics and Finance.

Another highlight of our Public Good Programme in the year ended 31 March 2024 was the updating and visual refreshment of our Data1850 product. Data1850 is an interactive tool that contains a wide range of long-run New Zealand economic and statistical datasets, some of which date back to 1850. The tool is free to use and allows users to analyse and visualise the datasets as they wish. The new version of Data1850 was released shortly after the end of the financial year and was positively received.

Consulting

As mentioned above, the year ended 31 March 2024 was a challenging year for NZIER as we experienced a sharp decline in consulting services at the end of the financial year. Despite this, NZIER completed 196 projects for 123 different clients during the year. As could be expected with such a large number of projects, these projects spanned all sectors of the New Zealand economy and covered all aspects of policy and economic consulting. Although a lot of our projects are confidential, we were also pleased to support our clients when they chose to publicise the work that we do for them. This year, we undertook projects that clients publicly released on topics as diverse as the economic benefit of investment in roading infrastructure, how technology can increase productivity and the value of the Hauraki Gulf.

NZIER's kaupapa is to ensure our clients can make better business and policy decisions. We test the satisfaction they have with our services and how we are enabling them to do that through our annual client engagement survey. I am pleased to report that our clients did rate us very highly in this year's survey, repeating the result that we achieved last year. In particular, our clients value the expertise of our people, our independence, and our objectivity. Thank you to all our clients who participated in this survey and all those clients we worked with this year.



Membership

Our membership continued to grow this year, and we finished the year with 141 members, up by four from the end of the previous year. This is the highest level for over a decade. While we are pleased to see the growth in membership, we continue to look for ways to ensure that we continue to deliver value for our members. This is especially true in the current environment, where we are seeing an increase in the proportion of members not renewing their membership. This year, we introduced member-only webinars, a regular newsletter to our members providing an update on our publications, publicly available client work that we have undertaken and other news and have regular contact with new and existing members to ensure they are getting maximum value from their membership. At the time of writing, we have just released our first Quickview release. This will be a regular update for our members, summarising economic data such as GDP or OCR decisions shortly after the release and providing our analysis of the data.

Our membership publications continue to be well regarded as New Zealand faces turbulent economic times. The Quarterly Survey of Business Opinion is viewed as a key piece of economic data by the media, with it being quoted in the media over 200 times last year and the publicly available summary being viewed on our website over 2,700 times. The quality of our Quarterly Predictions publication was recognised by Focus Economics, an international organisation, awarding Christina Leung, our Head of Membership Services, the prize of best forecaster of the New Zealand exchange rate in 2023 and 2024 and best forecaster of the New Zealand current account in 2024.

The views of our members are important in determining the services we offer our members. We surveyed our members again this year and received both positive feedback and areas for improvement from that survey. If members do have feedback that they would like to give about our membership services, please get in touch with me directly, as I am always keen to hear that feedback.

Staff

NZIER's success is built on continuing to attract and retain the best staff. To ensure we are providing the best possible environment, we undertake an annual staff engagement survey. This year's results were the best results that we have achieved in the four years that the survey has been undertaken. This is very heartening, but I remain committed to continuing to improve this result.

I would like to pay tribute to the NZIER staff. We know from our survey of our clients that our staff are one of our sources of competitive advantage and a reason clients and members use our services. They work hard to ensure the success of NZIER, and I would like to thank them all for what they have achieved this year and for their efforts on NZIER's behalf.

I would also like to thank the Board for the ongoing support and challenge that they provide to me and the NZIER team. In particular I would like to take this opportunity to thank Keith Watson, who is stepping down from the Board and the role of Chair at the Annual General Meeting in August. Keith has been Chair throughout my time as Chief Executive of NZIER. He has always been a source of wise counsel and support while challenging me and NZIER to do better. I speak on behalf of the NZIER when I say that we are all appreciative of the work that Keith has done on the NZIER Board and wish him all the best in his next endeavours.

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

Jason Shoebridge
CHIEF EXECUTIVE



NZIER Board

The role of the NZIER Board is to

Be responsible for the Institute continuing to strive towards attaining its goals as agreed upon from time to time, as well as 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 advise on strategic planning initiatives and issues.

