

New Zealand Association of Economists

Annual Report 2010

Contents

	Page
NZ Association of Economists	
Directory	2
Objectives	3
President's report	4
Statement of financial responsibility	7
Association & consolidated financial statements	8
Auditor's report	15
NZ Association of Economists	
Notice of meeting	17
Minutes of previous AGM	18
NZ Association of Economists – Education Trust	
Directory	2
Chairman's report	3
Financial statements	4
Auditor's report	9

Directory

as at 31 December 2010

Council	Mary Hedges	President
	Stephen Knowles	Vice President
	Stuart Birks	Editor, Asymmetric Information
	Anthony Byett	
	John Gallagher	Treasurer
	Norman Gemmell	
	Mark Holmes	Editor, NZ Economic Papers
	Seamus Hogan	
	Ozer Karagedikli	
	Bill Kaye-Blake	
	Bruce McKeivitt	Secretary/Manager
	Frank Scrimgeour	Past President

Dallas Welch

Date of Incorporation	6 October 1959
IRD Number	16-217-315
Registered Office	F/1. 97 Cuba Street PO Box 568 Wellington 6140
Auditors	Grant Thornton PO Box 10-712 Wellington 6143
Solicitors	Franks & Ogilvie PO Box 10-388 Wellington 6143
Bankers	Bank of New Zealand North End Branch Wellington 6001
Website	www.nzae.org.nz
Email	economists@nzae.govt.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

Assoc Prof John Shearer	1965	Sir Frank Holmes	2004
Julia Crouch	2003	Prof Conrad Blyth	2004
Jack McFaull	2004 d Feb 2010	Dr Roderick Deane	2004
Kerrin Vautier CMG	2004	Prof Peter Phillips	2004
John Pryde	2004 d Mar 2011	Dr Brian Easton	2005
Len Bayliss	2005	Prof Lewis Evans	2005
Brian Silverstone	2007	Prof Gary Hawke	2005
Bob Buckle	2009	Prof John McMillan	2005 d Mar 2007
Grant Scobie	2009	Prof John Gould	2006
AD (Bert) Brownlie	2010	Prof Peter Lloyd	2006
John Yeabsley	2010	Dr Don Brash	2007
		Prof Bruce Ross	2007

Annual Report of the President, 2011



I have pleasure in presenting the 2010 Annual Report for and on behalf of the Council of the New Zealand Association of Economists Inc.

Council

The Council has continued to strive to ensure that the needs of our membership are best met with our resources. The time and effort put in by all Council members is a credit to their commitment to the Association and I would like to take the opportunity to thank them for their efforts and support. A full list of current Council members can be found at: <http://www.nzae.org.nz/about/council-members.html>

Membership

Membership remains strong although there is an element of churning. The churning is largely based around our annual conference and organisational registrations for that conference. The range of activities supported by the Association continues to grow with two more special interest groups being added to the list. This is all positive for the health of the Association and meets the stated aims of:

- promoting collaboration and discussion among professional economists in New Zealand;
- obtaining and disseminating information on research projects in progress or anticipated;
- promoting the profession of economics in New Zealand

Clearly focussing our activities on meeting the aims of the Association is key to ensuring we serve the needs of our members. A full list of the aims and the Association's constitution can be found at: <http://www.nzae.org.nz/about/>

Finance

The financial health of the Association remains strong and we have weathered the global financial crisis well. The consolidated group equity at the end of December 2010 stood at \$338,766.

Last year I mentioned that the income from subscriptions and journal sales is not sufficient to cover our operating costs and that this would need to be addressed. With the publishing contract with Taylor and Francis for the journal it is now much more transparent what the costs are per issue and so we plan to transfer this component of membership directly to the journal. This will also place us in a better position to accommodate the change in

costs as the journal publication frequency increases to four issues per year in 2013. This will have implications for membership fees but also introduces a higher degree of transparency in our annual accounts.

I would like to thank John Gallagher for his work managing changes in and progressing the standard of our records and reporting. His tenure has been notable for the number of recent events in our Association's list of achievements, each of which had major financial implications, and Council has valued his guidance.

