

New Zealand Association of Economists

Annual Report 2012

Contents

	Page
NZ Association of Economists	
Directory	2
Objectives	3
President's report	4
Statement of financial responsibility	7
Association financial statements	8
Auditor's report	15
NZ Association of Economists	
Notice of meeting	17
Minutes of previous AGM	21
NZ Association of Economists – Education Trust	
Directory	2
Chairman's report	3
Financial statements	4
Auditor's report	8

Directory

as at 31 December 2012

Council	Stephen Knowles	President	
	Bill Kaye-Blake	Vice President	
	Anthony Byett		
	John Creedy	Editor, Asymmetric Information	
	John Gallagher	Treasurer	
	Norman Gemmell		
	Arthur Grimes		
	Mary Hedges	Past President	
	Seamus Hogan		
	Mark Holmes	Editor, NZ Economic Papers	
	Anita King		
	John McDermott		
	Glenda Shaw	Secretary Manager	Retired 14.12.12
Gail Pacheco			
Maxine Watene	Secretary Manager	Appointed 14.12.12	

Date of Incorporation 6 October 1959

IRD Number 16-217-315
Registry Number

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
			Prof Les Young		2012

Annual Report of the President, 2013



I have pleasure in presenting the 2012 Annual Report for and on behalf of the Council of the New Zealand Association of Economists Inc.

Council

I would like to take this opportunity to thank the Council for all the hard work they did during the year to ensure the smooth running of the Association. My fellow Council members are Bill Kaye-Blake (Vice President), Mary Hedges (Immediate Past President), Anthony Byett, John Creedy (Asymmetric Information Editor), John Gallagher (Treasurer), Norman Gemmell, Arthur Grimes, Seamus Hogan, Mark Holmes (NZEP Editor), Anita King, John McDermott and Gail Pacheco. Our Secretary-Manager services are provided by Motu, with Glenda Shaw performing this role for most of 2012 and Maxine Watene taking over late in the year.

Special thanks go to Bill Kaye-Blake for taking over as Acting President for several months when I had to step down from the role for health reasons. I'm told that Bill did an excellent job as Acting President at last year's conference, and I'm extremely grateful that, when I came back to the role, I found Bill had done a superb job of taking care of everything that had needed to be done in my absence.

Annual Conference 2012

The conference continues to be the flagship event for the Association. The Organising Committee, on behalf of Council, aims to deliver a conference that meets the diverse needs of our members from academia and the public and private sectors. The 2012 Annual Conference was held in Palmerston North, as part of our policy of taking the conference outside of the main centres from time to time. We were lucky to have Lutz Killian, Jacques Poot, Stephen Turnovsky and Leslie Young as keynote speakers. This was a smaller conference than normal, with 157 delegates attending. I wasn't able to attend the conference, but have received lots of feedback about the conference, and it was all positive. I would like to thank the Organising Committee of Seamus Hogan (Chair), Stuart Birks, John McDermott and Gail Pacheco for all the hard work that went in to putting on a successful conference.

Membership Numbers

The Association had 237 financial members in 2012, which is significantly lower than in 2011 (373 members). This may well be due to many members only paying their subscription in years when they plan to attend the conference, combined with lower registrations for the Palmerston North conference. There were 29

people who joined the Association for the first time in 2012.

One of the jobs I enjoy as President is signing off on applications for membership. It's always interesting to see the range of backgrounds that our new members come from.

Finance

The Association made a small deficit (\$4,842) on operations in 2012 and as a result of this members' equity of \$111,095 at year-end 2012 was down from the comparable figure of \$115,937 at our prior year-end. There is a further \$257,481 of equity invested in the Education Trust and we consider that overall affairs of the Association and the Trust are in good financial condition. I would like to thank John Gallagher for his work as Treasurer and for his eye for detail.