NZIER Board as at 31st March 2024



Keith Waston
CHAIR



Bruce Wattie
DEPUTY CHAIR



Paula Brosnahan
CHAIR AUDIT AND RISK
COMMITTEE



Grant Pryde
CHAIR HR AND REMUNERATION
COMMITTEE



Professor Les Oxley
BOARD MEMBER



Jason Shoebridge
CHIEF EXECUTIVE, EX OFFICIO

AUDITORS Grant Thornton

SOLICITORS Dentons Kensington Swan and Simpson Grierson

SECRETARY Terri Boote



Membership Services

NZIER offers its members a comprehensive macroeconomic information 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 www.nzier.org.nz/about/membership

Membership products are available at www.nzier.org.nz/member-publications

Quarterly Predictions

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 2023-2024 year, issues 238-241 were published.

Quarterly Survey of Business Opinion

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 2023-2024 year, issues 249-251 were published.

CPI Consensus Forecasts

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 2023-2024 list

Platinum members

Ministry of Business, Innovation and Employment

Premium members

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 and Trade
Reserve Bank of New Zealand
The Treasury

Overseas members

Citadel
Ontario Teachers' Pension Plan

Standard members

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 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 Limited
CBRE NZ Ltd
Centrix

Chartered Accountants Australia and New Zealand
Chorus
Counties Energy
Darroch Ltd
Deloitte
Department of Prime Minister and Cabinet
Deutsche Group Services Pty Ltd
DIALOG Property (NZ) Ltd
EBOS Group Ltd
Embassy of Switzerland
Embassy of the United States of America
Employers and Manufacturers Association (EMA)
Entain NZ Ltd
Ernst and Young
Federated Farmers
Financial Markets Authority
FMG
Fonterra Cooperative Group
Genesis Energy
Goldman Sachs New Zealand Ltd
Goodman Property Trust
Grant Thornton NZ Ltd



Hanga-Aro-Rau
Harbour Asset Management
Hobson Leavy
Hutt City Council
IAG
Infometrics Ltd
Inland Revenue Department
Jacks
Janssen
JP Morgan
Kainga Ora
Kiwi Property Management Ltd
Kiwibank
KPMG
Lincoln University
Maritime NZ
Marsden Maritime Holdings
Massey University
McConnell Dowell
McDonald's Restaurants NZ
Meat Industry Association
Metals NZ
Ministry for Pacific Peoples
Ministry for Primary Industries
Ministry for the Environment
Ministry of Education
Ministry of Justice
Ministry of Social Development
Ministry of Transport
Muka Tangata
Nelson City Council
Newcrest
New Zealand Customs Service
New Zealand Infrastructure Commission
New Zealand Lotteries Commission
New Zealand Parliamentary Library
New Zealand Productivity Commission
New Zealand Trade and Enterprise
Northpower Ltd
NZX

Office of the Controller and Auditor-General
Omexom NZ
Omnicom Media Group
Opes Partners
Oranga Tamaraki
Oyster Property Group Ltd
Pacific Aluminium New Zealand Ltd
Palmerston North City Council
Port of Otago
Powerco Ltd
Priority One
PwC New Zealand
Rank Group Ltd
Rau Paenga
Rawlinsons Ltd
RDT Pacific
Remuneration Authority
Rider Levett Bucknall
Ringa Hora
ScanPower
SMC Corporation (NZ)
South Port NZ Ltd
Sport NZ
Statistics New Zealand
Steel and Tube Holdings Ltd
Strategic Pay Ltd
T&G Global
Tamaki Regeneration
Tatua Co-op Dairy
Tegel
Te Puni Kōkiri
Te Waka
Toi Mai
Toitu Te Waiora
Toyota New Zealand Ltd
Trade Me
Transpower
University of Auckland
Vector Ltd
Victoria University of Wellington
Waihanga Ara Rau
Waikato District Council
Waste Management NZ Ltd
Westpac New Zealand Ltd
Wigram Capital Advisors Ltd



Environmental, 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 subscriptions 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 environmental, 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 second ESG report. Its purpose is to inform our stakeholders about our ESG policies and practices and to demonstrate how we are progressing in these areas over the next few years.

