

New Zealand Association of Economists

Annual Report 2013

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Directory

as at 31 December 2013

Council	Bill Kaye-Blake	President	Appointed 3.07.13
	Seamus Hogan	Vice President	Appointed 3.07.13
	Anthony Byett		
	John Creedy	Editor, Asymmetric Information	
	John Gallagher	Treasurer	
	Norman Gemmell		
	Arthur Grimes		
	Mark Holmes	Editor, NZ Economic Papers	
	Anita King		
	Stephen Knowles	Past President	
	John McDermott		
	Peter Tait		Appointed 3.07.13
	Gail Pacheco		
Maxine Watene	Secretary Manager		

Date of Incorporation 6 October 1959

IRD Number 16-217-315

Registry Number 216 494

Registered Office F/1. 97 Cuba Street
PO Box 568
Wellington 6140

Auditors BDO Wellington
PO Box 10-340
Wellington 6143

Solicitors Franks & Ogilvie
PO Box 10-388
Wellington 6143

Bankers Bank of New Zealand
North End Branch
Wellington

Website www.nzae.org.nz

Objectives of the Association

The constitution provides that Association resources shall be applied to

- Promote collaboration and discussion amongst professional economists in New Zealand;
 - Encourage research and to publish the results of that research and such other material as may be relevant to the objects of the Association, but the Association as such may not make public statements on economic policy;
 - Obtain and disseminate information on research projects in progress or anticipated;
 - Promote in general the profession of economics in New Zealand;
 - Foster in all sections of the community interest in, and understanding of, economic issues in New Zealand..
-

Life Members

Distinguished Fellows

Julia Crouch		2003	Sir Frank Holmes	(d 2011)	2004
Jack McFaul	(d 2010)	2004	Prof Conrad Blyth	(d 2012)	2004
Kerrin Vautier	CMG	2004	Dr Roderick Deane		2004
John Pryde	(d 2012)	2004	Prof Peter Phillips		2004
Len Bayliss		2005	Dr Brian Easton		2005
Brian Silverstone		2007	Prof Lewis Evans		2005
Bob Buckle		2009	Prof Gary Hawke		2005
Sir Frank Holmes	(d 2011)	2009	Prof John McMillan	(d 2007)	2005
Grant Scobie		2009	Prof John Gould		2006
AD (Bert) Brownlie		2010	Prof Peter Lloyd		2006
John Yeabsley		2010	Dr Don Brash		2007
Stuart Birks		2011	Prof Bruce Ross		2007
Frank Scrimgeour		2012	Prof Stephen Turnovsky		2012
Allan Bollard		2013	Prof Les Young		2012
			Prof John Riley		2013

Annual Report of the President, 2013



It is my great pleasure to present the 2013 Annual Report for and on behalf of the Council of the New Zealand Association of Economists Inc.

Council

I would like to thank the NZAE Council for their hard work during the year to ensure the smooth running of the Association. My fellow Council members are Seamus Hogan (Vice President), Stephen Knowles (Immediate Past President), Anthony Byett, John Creedy (Asymmetric Information Editor), John Gallagher (Treasurer), Norman Gemmell, Arthur Grimes, Mark Holmes (NZEP Editor), Anita King, John McDermott, Gail Pacheco, and Peter Tait. Our Secretary-Manager services are provided by Motu, with Lynette Campbell, Grant Coppersmith, and Maxine Watene all contributing.

Annual Conference 2013

The conference continues to be the most visible activity of the Association for members and the economic profession in New Zealand. The Conference Committee, on behalf of Council, aims to organise a conference that our members from academia and the public and private sectors

will find valuable. The 2013 Annual Conference was held in Wellington, as it is in alternate years, and we had around 220 delegates in total. We were fortunate to have Mardi Dungey, Ed Glaeser, Maurice Obstfeldt, John Quiggin and John Riley as keynote speakers. The conference included 85 oral presentations, 6 poster presentations, and a panel discussion. I would like to thank the Conference Committee of Seamus Hogan as Chair, Bilgehan Karabay as a non-Council volunteer, John McDermott, and Gail Pacheco for all the hard work that went into putting on a successful conference.