Sponsors

The Association receives very generous 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

Mark Holmes continues to do an excellent job as editor of New Zealand Economic Papers. Although Mark is ably assisted by a good team of Associate Editors and Editorial Board members, I am aware of what a time consuming job editing NZEP is, and would like to thank Mark for all the time he puts in maintaining the high standards of our journal. Mark's contract as editor was set to expire at the end of 2013, but this has been renewed for one more year. Anyone interested in taking on this role from 2014 is encouraged to speak to Mark or myself about this. A new contract has been signed with Taylor and Francis to continue to publish the journal 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 2012 were John Gallagher, Bill Kaye-Blake, Frank Scrimgeour and myself. As at December 2012 the accumulated funds of the Trust stood at \$257,481, which is prudently invested in term deposits and on call accounts. Disbursements from the Trust in 2012 included the Jan Whitwell prize for the best student presentation at the conference and 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).

Statistics New Zealand

During 2012 Council had some discussions with Statistics New Zealand regarding improving access for researchers to data held by Statistics New Zealand. A representative from Statistics New Zealand will speak about this issue at the AGM.

Secretary Manager

We have a contract with Motu for the provision of secretary-manager services. For most of 2012 Glenda Shaw was Secretary-Manager, ably assisted by Emma Jellicoe. Glenda and Emma both left Motu during 2012, and Council wishes them all the best for the future. Maxine Watene took over as Secretary-Manager late in the year.

Election of Life Member

Frank Scrimgeour was made a Life Member of the Association in 2012. Frank is a former President of the Association and Editor of NZEP.

More details on Frank's contribution to both the economics profession and to NZAE are given in his Life Membership citation, which is available on the NZAE website (<http://www.nzae.org.nz/nzae-news/life-member/frank-scrimgeour-elected-nzae-life-member/>).

Distinguished Fellow Awards

Stephen Turnovsky and Leslie Young were made Distinguished Fellows of the Association in 2012. Both Stephen and Leslie have highly distinguished publication records. More details on their achievements are given in their Distinguished Fellow citations, which are available on the NZAE web site (<http://www.nzae.org.nz/award/distinguished-fellows/>).

Conrad Blyth

It is with sadness that I note the death of Conrad Blyth in July 2012. Conrad was given the award of Distinguished Fellow by the Association in 2004; the first year this award was made. An obituary for Conrad was included in the December 2012 issue of Asymmetric Information (<http://www.nzae.org.nz/nzae-news/december-2012-ai-now-available-online/>).

Closing Remarks

This AGM is an election year for office holders, and marks the end of my term as President. I have very much enjoyed my time as President and would like to thank all Council members for their support over the last two years. The AGM also marks the end of Mary Hedges term as Immediate Past President, and the end of her time on Council. Mary has worked extremely hard for the Association, not just as President, but in several other roles, including chair of the Conference Organising Committee. Mary has also been a very active Immediate Past President, who has been very supportive of me in my role as President. I would like to take this opportunity to thank Mary for all she has done during her term on Council, and to wish her well for the future. I'm sure she will continue to be a very active member of NZAE.



Stephen Knowles
NZAE President

Statement of Financial Responsibility

for the year ended 31 December 2012

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 2012 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 15 for the year ended 31 December 2012.

The Council of the New Zealand Association of Economists Incorporated authorised these financial statements for issue on 20 June 2013.



SM Knowles
President



JP Gallagher
Treasurer

Statement of financial performance

for the year ended 31 December 2012

	2012	2011
	\$	\$
INCOME		
Members subscriptions	24,996	38,409
Publishing income - NZ Economic Papers (Note 3)	2,278	2,996
Conference Income (Note 4)	99,281	148,572
Interest	4,104	4,120
Sundry income	87	153
Donation	-	15
TOTAL INCOME	<u>130,746</u>	<u>194,265</u>
EXPENDITURE		
Audit	5,950	5,775
Bank charges	790	901
Conference costs	82,184	112,437
Donations	-	100
General expenses	65	-
Newsletter costs	6,958	2,580
Officers expenses	23,015	23,757
Printing, Postage & Stationery	1,557	4,641
Publishing costs - NZEP	9,757	14,446
Subscriptions	236	224
Telecommunication costs	625	546
Travel costs	2,865	4,181
Website costs	444	3,062
TOTAL EXPENDITURE	<u>134,447</u>	<u>172,650</u>
OPERATING (DEFICIT)/SURPLUS BEFORE TAX	<u>(3,701)</u>	<u>21,615</u>
TAX EXPENSE (Note 6)	<u>(1,141)</u>	<u>(1,474)</u>
NET (DEFICIT)/SURPLUS	<u><u>(4,842)</u></u>	<u><u>20,141</u></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 2012