Annual Conference 2010

The 2010 Annual Conference was held at The University of Auckland. This was the most successful annual conference ever held outside of Wellington. The venue was excellent as the Business School played host to 220 registered attendees who participated in 36 parallel sessions and 4 keynotes. The keynotes included: Wolfgang Kasper (joint keynote with LEANZ) "What's wrong with Neoclassical Orthodoxy? – An Overdue Methodenstreit, David Hensher "Road pricing and Road Funding", Peter Kennedy "Abusing Econometrics" and Les Oxley "Journal Impact Factor Versus Eigenfactor and Article Influence". It was with shock that we learned of Peter Kennedy's sudden death mere weeks after the conference. I would also like to extend a special thanks to Les for stepping in at the last minute after the scheduled speaker had a family health crisis and was unable to attend.

The annual conference continues to be the flagship event for the community of economists that we represent. However it is still dependent on the support we receive from the Reserve Bank, Statistics New Zealand and Treasury in bringing speakers to New Zealand. It would be very difficult for the Association to offer the range of international speakers at our conferences were it not for their on-going support. The Council wishes to record its appreciation to these organisations for their interest and support.

NZ Economic Papers

Professor Ananish Chaudhuri of the University of Auckland completed his final year as Editor during 2010. His tenure as Editor has seen the move to professional publication through Taylor and Francis that enables electronic availability of the journal and all of the back issues. This dramatically increases the opportunity for citations of the journal. 2010 also saw the move to three issues per year. It is with a great deal of pride that Ananish should look back on his contribution that culminated with the ranking of the journal being increased to a B on the Australian Business Deans Council list. Ananish's outstanding contribution to the development of NZEP was recognised with a special award at the annual conference dinner.

Ananish gave the Council plenty of warning of his impending departure that enabled us to undergo a thorough appointments process for the new editor. We are delighted to welcome Professor Mark Holmes (Waikato University) on board. Ananish and Mark worked together for the final issue of 2010 ensuring a smooth transition. If anyone has ideas for special issues or any other ideas for NZEP please contact Mark at: holmesmj@waikato.ac.nz

Asymmetric Information

Stuart Birks continued to produce the Association's Newsletter, *Asymmetric Information* three times a year. After twelve years at the helm Stuart is keen to relinquish the reins. **AI** is an important part of the communication among members. Recent years have seen an increase in contributions, particularly regular contributions, by members. Please contact the Association or Stuart if you would be keen to take on the role of editor. Stuart is only too happy to help during a transition period. It is worth noting that all back issues of **AI** are available on the Association's website at: <http://www.nzae.org.nz/news/newsletters/>

NZAE Education Trust

Thanks to Anthony Byett who continues as Chairperson to the Trust and for his conscientious efforts. At December 2010 Trust Accumulated Funds stood at \$242,971 which is prudently invested in term deposits and bonds. Through

the time of the financial crisis Anthony and his fellow trustees have done well to avoid any losses, maintain an awards programme and increase Trust capital, so that the Trust is well placed to continue and extend its future delivery of benefits.

Secretary Manager

Bruce McKeivitt, supported by his Motu team, continues to do a professional job of managing the Association's day-to-day communications. The Council is well pleased with Bruce's professionalism and ongoing improvement of our public face.

Distinguished Fellows Award

No Distinguished Fellows were awarded in 2009.

Election of Life Members

Two new Life Members were installed in 2010. John Yeabsley was recognised for his outstanding contribution to the Association over a number of years and in particular for his moving the Association toward a much stronger management model. A.D. (Bert) Brownlie was also recognised for the important part he played in steering NZEP in its early life and his varied and invaluable contributions as mentor, educator, policy advisor and administrator. Both citations are available on the website and highlight their enormous and ongoing contributions to the Association.

<http://www.nzae.org.nz/membership/life-members/index.html>

Finally, John Pryde who was made a Life member in 2004 passed away in March 2011. John had been unable to attend recent Association events due to his health but he kept a keen interest in our activities and our thoughts are with his wife Ngaire, and their family.