Environmental

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.¹ The details of our carbon emissions for the years ended 31 March 2024 and 2023 are set out below.

Table 1 NZIER emission profile

Emission type	Year ended 31 March 2024 (tonnes of carbon dioxide equivalent)	Year ended 31 March 2023 (tonnes of carbon dioxide equivalent)
Scope 1	0	0
Scope 2	9.1	7.6
Scope 3	216.2	193.8
Total	225.3	201.4

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

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

¹ [CarbonTrail](#)

Table 2 Source of NZIER's emissions

Source of emissions	Year ended 31 March 2024 (tonnes of carbon dioxide equivalent)	Year ended 31 March 2023 (tonnes of carbon dioxide equivalent)
Air travel	59.3	51.2
Premises	24.9	24.0
Professional services	15.9	17.0

Source: CarbonTrail

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.

Our emissions year-on-year from the premises remain similar to last year's. This was expected as our Auckland office moved to a new office which is more sustainable however it is bigger in size. This year, in particular, our increased emissions for premises relate to the one off purchase of furniture for the new Auckland office. We expect these emissions to be lower in 2025.

We will continue measuring our greenhouse gas emissions and look for opportunities to reduce them. For example, this year, we will potentially be refurbishing the Wellington office, making it into a more energy-efficient premises with 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 two thought leadership pieces. The first was entitled *Incentivising resilience to adverse climate change events*² and looked at how local government, businesses and households could be incentivised to adapt to climate change. The second piece, entitled *How congruent is Budget 2023 with New Zealand's climate commitments?*³ evaluated the new initiatives in the 2023 Budget and whether or not they moved New Zealand closer to meeting its climate commitments.

Next year, we will publish two Public Good Programme thought leadership pieces. The first will repeat for the 2024 Budget an evaluation of how congruent the Budget is with New Zealand's climate commitment. The second will look at how to attract private investment in climate change mitigation and adaptation activities.

NZIER renewed its membership in the Sustainable Business Council and remains committed to the organisation's objectives.

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 2024	Year ended 31 March 2023
Auckland and Wellington offices	9.13 tCO ₂ e (total for both offices)	7.24 tCO ₂ e (total for both offices)

Source: NZIER energy providers

² <https://www.nzier.org.nz/publications/incentivising-resilience-to-adverse-climate-change-events-nzier-insight-109>

³ <https://www.nzier.org.nz/publications/how-congruent-is-budget-2023-with-new-zealands-climate-commitments-nzier-insight-108>

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

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 2024	Year ended 31 March 2023
Value of staff time	\$364,451	\$256,164
Direct expenditure	\$50,948	\$46,105
Total	\$415,399	\$302,269

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.⁴

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 who are interested in economics and public policy in New Zealand. This year, we published six insights on the following subjects:

- The value of safety improvements
- How congruent is Budget 2023 with New Zealand's climate commitments?
- Incentivising resilience to adverse climate change events
- Diversity in economics in Aotearoa New Zealand
- Housing availability and affordability
- The silent transition: Understanding the impacts of menopause in the workplace

Working papers

- Unmasking COVID-19's economic impact: a data-driven analysis of the COVID-19 lockdowns
- Let it go: Devolving power and resources to improve lives

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 the Reserve Bank's Monetary Policy Committee meetings and provide the predictions, together with their

⁴ <https://www.nzier.org.nz/public-good>

rationale of the Shadow Board on whether the official cash rate will increase, decrease or stay unchanged.

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:

- Dealing with uncertainty
- Advocacy or advice
- Purpose statements
- Fifty-fifty rule
- One-page papers
- Structuring papers
- Fresh set of eyes
- 2023 election special
- Fifty-fifty rule (local government)
- Advocacy or advice (local government)
- Dealing with uncertainty (local government)

NZIER Early Career Economics Leader Award

The NZIER Early Career Economics Leader Award is a biennial award given to someone practising economics in New Zealand who has received their highest degree within the last fifteen years. The Award has a value of \$10,000. Its purpose is to recognise and encourage the advancement of economics in New Zealand. In 2023, NZIER awarded our biennial NZIER Early Career Economics Leader Award to Dennis Wesselbaum for his contributions to academia, the profession and work with the media.