	2012	2011
	\$	\$
Equity at start of the year	115,937	95,796
Net (deficit) surplus for the year	(4,842)	20,141
	<u> </u>	<u> </u>
EQUITY AT END OF THE YEAR	<u>111,095</u>	<u>115,937</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 2012

	2012	2011
	\$	\$
EQUITY	<u>111,095</u>	<u>115,937</u>
CURRENT ASSETS		
Bank accounts (Note 8)	59,755	100,092
Interest accrued	580	284
Accounts receivable (Note 10)	4,578	2,318
GST Refund	5,159	3,105
Prepayments	<u>7,706</u>	<u>-</u>
TOTAL CURRENT ASSETS	77,778	105,799
NON CURRENT ASSETS		
Investments (Note 9)	<u>40,000</u>	<u>40,000</u>
TOTAL NON CURRENT ASSETS	40,000	40,000
TOTAL ASSETS	<u>117,778</u>	<u>145,799</u>
CURRENT LIABILITIES		
Accounts payable	5,436	28,677
Provision for tax (Note 7)	<u>1,247</u>	<u>1,185</u>
TOTAL CURRENT LIABILITIES	6,683	29,862
NET ASSETS	<u>111,095</u>	<u>115,937</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 2012

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.

Reporting period

These financial statements report the activities of a twelve month period ending 31 December 2012 with comparative figures for the twelve months to 31 December 2011.

Notes to the financial statements

for the year ended 31 December 2012

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 (2011- \$11,543) as professional fees for accounting and related administrative services in 2012.

One Councillor and the Secretary are executives of Motu Economic Policy Research Trust which was paid \$14,347 (2011 – \$13,440) as fees for administrative support and secretarial services in 2012.

The Association has paid an audit fee on behalf of the Education Trust, which is included with accounts receivable.

3.0 Economic papers	2012	2011
Copyright licensing	2,278	2,708
Income allocated from members' subscriptions (Note 5.0)	8,249	12,675
Income from subscribers (Vol.46. Pt.I, II & III)	-	288
	<u>10,527</u>	<u>15,671</u>
Less Expenditure		
Direct publishing costs	<u>(9,757)</u>	<u>(14,446)</u>
Notional surplus on publishing Economic Papers	<u>770</u>	<u>1,225</u>

4.0 Conferences

Conference income		
Accommodation, Registration and Sponsorships	99,281	148,572
Less Direct conference costs		
Accommodation, hireage, catering and expenses	<u>(82,184)</u>	<u>(112,437)</u>
Surplus for year	<u>17,097</u>	<u>36,135</u>

5.0 Allocation of subscriptions to income

Gross subscription income for the year	24,996	38,409
Less: 1/3 allocation to NZEP (Note 3)	<u>(8,249)</u>	<u>(12,675)</u>
Net after internal allocation	<u>16,747</u>	<u>25,734</u>

Notes to the financial statements

for the year ended 31 December 2012

6.0 Income tax expense	2012	2011
Taxable surplus on annual conference	17,097	36,135
Taxable sales of Economic Papers	<u>(2,278)</u>	<u>2,996</u>
	19,375	39,131
Less:		
Portion of expenses relating to non members	<u>(14,306)</u>	<u>(15,579)</u>
	5,069	23,552
Add Interest and other income less related expenses	<u>382</u>	<u>480</u>
	5,451	24,032
Less Exempt income	(1,000)	(1,000)
Donation	-	(100)
Loss offset brought forward	-	(17,669)
Taxable income	<u>4,451</u>	<u>5,263</u>
Tax expense @ 28.0%	(1,246)	(1,474)
Over provision in prior year	<u>105</u>	<u>-</u>
Tax expense	<u><u>(1,141)</u></u>	<u><u>(1,474)</u></u>
 7.0 Provision for tax		
Provisional tax paid	-	289
Provision for tax on operating surplus	<u>(1,246)</u>	<u>(1,474)</u>
Terminal tax payable	<u><u>(1,246)</u></u>	<u><u>(1,185)</u></u>
 8.0 Bank accounts		
Bank of New Zealand -		
Cheque account	1,896	929
No 2 account	28	28
No 3 account	177	43
Interest bearing Call accounts	57,654	99,092
	<u>59,755</u>	<u>100,092</u>
 9.0 Investments		
BNZ term deposit 4.25% 1/03/13	<u>40,000</u>	<u>40,000</u>