The Committee also contributed to planning for the Productivity Hub's symposium, Unpicking New Zealand's Productivity Paradox, held at Te Papa on the Tuesday before the Conference. The NZAE has been actively promoting these sorts of pre-Conference events to support special topics of interest to members.

Membership Numbers

The Association had 206 financial members at the end of 2013. The number of members is not strictly comparable with prior years, as we tightened up on the process for converting conference registrations

into membership. In the past, payment of the full rate for the conference was taken as an application for membership. In 2013, we asked people to indicate explicitly that they wanted to be members and to complete an application form.

There were 32 new memberships during 2013. The Association requires that the President approve all applications, and it is always interesting to research new members to learn where they have come from and what they have done.

Finance

The Association made a small operating deficit after tax of \$1,328 in 2013. This is the second year in a row of small deficits, which demonstrates the challenges of running small professional organisations. However, the Association's balance sheet remains healthy. The consolidated group equity at the end of December 2013 stood at \$374,681 (\$109,767 for the Association and \$264,914 for the Education Trust). I would like to thank John Gallagher for the work he does as Treasurer, his eye for detail, and his patience in explaining the financial accounts to me.

Sponsors

The Association receives very generous ongoing financial support, for the conference and the work of the Association more generally, from the Reserve Bank of New Zealand, Statistics New Zealand and Treasury. It would not be possible to provide the services we do without the support of our sponsors. The Council wishes to record its appreciation of these organisations for their interest and support.

New Zealand Economic Papers

I would like to thank Mark Holmes for continuing his excellent job as editor of New Zealand Economic Papers. He agreed to stay on as editor for 2014, giving the Association time to conduct a proper search for his replacement. Although Mark is ably assisted by a good team of Associate Editors and Editorial Board members, editing NZEP is a time-consuming job, and Mark puts enormous effort into maintaining the high standards of our journal.

The future of the NZEP is in good hands. Arthur Grimes and Gail Pacheco have been appointed as the new co-editors, starting in 2015. The publishing contract with Taylor and Francis continues through to 2017.

Asymmetric Information

Asymmetric Information, the newsletter of the Association, continues to be published three times a year, under the editorship of John Creedy. John continues to produce **AI** to a very high standard and I would like to thank him for all the time he puts in to this role. John is always on the lookout for content for **AI**, so please contact him if you wish to contribute.

NZAE Education Trust

Anthony Byett continues to do an excellent job of chairing the Trust. Other trustees in 2013 were John Gallagher, Stephen Knowles, Frank Scrimgeour and myself. As at December 2013 the accumulated funds of the Trust stood at \$264,914, which is prudently invested in term deposits and on call accounts. Disbursements from the Trust in 2013 included the Jan Whitwell prizes for the best student presentations at the conference, scholarships for Conference Assistants, and the Graduate Study awards. Details on how to apply for these awards are available on the website (nzae.org.nz).

Secretary-Manager

We have a contract with Motu for the provision of secretary-manager services, which was renewed for 2014. I would like to thank Lynette Campbell, Grant Coppersmith, and Maxine Watene for the assistance they provide the Association.

Election of Life Member

Alan Bollard was elected Life Member of the Association in 2013. Life Membership is an honour that recognises contributions to the Association. Alan has been a champion of the Association for many years. He served as an NZAE Council member for three years from 1995, including serving as NZAE President in 1997. He has also been an active supporter of Association events

while at Treasury and the Reserve Bank. Particularly noteworthy was his role in Chairing the International Advisory Board for the the 2008 NZAE/ESAM Conference in honour of AW Phillips (<http://www.nzae.org.nz/nzae-news/life-member/alan-bollard-elected-nzae-life-member/>).

Distinguished Fellow Awards

John Riley was made Distinguished Fellow of the Association in 2013, in recognition of his contributions to economics. Details on his achievements and publications are given in his Distinguished Fellow citation, available on the NZAE web site (<http://www.nzae.org.nz/nzae-news/distinguished-fellow/john-riley-awarded-distinguished-fellow-of-nzae/>).

News from the profession

It is with sadness that I note the death of Prof van Moeseke. He will be remembered for his

contributions to the University of Otago and Massey University, and for his economic analysis of the proposed aluminium smelter at Aramoana in the late 1970s and early 1980s.