Closing Remarks

This AGM is an election year for the Council and office holders. It is also the end of my term as President. I would like to express my thanks to all members of the Council for their support as we have worked toward furthering the aims of the Association. I have thoroughly enjoyed my time in this role and look forward to supporting the incoming Council and office holders. Council represents all sectors that economists work in and the unifying focus for us all is to build a "community of economists". May NZAE continue to be the vehicle to achieve this with your active participation.



Mary Hedges
President

Statement of Financial Responsibility

for the year ended 31 December 2010

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 2010 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 2010.

The Council of the New Zealand Association of Economists Incorporated authorised these financial statements for issue on 24 June 2011.



MR Hedges
President



JP Gallagher
Treasurer

Statement of financial performance

for the year ended 31 December 2010

	Association	Association	Consolidated	Consolidated
	2010	2009	2010	2009
	\$	\$	\$	\$
INCOME				
Members subscriptions	26,324	20,918	26,324	20,918
Deficit - Economic Papers (Note 3)	(2,810)	(3,178)	(2,810)	(3,178)
Surplus on Conference (Note 4)	27,388	31,246	27,388	31,246
Interest	4,114	4,145	16,943	13,593
Sundry income	1,349	1,517	1,349	1,517
Donations & Grants	15,015	-	15,015	-
Distribution from de-recognised subsidiary (Note 12)	-	2,812	-	2,812
TOTAL INCOME	<u>71,380</u>	<u>57,461</u>	<u>84,209</u>	<u>66,909</u>
EXPENDITURE				
Audit	4,750	4,500	7,356	6,581
General expenses	-	25	25	-
Officers expenses	21,893	20,842	21,893	20,842
Postage & Stationery	2,396	3,388	2,396	3,388
Bank charges	1,150	746	1,230	794
Interest paid	-	21	-	21
Newsletter costs	3,364	3,953	3,364	3,953
Subscriptions	229	-	229	-
Telecommunication costs	527	557	527	557
Travel costs	3,858	3,267	3,858	3,267
Website costs	1,125	1,874	1,125	1,874
Donations	40,000	40,000	-	-
Education Grants	-	-	3,733	4,000
Legal Fees	-	-	75	1,159
TOTAL EXPENDITURE	<u>79,292</u>	<u>79,174</u>	<u>45,786</u>	<u>46,462</u>
OPERATING (DEFICIT) SURPLUS BEFORE TAX	<u>(7,912)</u>	<u>(21,714)</u>	<u>38,423</u>	<u>20,447</u>
TAX EXPENSE (Note 6)	-	-	-	-
OPERATING (DEFICIT) SURPLUS AFTER TAX	<u>(7,912)</u>	<u>(21,714)</u>	<u>38,423</u>	<u>20,447</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 2010

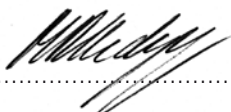
	Association	Association	Consolidated	Consolidated
	2010	2009	2010	2009
	\$	\$	\$	\$
Equity at start of the period	103,708	125,421	300,343	279,897
Net operating (deficit) surplus for the period	(7,912)	(21,714)	38,423	20,447
EQUITY AT END OF THE PERIOD	<u>95,796</u>	<u>103,708</u>	<u>338,766</u>	<u>300,343</u>

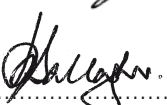
The attached Notes to the accounts form part of and should be read in conjunction with the financial statements.