Notes to the financial statements

for the year ended 31 December 2012

10.0 Receivables	2012	2011
Publishing agreement	2,278	2,318
Payment on behalf of Education Trust	2,300	-
	<u>4,578</u>	<u>2,318</u>

11.0 Contingent liabilities & commitments

There are no known liabilities as at balance date other than those reported in these statements.
(2011: Nil)

12.0 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 New Zealand Association of Economists Inc. (the 'Society') on pages 8 to 14, which comprise the statement of financial position as at 31 December 2012 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.

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.

Opinion

In our opinion, the financial statements on pages 8 to 14, present fairly, in all material respects, the financial position of the New Zealand Association of Economists Inc. as at 31 December 2012, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

BDO Wellington
BDO Wellington
20 June 2013
50 Customhouse Quay
Wellington
New Zealand

Annual General Meeting

The Annual General Meeting of the New Zealand Association of Economists Inc will be held on Thursday 4th July 2013 at 12.45 pm in the Ball Room at the Amora Hotel, Wakefield Street, Wellington.

Agenda

1. Apologies
2. Minutes of the 2012 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 2012
5. Appointment of auditors
6. Subscriptions 2014
7. Address from Statistics NZ – Hamish James
8. Election of councillors
9. Election of Life Members
10. Amendment to Constitution (see next page)
11. General business



Maxine Watene
Secretary-Manager

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

Proposal to update the Constitution of the New Zealand Association of Economists

The Council of NZAE have undertaken a review of the constitution, primarily to update some of the wording to remove gender specific language and to ensure that words like “post” or “written” take account of electronic forms of communication, such as email.

While reviewing the constitution, a few other issues have been identified, which we think it would be useful to tidy up. None of the proposed changes represent a change in policy, but instead represent keeping to the spirit of the constitution in a changed environment (e.g. the widespread use of email).

We are also recommending that the sections on Life Membership and Distinguished Fellows be replaced with the wording in the existing policy documents for these two awards (both of which can be found on the NZAE web site), which provide more detail on the criteria for these awards.

The proposed new constitution, with the proposed changes marked, has been distributed to members with our Notice and some copies will be available at the annual meeting.

The existing constitution can also be found on the NZAE web site at:
<http://www.nzae.org.nz/about-nzae/constitution/>

The reason for each proposed change is given in the commentary following.

Commentary on the reasons for each proposed change

1A. DEFINITIONS

This section has been added primarily to define the terms “in writing” and “ballots” to make it clear that this includes electronic forms of communication (such as email). The existing constitution talks about “postal ballots” but only in the context of hard copy ballots being physically posted, which excludes the possibility of email. Given that we are adding a Definitions Section, it seemed sensible to also define “the Association” and “Council”. The term “postal ballot” has been replaced with “ballot” throughout the revised constitution.

3 [c]. The existing clause begins with “Each financial member...” The proposal is to replace the phrase “financial member” with “member” throughout the document, but to be explicit in this sub-clause that to be an active member requires the payment of subscriptions.

3 [d]. The existing wording of 3. [d]. is “Any member may resign from membership by giving the Secretary notice in writing to that effect, but no such resignation shall release the member from any antecedent liability to the Association.” This would seem to suggest that a member is expected to pay subscriptions until they have resigned in writing. Current practice is that a member who fails to pay their annual subscription has effectively resigned, so it seems sensible to change the wording in the constitution to reflect this.