I also have the great privilege of noting the recognition of Professor Bob Buckle, who was made an Officer of the New Zealand Order of Merit in the 2014 New Year Honours for contributions to business and education. He is a Life Member and former President of the New Zealand Association of Economists.



William Kaye-Blake
NZAE President

Statement of Financial Responsibility

for the year ended 31 December 2013

Governance of Association assets and undertakings is in the hands of an elected Council.

The Council is responsible for ensuring that financial statements of the Association give a true and fair view of the financial position as at 31 December 2013 and its financial performance for the year ended on that date.

Councillors consider that these financial statements have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

Councillors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the association.

The Council is responsible for the control framework overall, but as a risk management strategy relies on a code of ethics observed by executives, external auditors, internal control systems and financial monitoring & reporting.

Council considers that it has taken adequate steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Council has pleasure in presenting these financial statements, set out on pages 8 to 14 for the year ended 31 December 2013.

The Council of the New Zealand Association of Economists Incorporated authorised these financial statements for issue on 17 March 2014.



WH Kaye-Blake
President



JP Gallagher
Treasurer

Statement of financial performance

for the year ended 31 December 2013

	2013	2012
	\$	\$
INCOME		
Members subscriptions	22,427	24,996
Publishing income - NZ Economic Papers (Note 3)	3,324	2,278
Conference Income (Note 4)	129,735	99,281
Interest	3,818	4,104
Sundry income	4,462	87
	<hr/>	<hr/>
TOTAL INCOME	163,766	130,746
EXPENDITURE		
Audit	4,755	5,950
Bank charges	951	790
Conference costs	114,804	82,184
General expenses	84	65
Newsletter costs	6,121	6,958
Officers expenses	21,414	23,015
Printing, postage & stationery	2,428	1,557
Publishing costs - NZEP	7,060	9,757
Subscriptions	236	236
Telecommunication costs	483	625
Travel costs	2,531	2,865
Website costs	1,903	444
	<hr/>	<hr/>
TOTAL EXPENDITURE	162,770	134,447
OPERATING SURPLUS (DEFICIT) BEFORE TAX	<hr/> 996	<hr/> (3,701)
TAX EXPENSE (Note 6)	(2,324)	(1,141)
	<hr/>	<hr/>
NET DEFICIT	<u>(1,328)</u>	<u>(4,842)</u>

The attached Notes to the accounts form part of and should be read in conjunction with the financial statements.

Statement of movements in equity

for the year ended 31 December 2013

	2013	2012
	\$	\$
Equity at start of the year	111,095	115,937
Net deficit for the year	(1,328)	(4,842)
	<u> </u>	<u> </u>
EQUITY AT END OF THE YEAR	<u>109,767</u>	<u>111,095</u>

The attached Notes to the accounts form part of and should be read in conjunction with the financial statements.

Statement of financial position

as at 31 December 2013

	2013	2012
	\$	\$
EQUITY	<u>109,767</u>	<u>111,095</u>
CURRENT ASSETS		
Bank accounts (Note 8)	71,110	59,755
Interest accrued	530	580
Accounts receivable (Note 10)	3,324	4,578
GST Refund	7,858	5,159
Prepayments	1,000	7,706
Investments (Note 9)	<u>40,000</u>	_____
TOTAL CURRENT ASSETS	123,822	77,778
NON CURRENT ASSETS		
Investments	_____	40,000
TOTAL NON CURRENT ASSETS	_____	<u>40,000</u>
TOTAL ASSETS	<u>123,822</u>	<u>117,778</u>
CURRENT LIABILITIES		
Accounts payable (Note 11)	11,731	5,436
Provision for tax (Note 7)	2,324	1,247
TOTAL CURRENT LIABILITIES	<u>14,055</u>	<u>6,683</u>
NET ASSETS	<u>109,767</u>	<u>111,095</u>

President 

Treasurer 

The attached Notes to the accounts form part of and should be read in conjunction with the financial statements.

Notes to the financial statements

for the year ended 31 December 2013

1.0 Statement of accounting policies

Accounting entity

The reporting entity is the New Zealand Association of Economists Inc, a society incorporated under the Incorporated Societies Act 1908. These financial statements report results of activities of the NZ Association of Economists, which aims to promote the economics profession, economics education and research in New Zealand.