Statement of financial position

as at 31 December 2010

	Association	Association	Consolidated	Consolidated
	2010	2009	2010	2009
	\$	\$	\$	\$
ACCUMULATED FUNDS	<u>95,796</u>	<u>103,708</u>	<u>338,766</u>	<u>300,343</u>
CURRENT ASSETS				
Bank accounts (Note 8)	76,339	43,993	98,221	86,935
Interest accrued	198	707	1,799	2,417
Accounts receivable (Note 10)	2,615	2,229	3,282	2,229
GST Refund	2,279	12,790	2,279	12,790
Provisional tax paid	289	6,823	289	6,823
Prepayments	-	-	75	-
TOTAL CURRENT ASSETS	<u>81,719</u>	<u>66,542</u>	<u>105,945</u>	<u>111,194</u>
INVESTMENTS				
Term Deposits (Note 9)	40,000	61,462	250,846	185,134
Other investments	-	-	10,000	30,000
TOTAL INVESTMENTS	<u>40,000</u>	<u>61,462</u>	<u>260,846</u>	<u>215,134</u>
TOTAL ASSETS	<u>121,719</u>	<u>128,005</u>	<u>366,791</u>	<u>326,328</u>
LIABILITIES				
Accounts payable	25,611	23,870	27,712	25,559
Income received in advance (Note 5)	313	427	313	427
TOTAL LIABILITIES	<u>25,924</u>	<u>24,297</u>	<u>28,025</u>	<u>25,985</u>
EXCESS OF ASSETS OVER LIABILITIES	<u>95,796</u>	<u>103,708</u>	<u>338,766</u>	<u>300,343</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 2010

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.

The financial statements are consolidated financial statements, comprising the NZ Association of Economists and its affiliated entity, the New Zealand Association of Economists Education Trust.

Differential reporting

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

Councillors have taken advantage of all allowed reporting exemptions.

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 liability for tax on income earned from transactions with non-members of the Association, after taking account of all deductions available.

Accounts receivable

Amounts receivable are stated at estimated net realisable value, exclusive of GST.

Investments

Investments are shown in the statement of financial position at cost.

Income earned and accrued at balance date is included among current assets.

Fixed assets

The Association has no fixed assets.

Goods and Services Tax

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

Changes in accounting policies

These financial statements represent a twelve month period to 31 December 2010 and comparative figures report on a twelve month period to December 2009.

Notes to the financial statements

for the year ended 31 December 2010

2.0 Related Party transactions

Four NZAE Councillors are Trustees of the NZAE Education Trust.
In 2009 and 2010 the Association made a \$40,000 donation to the Trust.

3.0 Economic papers

	Association 2010	Association 2009
Copyright licensing	2,363	2,918
Income allocation from members' subscriptions	12,966	10,302
Income from subscribers (Vol.44. Pt.I, II & III)	<u>862</u>	<u>2,445</u>
	<u>16,191</u>	<u>15,665</u>
Less Expenditure		
Printing and distribution	-	1,472
Publishing costs	<u>19,001</u>	<u>17,371</u>
	<u>19,001</u>	<u>18,843</u>
Deficit on publishing Economic Papers	<u>(2,810)</u>	<u>(3,178)</u>

4.0 Conferences

	2010	2009
Conference income		
Accommodation, Registration and Sponsorships	105,430	134,629
Less Conference costs		
Accommodation, hireage, catering and expenses	<u>78,042</u>	<u>103,383</u>
Surplus for year	<u>27,388</u>	<u>31,246</u>

5.0 Subscription income

	2010	2009
5.1 Subscriptions received in advance		
Apportionment to recognise a change in the subscription period, to match the Association's changed balance date.		
Subscription income received gross	<u>39,603</u>	<u>31,647</u>
Apportionment		
January 2009 - December 2009	-	31,220
January 2010 - December 2010	39,290	427
January 2011 - December 2011	<u>313</u>	<u>-</u>
	<u>39,603</u>	<u>31,647</u>