3A LIFE MEMBERS

The current wording in the constitution is

“3A. LIFE MEMBERS:

Any person who has rendered meritorious service to the Association and the economics profession in New Zealand may be elected a life member of the Association in the following manner:

- [a] the person must be nominated by the Council;
- [b] the person must be elected at a general meeting of the Association.”

The proposed new wording is simply the current policy document on Life Membership, which is available on the Associations web site. The policy document does not contradict the existing wording in the constitution, but provides more detail. However, there are two changes being proposed that go beyond providing more detail. The policy document (and existing constitution) make mention not only of meritorious service to the Association, but the economics profession. The proposal is to delete service to the economics profession from both the policy document and revised constitution. The rationale for this is that the development of economics and its application is one of the criteria for the Distinguished Fellow award, which did not exist at the time the Life Membership award was first introduced. The Life Membership Award would then be awarded solely on the basis of service to the Association. The other proposed change to both the policy document and the revised constitution is to publish the citation for Life Members in Asymmetric Information, rather than in NZEP. This change reflects current practice.

3B. DISTINGUISHED FELLOWS

The proposed change is to replace the existing wording with the relevant sections of the policy document on Distinguished Fellows, which is available on the Associations web site. The existing wording in the constitution is

“3B. DISTINGUISHED FELLOWS:

- [a] The Association will maintain a roll of Distinguished Fellows reserved for distinguished New Zealand economists to recognise their contribution to the development of economics (and its application).
- [b] For this purpose, a New Zealander is defined as a person normally resident in New Zealand, or a New Zealand citizen living and working abroad, at the time he or she is awarded the title of Distinguished Fellow.

[c] The Council will publish criteria for the award of the title Distinguished Fellow, and will use those criteria to select one New Zealand economist for this award each year, or up to four New Zealand economists annually for the first three years that awards are made. The Council may choose to make no award in any year.

[d] The President of the Association will announce its award of the title at a suitable occasion and will ensure that the achievements of the recipient are appropriately publicised.”

The policy document (and hence proposed new wording) provides more detail, without changing the spirit of the existing wording. Note that the existing wording mentions making up to four awards in the first three years. As we have moved beyond the first three years of the award, it seems sensible to remove this reference (which is not in the current policy document).

4[b]. The proposed new wording allows Council members to resign. The existing wording would seem to require that Council members stay in post until their successors are elected.

5[a]. In the current version of the constitution, the various subclauses of 5[a] are numbered using Arabic numerals. The proposed change is to number these using lower case Roman numerals, for consistency with the rest of the document.

5 [a][iii]. The proposal is to replace the word “committee” with “Council” for the sake of clarity, as it is Councillors that are being elected.

5 [e] [ii] and [iii]. These have been rewritten to provide more clarity around when different types of voting will be used (voices, show-of-hands and secret ballot) without changing the spirit of what is in the current constitution.

Gender-neutral language

A number of changes are recommended to replace the use of gender-specific language. These are in 5 [e] (i) and (ii). Note that in 5 [e] (iii) “chairperson” replaces “meeting”, not “chairman”.

Balance date

7. [e] The existing wording states that the financial year will end on 30 June, or such other date deemed appropriate by Council. The financial year now ends on 31 December, which is permitted by the Constitution, as this is the date deemed appropriate by Council. However, it seems timely to change the end of the financial year to be 31 December.

8. NOTICES

The recommended wording changes are to acknowledge that much of the communication with members is now electronic. The existing wording is

“8. NOTICES:

A notice may be given by the Association to any member either personally or by sending it by post to him/her at their registered address. Where a notice is sent by post, service shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice. The accidental omission to give notice of a meeting by any member shall not invalidate the proceedings at any meeting of the Council of the Association.”

9. AMENDMENT TO THE CONSTITUTION

The existing wording in the constitution requires that members be given notice of a vote regarding a constitutional change three week prior to the AGM. However, only 10 days notice need be given of the AGM itself. This seems inconsistent. Hence, it is recommended that only 10 days notice need be given of a constitutional amendment.