Events

In December 2023, NZIER released its fourth 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 'making sense in a disrupted world'. Details of the books that were selected for the list can be found on our website.⁵

In March, NZIER hosted a well-attended webinar entitled "Monetary and Fiscal Policy Frameworks Revisited", which showcased the work of Dennis Wesselbaum, recipient of the NZIER Early Career Economics Leader Award in 2023.

Also in March, in conjunction with the Australia New Zealand School of Government, we hosted an event for senior Government and public policy stakeholders where Sir Geoff Mulgan and James Plunkett, two leading public policy thought leaders from the United Kingdom, discussed public policy in a digital age.

Scholarship

NZIER partners with the Victoria University of Wellington to provide 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. This year's recipient is Terran Pātete Philippi. Last year's recipient, Metiria-Hinekorangi Doyle, received her second year of this scholarship.

⁵ <https://www.nzier.org.nz/publications/2023-summer-reading-list-for-the-prime-minister>

Data1850 refresh

NZIER refreshed its Data1850 product. Data1850 is an interactive application that allows users to explore, visualise, compare and download long-term economic data for New Zealand.⁶

Other activity

NZIER staff, as part of our Public Good Programme, also give presentations and provide media commentary on economic and policy issues. NZIER was also a sponsor of the New Zealand Association of Economists conference and the Government Economics Network conference.

NZIER's Public Good Programme for the year ending 31 March 2025

NZIER is budgeting to invest \$318,000 in its Public Good Programme. The highlights of the planned programme are as follows.

Insights

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

- 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?
- How congruent is Budget 2024 with New Zealand's climate commitments
- Lessons that New Zealand can draw from Australia's retirement income policy
- What are the barriers or enablers to incentivising large-scale private investment in decarbonisation in New Zealand?
- Is it time to reconsider the discount rate used by the government?
- Who pays for it, and who has benefited from infrastructure over the generations?
- Neurodiversity in the workplace

The NZIER Ed Hearnshaw Environmental Economics Award

NZIER has established the NZIER Ed Hearnshaw Environmental Economics Award. This Award of \$4,000 has been inaugurated, organised, and underwritten by the Hearnshaw Family and the NZ Institute of Economic Research to recognise and encourage the advancement of environmental economics and its applications. It will be awarded this year to someone who has produced innovative or outstanding work in the area of environmental economics.

The Award honours the memory of Ed Hearnshaw, a talented environmental economist who died in a tramping accident in 2020.

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 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.

⁶ <https://nzier.shinyapps.io/data1850/>

Enhanced parental leave

NZIER offers a 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 has an annual sick leave entitlement of 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 one health and safety incident in the year ended 31 March 2024. It was minor and did not result in any lost time. In the year ended 31 March 2023, we recorded two minor incidents that did not result in any lost time.

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
2024	96%	71%	67%
2023	92%	66%	66%

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 the Board, and progress is monitored in the following year's survey.

The target for this year is to lift our overall score to 73%.

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 2024	Year ended 31 March 2023
Value of staff time spent in training	\$439,094	\$166,035
Training expenditure	\$52,182	\$31,661
Total	\$491,276	\$197,696
Total per FTE	\$21,323	\$9,753

Source: NZIER

Gender diversity

NZIER is committed to diversity and inclusion. NZIER is a partner organisation of Global Women. Global Women's mission is to catalyse New Zealand's social and economic success by championing diversity in leadership. As part of the partnership, we are committed to producing a piece of Public Good work on a topic around diversity issues in the workplace or economy.

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

- The impact of menopause in the workplace
- Review of policy advice for the Ministry for Women
- Diversity in the economics profession

As mentioned above, we also have 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 2024 and 31 March 2023.

Table 7 Gender diversity at NZIER, as at 31 March 2024

	Male	Female
Board	80%	20%
Management team	50%	50%
Client facing staff	74%	26%
Support staff	20%	80%

Table 8 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

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.