Differential reporting

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) complying with New Zealand Financial Reporting Standards as appropriate for differential reporters. Due to its size and lack of public accountability the NZ Association of Economists Inc qualifies for differential reporting and the entity has taken advantage of all reporting exemptions available.

Accounting basis

The measurement base adopted is that of historical cost. Calculations of business income and expenditures have been prepared using accrual accounting.

Income tax

Current liabilities in the statement of financial position include a provision for any liability for tax on income earned from transactions other than Association subscriptions, after taking account of all deductions available.

Accounts receivable

Amounts receivable are stated at estimated net realisable value.

Investments

Investments are shown in the statement of financial position at cost. Income earned and accrued at balance date is included among current assets.

Goods and Services Tax

As the Association is registered for GST, these financial statements have been prepared on a GST exclusive basis.

Revenue

Revenue is recognised in the period to which it relates.

Changes in accounting policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those of the previous years.

Notes to the financial statements

for the year ended 31 December 2013

2.0 Related Party transactions

Four NZAE Councillors are Trustees of the NZAE Education Trust.

One Councillor is the principal of Cronadun Consulting, which was paid \$11,543 (2012- \$11,543) as professional fees for accounting and related administrative services in 2013.

One Councillor and the Secretary are executives of Motu Economic Policy Research Trust which was paid \$11,690 (2012 - \$14,347) as fees for administrative support and secretarial services in 2013.

3.0 Economic papers	2013	2012
Copyright licensing	3,324	2,278
Income allocated from members' subscriptions (Note 5.0)	7,401	8,249
Income from subscribers (Vol.47. Pt.I, II & III)	-	-
	<u>11,573</u>	<u>10,527</u>
Less Expenditure		
Direct publishing costs	<u>(7,060)</u>	<u>(9,757)</u>
Notional surplus on publishing Economic Papers	<u>3,665</u>	<u>770</u>
4.0 Conferences		
Conference income		
Accommodation, Registration and Sponsorships	129,735	99,281
Less Direct conference costs		
Accommodation, hireage, catering and expenses	<u>(114,804)</u>	<u>(82,184)</u>
Surplus for year	<u>14,931</u>	<u>17,097</u>
5.0 Allocation of subscriptions to income		
Gross subscriptions income for the year	22,427	24,996
Less: 1/3 allocation to NZEP (Note 3)	<u>(7,401)</u>	<u>(8,249)</u>
Net after internal allocation	<u>15,026</u>	<u>16,747</u>

Notes to the financial statements

for the year ended 31 December 2013

6.0 Income tax expense	2013	2012
Taxable surplus on annual conference	14,931	17,097
Taxable sales of Economic Papers	<u>3,324</u>	<u>2,278</u>
	18,255	19,375
Less:		
Portion of expenses relating to non members	<u>(13,423)</u>	<u>(14,306)</u>
	4,832	5,069
Add Interest and other income		
less related expenses	<u>4,471</u>	<u>382</u>
	9,303	5,451
Less Exempt income	(1,000)	(1,000)
Donation	-	-
Loss offset brought forward	-	-
	<u>8,303</u>	<u>4,451</u>
Taxable income	8,303	4,451
Tax expense @ 28.0%	(2,324)	(1,246)
Prior Period Provision		105
	<u>(2,324)</u>	<u>(1,141)</u>
Tax expense	<u>(2,324)</u>	<u>(1,141)</u>
 7.0 Provision for tax		
Provisional tax paid	-	-
Provision for tax on operating surplus	(2,324)	(1,246)
	<u>(2,324)</u>	<u>(1,246)</u>
Terminal tax payable	<u>(2,324)</u>	<u>(1,246)</u>
 8.0 Bank accounts		
Bank of New Zealand -		
Cheque account	640	1,896
No 2 account	-	28
No 3 account	21	177
Interest bearing Call accounts	70,450	57,654
	<u>71,111</u>	<u>59,755</u>
 9.0 Investments		
BNZ term deposit 3.75% 24/02/14	<u>40,000</u>	<u>40,000</u>