Minutes of annual general meeting

held on Thursday 28th June 2012, at the Palmerston North Convention Centre, 354 Main Street Palmerston North, starting at 1.00 pm.

PRESENT

Bill Kaye-Blake (Vice President), Mary Hedges (Immediate Past President), Seamus Hogan, Mark Holmes, Arthur Grimes, Gail Pacheco, Anita King, John Gallagher (Treasurer), Emma Jellicoe (Secretary-Manager) and 11 members.

APOLOGIES

Stephen Knowles (President), John Gibson, Grant Silverstone, Iain Rennie, Deryck Shaw, Chris Livesey, Dr Ross Cullen.

MINUTES OF THE 2011 AGM

The minutes were noted as being an accurate record of the meeting with the following change to be made (see appendix ii for amended minutes):

Under nominations for life members and distinguished fellows, strike out "there were no nominations for distinguished fellows".

Grimes/Hedges
All in favour

PRESIDENT'S REPORT

Bill Kaye-Blake summarised the President's report, noting that the Association is in good order, membership levels are good and the Association is continuing to receive new members, it is financially in a good position, last year's conference went well, and publications are going well.

The President's report was accepted by NZAE members.

Kaye-Blake/Hedges
All in favour

ANNUAL FINANCIAL STATEMENTS

The Treasurer presented the financial report and commented on points of significance.

Financial results of Association activities were reported separately from those of the Education Trust as was usual practice, but presentation of consolidated figures had been discontinued. This change was adopted on the advice of BDO the new auditors, and reflected their view of tests applied to establish independence of the two entities.

Income from grants was lower than the prior year because conference sponsorship money had been reported differently. This was done in order to reflect sponsors' preference for their support to be linked to the conference project rather than applied to overall operating budgets.

Although there was a loss on overall operations for the year, our Palmerston North conference was still profitable. Business and investment income is taxable and application of this rule resulted in a liability arising from the conference success.

Bill Kaye-Blake commended Anthony Byett and John Gallagher for their work done to ensure that costs were properly apportioned between the association's membership services and business activities, and that the resulting tax calculations complied with guidance.

A member asked whether the treasurer had submitted an application to register the association as a charitable trust. Councillors had drawn on experience gained by taking the Education Trust through the registration

process which lead them to think that the association might not meet a public benefit test, although it was doing good work for the economic community in general.

A member asked if the difference in conference registration fees charged to non members (\$120) was treated as membership or conference income. The treasurer confirmed it was recognised as conference income.

Members received and adopted the annual financial statements of the association for the year ended 31 December 2011.

Gallagher/Scrimgeour
All in favour

APPOINTMENT OF AUDITOR

Noted that BDO had been newly appointed as auditors at the 2011 AGM after a decision to rotate the appointment on a periodic basis. Members resolved to reappoint BDO as auditors.

Gallagher/Grimes
All in favour

ELECTION OF LIFE MEMBERS

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

On the recommendation of Council, Frank Scrimgeour was awarded Life Membership of the NZAE.

Hedges/ Sriramaratnam
All in favour

AMENDMENT TO CONSTITUTION

Members voted that the editor of *Asymmetric Information* becomes an ex-officio member of Council, and that items 4a, 4b, and 4e of the constitution should be changed to reflect this. See the Appendix for details of the changes.

Kaye-Blake/Hedges
All in favour

SUBSCRIPTIONS 2013

Members voted for the proposed change to membership fees as follows: the full membership fee remains at \$120 for those invoices paid before 31st March, for those paid after 31st March it will be \$130. It was noted that the pricing for conference registration should reflect this, so that the differential between Member and Non-Member registration should be \$120 before 31st March and \$130 afterward.

GENERAL BUSINESS

Members passed on their best wishes to Stephen Knowles for his upcoming surgery.

Grimes/Hogan
All in favour

Meeting closed at 1.42pm.

Confirmed as a true and correct record of the meeting:



W H Kaye-Blake, Vice-President

Appendix

Change to the NZAE Constitution

(Moved by Stephen Knowles, seconded by Mary Hedges)

The proposed change is to include the editor of Asymmetric Information as an ex-officio member of Council.