As at 31 March 2024, the Board is comprised of five 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 2024 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
Bruce Wattie	Deputy Chair	30 May 2019	August 2025
Grant Pryde	Chair, Remuneration and HR Committee	1 April 2019	August 2024
Paula Brosnahan	Chair, Audit and Risk Committee	5 February 2020	August 2026
Professor Les Oxley		3 September 2019	August 2025
Jason Shoebridge	Chief Executive (ex-officio)	7 September 2021	6 September 2026
Dr Di McCarthy	Deputy Chair	1 August 2017	August 2023 - retired

Source: NZIER

Board remuneration

For the year ended 31 March 2024, 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	\$6,666.66
Bruce Wattie	Chair, Audit and Risk Committee (part year), then Deputy Chair	\$16,000.00
Grant Pryde	Chair, Remuneration and HR Committee	\$16,000.00
Paula Brosnahan	Chair, Audit and Risk Committee (part year)	\$16,000.00
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 2024, 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	4	3
Dr Di McCarthy	3	n/a	1
Bruce Wattie	5	4	n/a
Grant Pryde	3	n/a	3
Paula Brosnahan	5	4	n/a
Professor Les Oxley	5	n/a	2

Source: NZIER

Future Director

In February 2024, NZIER appointed Amelia Vinnell to the position of Future Director. The Future Director scheme is run by the Institute of Directors to provide governance experience to suitably qualified individuals who wish to pursue a governance career. Amelia has been appointed to this position for 12 months and receives \$6,000.

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.

NZIER maintains the following insurance policies to provide cover for material insurable risks it 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

Notes

General informaton

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 12 July 2024.

The full financial statements comply with New Zealand's 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

The summary financial statements are for 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 \$50,948 (2023: \$46,105) on a wide range of Public Good projects, the Institute incurred a further \$364,451 (2023: \$256,164) at normal charge out rates of staff time on Institute Public Good activities. The total resources applied to Public Good work was \$415,399 (2023: \$302,269).

Statement of Comprehensive Revenue and Expenses

for the year ending 31 March 2024

	2024 \$	2023 \$
Revenue from non-exchange transactions		
Other grants	15,000	15,000
	15,000	15,000
Revenue from exchange transactions		
Membership fees	424,101	374,465
Contract research income	4,466,561	5,526,856
Interest income	94,780	53,564
Gain on disposal of assets	0	273
Other operating income	504	637
	4,985,946	5,955,795
Total revenue	5,000,946	5,970,795
Expenses		
Direct public good costs	50,948	46,105
Employee related costs	3,764,651	3,786,262
Contract expenses	750,965	972,361
Depreciation and amortisation	78,514	105,594
Loss on disposal of assets	9,772	0
Operating expenses	928,853	893,653
Operating lease rental	13,715	15,811
Total expenses	5,597,418	5,819,786
Total surplus or deficit for the year	(596,472)	151,009
Other comprehensive revenue and expenses	-	-
Total comprehensive revenue and expenses for the year	(596,472)	151,009

Statement of Financial Position

for the year ending 31 March 2024

	2024 \$	2023 \$
Current assets		
Cash and cash equivalents	539,550	972,335
Investments	1,140,742	1,595,274
Receivables from exchange transactions	964,301	881,274
Work in progress	410,125	553,146
Prepayments	135,256	148,909
	3,189,974	4,150,938
Non-current assets		
Intangible assets	30,029	56,147
Property, plant and equipment	170,573	87,591
	200,602	143,738
Total assets	3,390,576	4,294,676
Current liabilities		
Trade and other payables	122,888	201,771
Employee entitlements	311,836	542,912
GST payable	144,761	149,702
Lease inducement	18,306	14,213
Revenue in advance from exchange transactions	669,256	666,077
Revenue in advance from non-exchange transactions	15,000	15,000
	1,282,047	1,589,675
Total liabilities	1,282,047	1,589,675
Net assets	2,108,529	2,705,001
Equity		
Net surplus/total comprehensive revenue and expenses	2,108,529	2,705,001
Total equity	2,108,529	2,705,001