Notes to the financial statements

for the year ended 31 December 2013

10.0 Receivables	2013	2012
Publishing agreement	3,324	2,278
Accrued interest	530	-
Payment on behalf of Education Trust	-	2,300
	<u>3,854</u>	<u>4,578</u>
	=====	=====
11.0 Payables		
Audit fees	5,000	4,900
Fees & services	2,032	536
NZEP Publishing costs	4,700	
	<u>11,732</u>	<u>5,436</u>
	=====	=====

12.0 Contingent liabilities & commitments

There are no known liabilities as at balance date other than those reported in these statements.
(2012: Nil)

13.0 Post balance date events

No subsequent events have a material effect on these financial statements.

INDEPENDENT AUDITOR'S REPORT
To the Members of the New Zealand Association of Economists Inc.

Report on the Financial Statements

We have audited the financial statements of the New Zealand Association of Economists Inc. (the 'Society') on pages 8 to 14, which comprise the statement of financial position as at 31 December 2013 and the statement of movements in equity, and statement of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Councils' Responsibility for the Financial Statements

The Council are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Basis for Qualified Opinion on Financial Position and Financial Performance

Control over conference income of \$129,735 and workshop income classified with sundry income of \$4,462 prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. Accordingly the completeness of revenue and retained earnings is unable to be determined.

Qualified Opinion on Financial Position and Financial Performance

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph the financial statements on pages 8 to 14:

- Comply with generally accepted accounting practice in New Zealand;
- Present fairly, in all material respects the financial position of the New Zealand Association of Economists as at 31 December 2013 and of its financial performance for the year then ended.

BDO Wellington

BDO Wellington
12 June 2014
Wellington
New Zealand

Notice of Annual General Meeting

The Annual General Meeting of the New Zealand Association of Economists Inc will be held on **Thursday 3rd July 2014** at **1.00 pm** in Room 403, Sir Paul Reeves Building , AUT University, Cnr Mayoral Drive & Governor Fitzroy Place, Auckland.

Agenda

1. Apologies
2. Minutes of the 2013 AGM
3. President's report
4. To receive and adopt the annual report and financial statements of the Association for the year ended 31 December 2013
5. Appointment of auditors
6. Election of Life Members
7. Subscriptions
8. General business

A handwritten signature in black ink, appearing to read 'Maxine Watene', is positioned above the printed name and title.

Maxine Watene
Secretary-Manager

Conference registration is not necessary for an NZAE member to attend the AGM only.

Minutes of Annual General Meeting

held on Thursday 4th June 2013, at the Amora Hotel, Wakefield Street, Wellington, starting at 12:45 pm.

PRESENT

Stephen Knowles (President), Bill Kaye-Blake (Vice President), Mary Hedges (Immediate Past President), Seamus Hogan, John Creedy, Mark Holmes, Arthur Grimes, Gail Pacheco, Norman Gemmell, Anita King, John Gallagher (Treasurer), Grant Coppersmith (Secretary-Manager) and 11 members.

APOLOGIES

Chris Livesey, Julia Crouch, Anthony Byett, John McDermott, Peter Tait

Accepted

MINUTES OF THE 2012 AGM

The minutes were noted as being an accurate record of the meeting held on 28 June 2012.

A Grimes/M Hedges

All in favour

PRESIDENT'S REPORT

Stephen Knowles summarised the President's report. Stephen thanked Bill Kaye-Blake for taking over as Acting President when he had to step down for health reasons for several months. Special mention was made of the NZAE sponsors – Reserve Bank of New Zealand, Statistics New Zealand and Treasury. The passing of Distinguished Fellow Professor Conrad Blyth was noted. Stephen also noted that Mary Hedges finishes her term on the NZAE Council, with her term as Immediate Past President coming to an end, and that during her time as a Council member she had made an excellent contribution – this was received with applause from the meeting.

The President's report was accepted by members.

S Knowles/B Kaye-Blake

All in favour

2013 ANNUAL REPORT AND 2012 FINANCIAL STATEMENTS

John Gallagher, Treasurer, presented the financial report. Note was made of the following:

- Amounts are presented in gross terms
- Whilst there is an overall deficit for the year, there is tax to pay. This arises from the surplus from conference activities which are taxed separately
- The overall financial position is sound

Members thanked John for his work and efforts regarding the Association's finances.