The current wording in the constitution is

“4. COUNCIL:

- (a) The affairs of the Association shall be managed by the Council consisting of a President, Vice President, Immediate Past President, Secretary-Manager, Treasurer, the Editor of the New Zealand Economic Papers, and not more than seven other members of the Association.”

The **proposed new wording** (with the changes in italics) is

“4. COUNCIL:

- (a) The affairs of the Association shall be managed by the Council consisting of a President, Vice President, Immediate Past President, Secretary-Manager, Treasurer, the Editor of the New Zealand Economic Papers, the *Editor of Asymmetric Information*, and not more than seven other members of the Association.”

This change will also require that section 4(b) of the constitution be amended. The current wording is

- “(b) 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. The President shall not hold office for two consecutive terms. The Editor of the New Zealand Economic Papers, Treasurer and Secretary-Manager shall be appointed by the Council and hold office on such terms and conditions as the Council may determine from time to time.”

The **proposed new wording** (with the changes in italics) is

- “(b) All members of the Council, except the Immediate Past President, Secretary-Manager, Treasurer, and Editors of *New Zealand Economic Papers and Asymmetric Information*, shall be elected at every second Annual General Meeting, and shall continue to hold office until their successors are elected. The President shall not hold office for two consecutive terms. The Editors of the New Zealand Economic Papers and *Asymmetric Information*, Treasurer and Secretary-Manager shall be appointed by the Council and hold office on such terms and conditions as the Council may determine from time to time.”

As part of the amendment, it is also proposed that the wording of section 4(e) of the constitution, which relates to the quorum, be amended. The current wording is

- “(e) A quorum of the Council shall consist of five of its members.”

Prior to adding the Editor of Asymmetric Information to Council, there are four unelected members of Council (Immediate Past President, Secretary-Manager, Treasurer and Editor of NZEP). Hence, having a quorum of five members of Council requires that one elected member also be present. The status quo, of requiring one elected member to be present, is preserved if the wording is amended as suggested below.

The proposed new wording (with the changes in italics) is

- “(e) A quorum of the Council shall consist of five of its members, *of whom at least one must be an elected member.*”

This proposal was discussed at the April 2012 meeting of the NZAE Council and it was unanimously agreed to bring the proposal forward to the AGM. The proposal is being formally moved by Stephen Knowles and seconded by Mary Hedges.

Education Trust annual report

for the year ended 31 December 2012

	PAGE
Directory	2
Trustees' 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 2012

Status	Privately held 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 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 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

Current trustees are Anthony Byett (Chair), Bill Kaye-Blake, Stephen Knowles, Frank Scrimgeour, and John Gallagher (Secretary/Treasurer). Secretary/Treasurers costs are borne by the Association. During 2012 Trustees met in March 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 2012 (and continue to do so).

General business

Accounts were audited by BDO, following Trustees' adoption of a policy of auditor rotation.

Investment of funds

The Trust earned \$14,216 from investments in 2012, providing a return of 5.6%.

In the period under review funds were placed with BNZ and ASB, spread across various fixed-rate Term Deposits and within short-term accounts. Bond/debenture investments are also permitted within the Investment Guidelines to the value of \$10,000 per entity, but no bonds are currently held.

The Trust achieved another year free of any investment defaults and Trustees continue to monitor the portfolio in a prudent manner.

Distribution of funds

Distributions in 2012 were \$6,200, compared to \$3,800 the previous year with all grants being made during the NZAE 2012 Conference. The 2012 distributions comprised:

- (i) Graduate Study Awards (totaling \$1,000) were awarded to 2 graduates to assist with presentations at the conference;
- (ii) Conference Assistant Awards (\$1,200) were paid to 6 attendees at the conference;
- (iii) two Jan Whitwell prizes (\$2,000) were awarded, to Katy Bergstrom and Katya Sadetskaya;
- (iv) an Economic Policy Prize (\$2,000) was awarded to Andrew Coleman.

A similar level of distributions is committed for 2013 and Trustees are investigating wider opportunities to make grants that further the aims of the Trust.