Notes to the financial statements

for the year ended 31 December 2010

5.2 Subscription income allocation	Association	Association		
	2010	2009		
Gross income for FY 2010, as above	39,290	31,220		
One third apportioned to sale value of NZEP	(12,966)	(10,302)		
	<u>26,324</u>	<u>20,918</u>		
6.0 Income tax expense				
Taxable sales of Economic Papers	3,225	(1,070)		
Taxable surplus on annual conference	<u>7,457</u>	<u>31,246</u>		
	10,682	30,176		
Less:				
Portion of expenses relating directly to non members	<u>(4,084)</u>	<u>-</u>		
	6,598	30,176		
Add Interest and other income less related expenses	<u>4,282</u>	<u>4,145</u>		
	10,880	34,321		
Less Exempt income	(1,000)	(1,000)		
Donation	(9,880)	(40,000)		
Loss offset brought forward	-	(2,658)		
Taxable income from non-members	<u>-</u>	<u>(9,337)</u>		
Tax expense @ 30.0%	<u>-</u>	<u>-</u>		
7.0 Provision for tax	Association	Association	Consolidated	Consolidated
	2010	2009	2010	2009
Provisional tax paid	289	6,823	-	6,823
Provision for tax on operating surplus	-	-	-	-
Terminal tax- Refund - payable	<u>289</u>	<u>6,823</u>	<u>-</u>	<u>6,823</u>
8.0 Bank accounts	Association	Association	Consolidated	Consolidated
	2010	2009	2010	2009
Bank of New Zealand -				
Cheque account	607	960	887	1,983
No 2 account	10	49	10	49
No 3 account	8	88	8	88
Interest bearing Call accounts	75,715	42,895	97,316	84,814
	<u>76,339</u>	<u>43,993</u>	<u>98,221</u>	<u>86,935</u>

Notes to the financial statements

for the year ended 31 December 2010

9.0 Investments	Association 2010	Association 2009	Consolidated 2010	Consolidated 2009
Bank term deposits - NZAE	40,000	61,462	40,000	40,000
Bank term deposits - Education Trust	-	-	210,846	123,573
	<u>40,000</u>	<u>61,462</u>	<u>250,846</u>	<u>163,573</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
10.0 Receivables	Association 2010	Association 2009	Consolidated 2010	Consolidated 2009
Publishing agreement	2,200	2,229	2,200	2,229
Sundry	<u>415</u>	<u>-</u>	<u>1,082</u>	<u>-</u>
Sub-total	2,615	2,229	3,282	2,229
Interest accrued	198	707	1,799	2,417
Total	<u>2,813</u>	<u>2,936</u>	<u>5,081</u>	<u>4,646</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

11.0 Contingent liabilities & commitments

There are no known liabilities as at balance date other than those reported in these statements.

12.0 Liquidation of subsidiary company

Directors put subsidiary company Phillips Symposium Ltd into voluntary liquidation on 28 October 2008 and company affairs were handed over to Liquidators. An estimate of the surplus on liquidation and resulting distribution was made for the 2008 financial statements and included as an Other Receivable. In 2009 a further dividend of \$2,812 was realised and brought into the financial statements in the same way as the Liquidator's capital distribution.



Independent Auditor's Report

Audit

Grant Thornton New Zealand Audit Partnership

L13, AXA Centre
80 The Terrace
PO Box 10712
Wellington 6143

T +64 (0)4 474 8500

F +64 (0)4 474 8509

www.grantthornton.co.nz

To the Members of NZ Association of Economists Incorporated and Group

Report on the Financial Statements

We have audited the financial statements of NZ Association of Economists Incorporated and Group on pages 8 to 14, which comprise the statement of financial position as at 31 December 2010, and the statement of financial performance, statement of changes in equity for the ended 31 December 2010, and a summary of significant accounting policies and other explanatory information.

Councillors' Responsibilities

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

Auditor's Responsibilities

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 judgement, 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 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 NZ Association of Economists Incorporated.

Opinion

In our opinion, the financial statements on pages 8 to 14 present fairly, in all material respects, the financial position of the NZ Association of Economists Incorporated as at 31 December 2010, and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.



Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
24 June 2011

Notice of annual general meeting

The annual general meeting of the New Zealand Association of Economists Inc will be held on Thursday 30 June 2011 at 1.00 pm in Ballroom B of the Amora Hotel, 170 Wakefield Street, Wellington.

Business

1. Apologies
2. Past minutes
3. President's report
4. To receive and adopt the annual report and financial statements of the Association for the year ended 31 December 2010
5. Appointment of Auditors
6. Election of Councillors
7. Election of Life Members
8. Amendment to Constitution (see below)
9. General business



Bruce McKeivitt
Secretary-Manager
21 June 2011

Members are welcome to attend the AGM only, if Conference papers are not of particular interest to you.

Proposed Constitution Change

At the March 2011 meeting of the Council, it was noted that Constitution clause 4(b) states

All members of the Council, except the Secretary-Manager, Treasurer, and Editor, shall be elected at every second Annual General Meeting, and shall continue to hold office until their successors are elected.