Members received and adopted the 2013 annual report and financial statements of the Association for the year ended 31 December 2012.

J Gallagher/B Kaye-Blake

All in favour

APPOINTMENT OF AUDITOR

Members resolved that the Association retain BDO as auditor.

J Gallagher/M Hedges
All in favour

SUBSCRIPTIONS 2014

Bill Kaye-Blake gave members a background to the proposed 2013/14 subscription rates. He noted that operationally the Association runs at a loss and that there is a dependence on conference surpluses and sponsorship revenue to maintain an overall surplus. The proposed increase in subscription amounts are aimed at reducing this risk:

Full Members – \$150 – reduced to \$120 if paid by 1 March

Students – 50% of the full member subscription

Following a general discussion about the history of subscription, members resolved to adopt the proposed 2014 amounts.

B Kaye-Blake/M Hedges
All in favour

ADDRESS FROM STATISTICS NEW ZEALAND – HAMISH JAMES

Hamish James gave a short presentation to members about the initiatives that have taken place and are also proposed to allow direct access to data held by Statistics New Zealand.

ELECTION COUNCILLORS

Stephen Knowles referred to the Council membership and noted that the nominations received match the positions that require election. As there were no further nominations received at the meeting, members resolved that the persons nominated were elected:

Bill Kaye-Blake – President	Anita King
Seamus Hogan – Vice President	Peter Tait
Arthur Grimes	Norman Gemmell
Anthony Byett	John McDermott
Gail Pacheco	

MEETING CHAIR

As duly elected President, Bill Kaye-Blake assumed the meeting Chair.

ELECTION OF LIFE MEMBERS

Allan Bollard was put forward as a life member of the Association, and Mary Hedges read his citation.

On the recommendation of Council, Allan Bollard was awarded Life Membership of the NZAE.

M Hedges/ D Curtin
All in favour

AMENDMENT TO CONSTITUTION

Stephen Knowles and Mary Hedges gave the background and summarised the reasons for the proposed changes to the constitution. Following a review of the language and references in the current constitution it was felt necessary to amend some sections such as the criteria for Life Membership (to be more focussed on the contribution to the Association). Stephen proposed that all of the amendments as noted in the 2012 Annual Report be considered together in one motion by members.

Members resolved that the proposed amendments to the constitution be adopted. Professor Bob Buckle thanked Stephen and Mary for the work that they had undertaken on behalf of members.

S Knowles/ C Smith
All in favour

GENERAL BUSINESS

- Members passed a motion of thanks to Stephen Knowles for his contribution as President.

B Buckle/G Scobie
Carried with acclamation

- Stephen Knowles noted that a new editor will be required for NZ Economic Papers from 2015. Mark Holmes' term as editor was due to end in December 2013, but Stephen was pleased to report that Mark has agreed to this term being extended for a further year.
- Stephen Knowles asked that members acknowledge the excellent work undertaken by Seamus Hogan and his team regarding the 2013 conference.

Meeting closed at 1.40pm.

Confirmed as a true and correct record of the meeting:



Bill Kaye-Blake, President

Education Trust annual report

for the year ended 31 December 2013

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Directory

as at 31 December 2013

Status	Charitable Trust
Incorporation Date	5th September 1990
Registration No	CC 41.123
IRD No	55-988-277
Trustees	Anthony Byett Chairman PO Box 1673 Taupo 3351 John Gallagher GPO Box 788 Wellington 6140 Bill Kaye-Blake NZIER PO Box 3479, Wellington 6140 Stephen Knowles Otago University PO Box 56, Dunedin 9054 Frank Scrimgeour University of Waikato Private Bag 3105, Hamilton 3240
Address	F/1. 97 Cuba Street PO Box 568 Wellington Tel (04) 939-4250
Bankers	Bank of New Zealand Wellington
Solicitors	Franks & Ogilvie PO Box 10-388 Wellington 6143
Auditors	BDO Wellington PO Box 10-340 Wellington 6143

Chairman's report

Governance

Trustees at balance date were Anthony Byett (Chair), Bill Kaye-Blake, Stephen Knowles, Frank Scrimgeour, and John Gallagher (Secretary/Treasurer). Secretary/Treasurers costs are borne by the Association. During 2013 Trustees met in March and October, with informal emails and phone conversations between meetings.