My thanks go to my fellow Trustees for their contributions.



Anthony Byett
Chairman

Statement of financial performance

for the year ended 31 December 2012

	2012	2011
	\$	\$
INCOME		
Bank Interest	14,216	13,103
Bond interest	-	405
Donation	-	2,000
	<hr/>	<hr/>
TOTAL INCOME	14,216	15,507
EXPENDITURE		
Audit fees	2,415	2,500
Bank fees	93	80
Legal fees	51	75
	<hr/>	<hr/>
Operating expenditure	2,559	2,655
Grants for educational purposes		
Graduate Study Awards	1,200	1,100
Presentation & prizes	5,000	2,700
	<hr/>	<hr/>
Total grants paid	6,200	3,800
	<hr/>	<hr/>
TOTAL EXPENDITURE	8,759	6,455
	<hr/>	<hr/>
TOTAL OPERATING SURPLUS	<u>5,458</u>	<u>9,052</u>

Statement of movements in Trustees' capital

for the year ended 31 December 2012

	2012	2011
	\$	\$
Equity at start of the year	252,024	242,971
Net surplus for the year	5,458	9,052
	<hr/>	<hr/>
Trustees' Accumulated Funds	<u>257,481</u>	<u>252,024</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 2012

	Note	2012 \$	2011 \$
TRUSTEES' ACCUMULATED FUNDS		<u>257,481</u>	<u>252,024</u>
CURRENT ASSETS			
BNZ Cheque Account		626	210
BNZ Savings Account		27,127	13,728
Interest accrued		2,494	2,205
ASB Bank Short dated Deposits	4	15,000	40,000
BNZ Short dated Deposits	4	36,773	57,257
		-----	-----
TOTAL CURRENT ASSETS		82,020	113,400
NON-CURRENT ASSETS			
ASB Bank term deposits	4	40,000	55,000
BNZ term deposits	4	140,227	85,923
		-----	-----
TOTAL NON CURRENT ASSETS		180,227	140,923
		-----	-----
TOTAL ASSETS		262,247	254,323
CURRENT LIABILITIES			
Accounts payable and accruals		4,766	2,300
		-----	-----
TOTAL CURRENT LIABILITIES		4,766	2,300
		-----	-----
NET ASSETS		<u>257,481</u>	<u>252,023</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 2012

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 New Zealand Generally Accepted Accounting Practice (NZ GAAP), complying with New Zealand Financial Reporting Standards.

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 2012, with comparative figures for the twelve months to 31 December 2011.

Note 2. DIFFERENTIAL REPORTING

Due to its size and lack of public accountability, NZ Association of Economists -Education Trust qualifies for Differential Reporting concessions and the 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 2012

Note 4. BANK DEPOSITS

	2012	2011
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	15,000
ASB Bank 6.25% 8/07/14	20,000	20,000
ASB Bank 5.90% 23/10/14	20,000	20,000
BNZ 4.45% 14.03.12		20,000
BNZ 4.43% 8.04.12		37,257
BNZ 4.00 % 1.07.13	26,773	25,923
BNZ 6.00% 28.07.13	10,000	10,000
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	
BNZ 6.50% 4.11.15	10,000	10,000
BNZ 5.70% 08.04.16	20,000	
BNZ 4.80% 10.09.16	20,000	
BNZ 6.00% 8.04.17	20,000	
BNZ 5.65% 13.07.17	20,000	
PORTFOLIO TOTAL	<u>232,000</u>	<u>238,180</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 NZAE and has provided accounting services to the Association and the Trust.

NZAE has paid an audit fee on behalf of the Trust and accordingly is shown with accounts payable in these financial statements. There were no other transactions with related parties in the period under review.

Note 6. COMMITMENT & CONTINGENCIES

As at 31 December 2012 there were no known commitments or contingent liabilities. (2011: Nil)

Trustees have decided to sponsor up to eight student registrants for the NZAE June 2013 annual conference, making a maximum liability of \$6,700 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 2012 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 2012, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.



BDO Wellington
20 June 2013
50 Customhouse Quay
Wellington
New Zealand