Clause 4(a) states that the affairs of the Council shall be managed by a number of office holders including the Immediate Past President. As only one person can be the Immediate Past President and no election is required, the role should be added to the list of exceptions in clause 4(b).

Proposal (Moved Mary Hedges; Seconded Stephen Knowles)

THAT this Annual General Meeting of the New Zealand Association of Economists agree that the first sentence in Clause 4(b) be amended by the inserting of the words Immediate Past President as one of roles which is exempted from the election process. The amended clause shall read-

All members of the Council, except the Immediate Past President, Secretary-Manager, Treasurer, and Editor, shall be elected at every second Annual General Meeting, and shall continue to hold office until their successors are elected.

Minutes of annual general meeting

held on Thursday 1 July 2010 at the Owen Glenn Building, University of Auckland Business School, commencing at 1.00 pm.

PRESENT:

Mary Hedges (President), Stephen Knowles (Vice President), Bruce McKeivitt (Secretary – Manager), John Gallagher (Treasurer) and 22 Members.

APOLOGIES

Dallas Welch
Kaye-Blake/Knowles

CONFIRMATION OF MINUTES

The Minutes of the previous Annual General Meeting, held on 2 July 2009, were circulated to those present and were adopted.

Hedges/Cullen

MATTERS ARISING FROM MINUTES

The treasurer confirmed the Education Trust has been approved for registration as a Charitable Trust by the Charities Commission.

PRESIDENT'S REPORT

Mary Hedges, President, spoke to her annual report, noting the improvements made to the website this year, a good increase in membership, the strong and healthy financial position in both the Association and the Trust, and the development of regional and special interest group meetings.

Mary commended the Treasurer, Secretary and Council for their outstanding work in carrying out council and association affairs this year.

It was resolved that the annual report be adopted.

Hedges/Chaudhuri

ANNUAL FINANCIAL STATEMENTS

The president spoke to the Financial Report. Note was made of the \$40,000 donation to the Trust, which was treated as a deductible expense, in accordance with new income tax legislation.

It was resolved that the accounts for the year ending December 31, 2009 are approved by the membership.

Hogan/Knowles

APPOINTMENT OF AUDITOR

On the recommendation of the Council, it was Resolved that Grant Thornton be reappointed as Auditors.

Gallagher/Yeabsley

ELECTION OF DISTINGUISHED FELLOWS AND LIFE MEMBERS

There were no nominations for Distinguished Fellows.

Two nominees were put forward for Life Membership: John Yeabsley and Bert Brownlie. A brief outline of criteria for Life Membership was presented to the meeting.

On the recommendation of Council Life Memberships were awarded to:

John Yeabsley	Knowles/Scobie
A.D. (Bert) Brownlie	Knowles/Wilkinson

GENERAL BUSINESS

NZ Economic Papers – It was Resolved that a special vote of thanks be accorded to Ananish Chaudhuri for his outstanding work in raising the standard of NZ Economic Papers as a publication, including its reclassification from a C to a B category journal.

Grimes/Knowles and carried by acclamation.

Meeting closed at 2.30pm.

Confirmed as a true and correct record of the meeting:

A handwritten signature in black ink, appearing to read 'Mary Hedges', with a stylized flourish at the end.

Mary Hedges, President

Education Trust annual report

for the year ended 31 December 2010

	PAGE
Directory	2
Chairman's report	3
Statement of financial performance	4
Statement of movements in equity	4
Statement of financial position	5
Notes to the financial statements	6
Auditors' report	8

Directory

as at 31 December 2010

Status	Charitable Trust
Incorporation Date	5th September 1990
Registration No	CC 41.123
IRD No	55-988-277
Trustees	Anthony Byett Chairman FX Matters PO Box 1673 Taupo 3351 John Gallagher GPO Box 788 Wellington 6140 Bill Kaye-Blake NZIER PO Box 3479, Wellington 6140 Frank Scrimgeour University of Waikato Private Bag 3105, Hamilton 3240 Stephen Knowles Otago University PO Box 56, Dunedin 9054
Address	F/1. 97 Cuba Street PO Box 568 Wellington 6140 Tel (04) 939-4250
Bankers	Bank of New Zealand Wellington
Solicitors	Franks & Ogilvie PO Box 10-388 Wellington 6143
Auditors	Grant Thornton PO Box 10-712 Wellington 6143