Since balance date, Frank Scrimgeour has retired from the board. We record our appreciation of Frank's contribution to administrative and strategic affairs of the Association and the Trust, and for his influence on progress and advancements achieved during his twenty year tenure.

Trustees have appointed Leo Krippner to fill the vacancy arising.

Objectives and guidelines

The Trust was established 1990 and the empowering Deed states its mission, in brief, to be "the furtherance of education", "advance the interests of members" and to "encourage overseas speakers to come to New Zealand" for the benefit of economists here. The Deed further states that annual spending should be kept within annual income unless "it is imperative in that year to further the aims of the Trust".

Criteria and guidelines for investment decisions, including restrictions on types and concentrations of investments, have been established. Trustees acted within the objectives and guidelines in 2013 and continue to do so.

General business

Accounts were audited by BDO.

Investment of funds

The Trust earned \$14,100 from investments in 2013, providing a return of 5.39% on the average amount invested.

In the period under review funds were placed with BNZ and ASB, spread across various fixed-rate term deposits or in short-term accounts. Bond/debenture investments are also permitted within the investment guidelines, although none are currently held.

Trustees continue to monitor all investments in a prudent manner.

Distribution of funds

Distribution in 2013 was \$4,600, with all grants made during the NZAE 2013 Conference.

Distributions made by the trust comprised:

- (i) Graduate Study Awards of \$500 were awarded to 3 graduates to assist with presentations at the conference;
- (ii) Conference Assistant Awards (totaling \$1,100) were paid to 6 attendees at the conference;
- (iii) Jan Whitwell prizes of \$1,000 were awarded to Lydia Cheung and Athene Laws;

Trustees continue to look for wider opportunities to make grants that further the aims of the Trust, while a similar level of distributions is already planned for 2014.

My thanks go to my fellow Trustees for their contributions.



Anthony Byett
Chairman

Statement of financial performance

for the year ended 31 December 2013

	2013	2012
	\$	\$
INCOME		
Interest earned	14,100	14,216
Total income	<u>14,100</u>	<u>14,216</u>
EXPENDITURE		
Audit fees	2,000	2,415
Bank fees	40	93
Legal fees	27	51
Operating expenditure	<u>2,067</u>	<u>2,559</u>
Grants for educational purposes		
Graduate Study Awards	1,100	1,200
Presentation & prizes	3,500	5,000
Total grants	<u>4,600</u>	<u>6,200</u>
TOTAL EXPENDITURE	<u>6,667</u>	<u>8,759</u>
TOTAL OPERATING SURPLUS	<u><u>7,433</u></u>	<u><u>5,458</u></u>

Statement of movements in Trustees' capital

for the year ended 31 December 2013

	2013	2012
	\$	\$
Equity at start of the year	257,481	252,025
Net surplus for the year	<u>7,433</u>	<u>5,458</u>
TRUSTEES' ACCUMULATED FUNDS	<u><u>264,914</u></u>	<u><u>257,482</u></u>

The attached Notes to the accounts form part of and should be read in conjunction with the financial statements.

Statement of financial position

as at 31 December 2013

	2013	2012
	\$	\$
TRUSTEES' ACCUMULATED FUNDS		
Brought forward	<u>264,914</u>	<u>257,482</u>
CURRENT ASSETS		
BNZ current account	243	626
BNZ savings Account	31,246	27,128
Interest accrued	2,619	2,494
BNZ short term deposits	47,579	36,773
ASB Bank short term deposits	20,000	15,000
	-----	-----
TOTAL CURRENT ASSETS	101,687	82,021
INVESTMENTS		
BNZ term deposits	130,227	140,227
ASB Bank term deposits	35,000	40,000
	-----	-----
TOTAL INVESTMENTS	165,227	180,227
	-----	-----
TOTAL ASSETS	<u>266,914</u>	<u>262,248</u>
CURRENT LIABILITIES		
Accounts payable and accruals	2,000	4,766
	-----	-----
TOTAL LIABILITIES	2,000	4,766
	-----	-----
EXCESS OF ASSETS OVER LIABILITIES	<u>264,914</u>	<u>257,482</u>

Chairman 

Treasurer 

The attached Notes to the accounts form part of and should be read in conjunction with the financial statements.