Statement of Changes in Net Assets

for the year ending 31 March 2024

2024

Opening balance 1 April 2023

Net surplus/total comprehensive revenue and expenses

Closing equity 31 March 2024

2023

Opening balance 1 April 2022

Net surplus/total comprehensive revenue and expenses

Closing equity 31 March 2023

	Accumulated surpluses	Total equity
	\$	\$
Opening balance 1 April 2023	2,705,001	2,705,001
Net surplus/total comprehensive revenue and expenses	(596,472)	(596,472)
Closing equity 31 March 2024	2,108,529	2,108,529
Opening balance 1 April 2022	2,553,992	2,553,992
Net surplus/total comprehensive revenue and expenses	151,009	151,009
Closing equity 31 March 2023	2,705,001	2,705,001

Cash Flow Statement

for the year ending 31 March 2024

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

Cash and cash equivalents at 31 March

	2024	2023
	\$	\$
Net cash flows from operating activities	(836,946)	339,736
Net cash flows from investing activities	404,161	(525,539)
Net (decrease) in cash and cash equivalents	(432,785)	(185,803)
Cash and cash equivalents at 1 April	972,335	1,158,138
Cash and cash equivalents at 31 March	539,550	972,335

Statement of Service Performance

for the year ending 31 March 2024

What we want to achieve	How	What we've done during the year	Measure (verifiable)	Period ended 31 March 2024	Period ended 31 March 2023
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	4517	2996
			Viewed website	3428	3519
			Mainstream media mentions	219	313
			Social media mentions	16	28
		QP publication and data	No. of releases	4	4
			Email views	6022	3142
			Viewed website	2720	2190
			Mainstream media mentions	24	33
			Social media mentions	5	5
	Seminars/events	No. of events & attendees	14 events 311 registrations	15 events 360 attendees	
		No. of webinars & attendees	9 webinars 451 attendees	1 webinar 67 attendees	
	CPI forecasts	No. of releases	4	4	
		Email views	1281	876	
		Viewed website	252	987	
		Mainstream media mentions	0	0	
		Social media mentions	0	0	
	Maintain current membership numbers	Initiatives to engage members	No. of members	141	137

What we want to achieve	How	What we've done during the year	Measure (verifiable)	Period ended 31 March 2024	Period ended 31 March 2023
Advance the study and understanding of economic matters	Develop and promote freely available content through our Public Good programme	Insights	No. of publications	6	5
			Email views	5892	2292
			Viewed website	3040	2576
			Mainstream media mentions	94	10
			Social media mentions	15	5
		Working papers	No. of publications	2	0
			Email views	2077	0
			Viewed website	1936	594
			Mainstream media mentions	11	0
			Social media mentions	3	0
		Consensus Forecasts	No. of publications	4	4
			Email views	2030	1582
			Viewed website	2156	3064
			Mainstream media mentions	20	19
			Social media mentions	11	4
		Shadow Board	No. of publications	7	7
			Email views	5550	3523
			Viewed website	3996	3459
			Mainstream media mentions	44	41
			Social media mentions	20	8
Other publications:	No. of publications	1	1		
	Email views	768	535		
	Viewed website	985	483		
	Mainstream media mentions	10	7		
	Social media mentions	6	8		

What we want to achieve	How	What we've done during the year	Measure (verifiable)	Period ended 31 March 2024	Period ended 31 March 2023
		Collaborations	No. of publications	0	0
			Email views	0	0
			Viewed website	0	0
			Mainstream media mentions	0	0
			Social media mentions	0	0
	NZIER Early Career Economics Leader Award	Convene panel and sponsor award	Award given	1	Not applicable as a biennial award
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	123 clients 196 projects	135 clients 184 projects
			Number of publicly released reports	13	6
	Make our client reports publicly available where possible	Knowledge transfer through our website and media activity by NZIER and our clients	Viewed website	3451	3623
			Mainstream media mentions	205	188
			Social media mentions	24	42

For the year ended 31 March 2024
NZ Institute of Economic Research Inc.

WELLINGTON

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

AUCKLAND

Level 4, 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