Chairman's report

Governance

Current trustees are Anthony Byett (Chair), Frank Scrimgeour, Bill Kaye-Blake, Stephen Knowles and John Gallagher (Secretary/Treasurer). Secretary/Treasurers costs are borne by the Association. During 2010 Trustees met in March, July and October, with informal emails and phone conversations between meetings.

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".

Trustees have also established guidelines to investment, including restrictions on types and concentrations of investments.

Trustees acted within the objectives and guidelines in 2010 (and continue to do so).

General business

The Trust was donated \$40,000 by the NZAE Inc during 2010. Accounts continue to be audited by Grant Thornton.

Investment of funds

The Trust earned over \$12,500 from investments in 2010, providing a return of approximately 5.7%. Funds largely sit with BNZ and ASB, spread across various fixed-rate Term Deposits and within short-term accounts. Bond/debenture investments are permitted within the Investment Guidelines to the value of \$10,000 per entity. Only Infratil bonds of principal \$10,000 were still held as at December (and these have since matured).

No defaults were experienced by the Trust during the troubled recent years and the Trustees continue to monitor all investments in a prudent manner.

Distribution of funds

Distribution in 2010 was \$3,733, all grants being made during the NZAE 2010 Conference and the total being slightly below the level granted in 2009 (\$4,000).

The 2010 distributions comprised:

- (i) Graduate Study Awards (totalling \$1000) were awarded to 2 graduates to assist with presentations at NZAE 2010 Conference;
- (ii) Conference Assistant Awards (\$900) were paid to 3 attendees at the NZAE 2010 Conference;
- (iii) the Jan Whitwell prize (\$1,000) was awarded to Penny Mok;
- (iv) a new People's Choice Poster Prize (\$500) was awarded to Hugh McDonald; and
- (v) the Trust contributed (\$333) towards the NZ Capital Markets Prize awarded to Kuntal Kumar Das.

A similar level of distributions is committed for 2011 and the Trustees are still investigating wider opportunities.

My thanks go to my fellow Trustees for their contributions.



Anthony Byett
Chairman

Statement of financial performance

for the year ended 31 December 2010

	2010	2009
	\$	\$
INCOME		
Bank Interest	10,977	6,873
Bond interest	1,613	2,575
Donation	<u>40,000</u>	<u>40,000</u>
Total income	52,590	49,448
EXPENDITURE		
Audit fees	2,606	2,080
Bank fees	80	48
Legal fees	<u>75</u>	<u>1,159</u>
OPERATING EXPENDITURE	2,761	3,287
Grants for educational purposes		
Graduate Study Awards	900	1,500
Presentation & prizes	2,833	2,500
Total grants	<u>3,733</u>	<u>4,000</u>
TOTAL EXPENDITURE	<u>6,494</u>	<u>7,287</u>
TOTAL OPERATING (DEFICIT) SURPLUS	<u>46,096</u>	<u>42,161</u>

Statement of movements in Trustees' capital

for the year ended 31 December 2010

	2010	2009
	\$	\$
Equity at start of the year	196,874	154,713
Net surplus for the year	<u>46,096</u>	<u>42,161</u>
Trustees' Accumulated Funds	<u>242,971</u>	<u>196,874</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 2010