Notes to the financial statements

for the year ended 31 December 2013

Note 1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

NZ Association of Economists Inc - Education Trust is constituted by a Deed dated 28th October 2009 and its subsequent amendments.

Trustees of the Education Trust present these financial statements prepared in accordance with the Financial Reporting Act 1993 and New Zealand financial reporting standards of the New Zealand Institute of Chartered Accountants.

Measurement Base

The general accounting policies recognised as appropriate for the measurement and reporting of results and the financial position are used and unless otherwise stated the basis of accounting is historical cost.

Specific Accounting Policies

Specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied as follows:

- a) GST: The Education Trust is not registered for GST.
- b) Income recognition policy: Income is reported on an accrual basis.
- c) The Education Trust has no fixed assets.
- d) Investments are stated at amortised cost less any anticipated impairment.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those of the previous years.

Note 2. DIFFERENTIAL REPORTING

Due to its size and lack of public accountability, NZ Association of Economists -Education Trust qualifies for exemption from Differential Reporting requirements issued by the New Zealand Institute of Chartered Accountants.

Trustees have taken advantage of all allowed reporting exemptions.

Note 3. TAXATION

The Trust is approved for registration with the Charities Commission pursuant to the Charities Act (2005), and accordingly, as a Charitable Trust, has an exemption from Income Tax.

Notes to the financial statements

for the year ended 31 December 2013

Note 4. INVESTMENT PORTFOLIO

	2013	2012
Bank deposits		
ASB Bank 6.75% 19/11/13	-	15,000
ASB Bank 6.25% 8/07/14	20,000	20,000
ASB Bank 5.90% 23/10/14	20,000	20,000
ASB Bank 5.35% 26/11/18	15,000	
BNZ 6.00% 28.07.13	10,000	
BNZ 4.00% 2.04.14	27,579	26,773
BNZ 6.50% 28.07.14	20,000	20,000
BNZ 7.10% 17.03.15	10,000	10,000
BNZ 7.10% 14.04.15	10,000	10,000
BNZ 4.55% 10.10.15	10,227	10,227
BNZ 6.50% 4.11.15	10,000	10,000
BNZ 5.70% 08.04.16	20,000	20,000
BNZ 6.00% 28.07.16	10,000	
BNZ 4.80% 10.09.16	20,000	20,000
BNZ 6.00% 8.04.17	20,000	20,000
BNZ 5.65% 13.07.17	20,000	20,000
PORTFOLIO TOTAL	<u>232,806</u>	<u>232,000</u>

Note 5. RELATED PARTIES

Three trustees are elected current members of the national council of the New Zealand Association of Economists Inc. One trustee is treasurer of the Association. There were no transactions with related parties in the period under review.

Note 6. COMMITMENT & CONTINGENCIES

As at 31 December 2013 there were no known commitments or contingent liabilities. (2011: Nil)

Trustees have decided to sponsor up to eight student registrants for the NZAE June 2014 annual conference, making a maximum liability of \$5,100 if the full qualifying number is nominated by seminar organisers, and all other prizes are awarded.

Note 7. POST BALANCE DATE EVENTS

No subsequent events have a material effect on these financial statements.

INDEPENDENT AUDITOR'S REPORT**To the Trustees of the New Zealand Association of Economists - Education Trust****Report on the Financial Statements**

We have audited the financial statements of New Zealand Association of Economists - Education Trust (the 'Trust') on pages 4 to 7, which comprise the statement of financial position as at 31 December 2013 and the statement of movements in equity, and statement of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trustees, as a body, in accordance with the Trust Deed of New Zealand Association of Economists - Education Trust. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

The Board of Trustees' Responsibility for the Financial Statements

The Trustees' are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the the Trustees' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the financial statements on pages 4 to 7, present fairly, in all material respects, the financial position of New Zealand Association of Economists - Education Trust as at 31 December 2013, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.



BDO Wellington
12 June 2014
50 Customhouse Quay
Wellington
New Zealand