	2010	2009
	\$	\$
TRUSTEES' ACCUMULATED FUNDS		
Brought forward	<u>242,971</u>	<u>196,874</u>
CURRENT ASSETS		
BNZ Cheque Account	281	1,023
BNZ Savings Account	21,601	41,919
Accounts receivable	2,269	1,949
Prepayments	<u>75</u>	<u> </u>
TOTAL CURRENT ASSETS	24,225	44,890
INVESTMENTS		
BNZ short dated deposits	115,846	33,672
ASB Bank term deposits	95,000	90,000
Bond Portfolio (Note 4)	10,000	30,000
	<u> </u>	<u> </u>
TOTAL INVESTMENTS	220,846	153,672
	<u> </u>	<u> </u>
TOTAL ASSETS	245,071	198,562
CURRENT LIABILITIES		
Accounts payable	2,100	1,688
	<u> </u>	<u> </u>
TOTAL LIABILITIES	2,100	1,688
	<u> </u>	<u> </u>
EXCESS OF ASSETS OVER LIABILITIES	<u>242,971</u>	<u>196,874</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 2010

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 the financial reporting standards of the New Zealand Institute of Chartered Accountants.

Separate consolidated group financial statements are also prepared, comprising the NZAE Education Trust and the NZ Association of Economists Inc.

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.

These financial statements report the activities of a twelve month period to 31 December 2010, with comparative figures for the twelve months to 31 December 2009.

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 2010

Note 4. INVESTMENT PORTFOLIO

	2010	
Bank deposits		
ASB Bank 4.90% 23/03/11	20,000	
ASB Bank 5.50% 8/07/12	20,000	
ASB Bank 5.50% 27/07/12	20,000	
ASB Bank 6.75% 19/11/13	15,000	
ASB Bank 6.25% 8/07/14	20,000	
BNZ 5.40% 3.06.11	35,846	
BNZ 5.40% 16.09.11	20,000	
BNZ 6.00% 28.07.13	10,000	
BNZ 6.50% 28.07.14	20,000	
BNZ 7.10% 17.03.15	10,000	
BNZ 7.10% 14.04.15	10,000	
BNZ 6.50% 4.11.15	<u>10,000</u>	
	210,846	
Bonds & Notes		
Infratil bonds (8.25% m 15/5/11)	10,000	
 PORTFOLIO TOTAL	 <u>220,846</u>	
		2009
Bank deposits		
BNZ TD (5.20% m 23/06/10)		33,672
ASB Bank (5.25% TDP m 27/01/10)		30,000
ASB Bank (5.00% TDP m 27/07/10)		30,000
ASB Bank (6.75% TDP m 19/11/10)		15,000
ASB Bank (6.75% TDP m 19/11/13)		<u>15,000</u>
		123,672
Bonds & Notes		
Infratil bonds (8.25% m 15/05/11)		10,000
Hellabys Holdings Cap Notes (8.5% m 15/06/11)		10,000
S.Canty Finance (9.0% m 26/01/10)		<u>10,000</u>
		30,000
 PORTFOLIO TOTAL		 <u>153,672</u>

Note 5. RELATED PARTIES

Four Trustees are elected current members of the national council of the New Zealand Association of Economists Inc. One Trustee is treasurer of the Association.

During the year under review, the Trust received a \$40,000 donation from its affiliate entity, the New Zealand Association of Economists .

Notes to the financial statements

for the year ended 31 December 2010

Note 6. COMMITMENT & CONTINGENCIES

As at 31 December 2010 there were no known commitments or contingent liabilities.

Trustees have offered to sponsor up to eight student registrants for the NZAE June 2011 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.



Independent Auditor's Report

Audit

Grant Thornton New Zealand Audit Partnership

L13, AXA Centre
80 The Terrace
PO Box 10712
Wellington 6143

T +64 (0)4 474 8500

F +64 (0)4 474 8509

www.grantthornton.co.nz

To the Members of NZ Association of Economists Education Trust

Report on the Financial Statements

We have audited the financial statements of NZ Association of Economists Education Trust on pages 4 to 7, which comprise the statement of financial position as at 31 December 2010, the statement of Financial Performance and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibilities

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

Auditor's Responsibilities

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 judgement, 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.

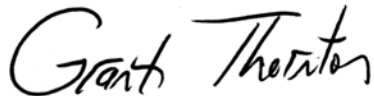
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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 interest in NZ Association of Economists Education Trust.

Opinion

In our opinion, the financial statements on pages 4 to 7 present fairly, in all material respects, the financial position of NZ Association of Economists Education Trust as at 31 December 2010, and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.



Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
24 June 2011

