

ANNUAL REPORT 2017

Chair in Public Finance

VICTORIA BUSINESS SCHOOL
ORAUARIKI

```
selection at the end, add back the deselected mirror mo
mirror_ob.select= 1
modifier_ob.select=1
bpy.context.scene.objects.active = modifier_ob
print "Selected" + str(modifier_ob) # modifier ob is the ac
mirror_ob.select = 0
#one = bpy.context.selected_objects[0]
#two = bpy.context.selected_objects[1]
except:
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"please select exactly two ob

--- PUBLISHER CLASSES

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class MirrorX(bpy.types.Operator):
    """This adds an X mirror to the selected object"""
    bl_idname = "object.mirror_mirror_x"
    bl_label = "Mirror X"

    @classmethod
    def poll(cls, context):
        return context.active_object
```



Introduction



HIGHLIGHTS OF 2017

A key output for almost all academics, not just the Chair in Public Finance, is their publications! However, for VBS's partnership chairs an additional on-going focus is ensuring the continued funding of our work. A highlight for the CPF in 2017 therefore was the start of a new five-year term of sponsorship and support from the New Zealand Treasury and Inland Revenue, departments, with the Ministry of Education joining the sponsorship group and a further two years support from the New Zealand Productivity Commission (NZPC). I am grateful to all four organisations, not only for their financial support which provides stability, and viability, to CPF research and engagement plans, but also because of the supportive contributions by their senior representatives on my advisory board in 2017.

A major focus throughout this year has been establishing our new project (in conjunction with the Treasury and Inland Revenue) to build models of income taxation for New Zealand that capture behavioural responses by taxpayers when personal taxes and transfers change. This is supported financially and practically by the Ministry of Business, Innovation and Employment (MBIE). The early phases of the project in 2017 saw the first workable prototype tax-transfer microsimulation models developed and tested, and agreements reached with collaborators in Australia and Europe to benchmark the New Zealand models against those developed overseas.

In 2016 the Treasury published the latest version of its Long-Term Fiscal Statement (LTFS) – a forty year projection of the government's future fiscal position. This Statement became the subject of a review by the Office of the Auditor-General in 2017 and it was a privilege to be invited to join the review team as they assessed the merits of the Statement.

The OAG's [report](#), published in June, provided a thought-provoking commentary on the LTFS and offered some new insightful advice for future Statements. In a subsequent roundtable on the topic of fiscal sustainability, organized by the CPF in December, it was clear that there is considerable scope for further collaborative work as Treasury prepare their next LTFS due by 2020.

This year it has been especially pleasing to see the number of public finance researchers expand in New Zealand, which made viable the first 'public finance research day' workshop organised by the CPF in Wellington in November. In addition to Dr Peer Skov's confirmed appointment at Auckland University of Technology this year, a new public finance research fellow, Dr Nazila Alinaghi, joined the CPF team in October for two years, and Dr Ana Cabral joined Inland Revenue's tax policy team temporarily from the Tax Administration Research Centre at the University of Exeter, UK. Though Ana has now left to take up a position at the OECD in Paris, she made several highly valued contributions to New Zealand tax research while she was here, including innovative research on tax compliance by the self-employed.

Finally, the election of a new government in September had an immediate fiscal impact – the announcement of a new Tax Working Group (TWG) in December to evaluate New Zealand's tax system (or parts of it, at least) over the next year. Despite its rather odd membership and more overtly political remit, it will be interesting to see in 2018 whether it comes up with recommendations for tax changes as major as those that came from the 2009-10 VUW Tax Working Group, and which heavily influenced the subsequent 2010 Budget tax reforms.



PLANS FOR 2018

A number of initiatives are already being planned for 2018. These include:

- monitoring the work and output of the new government's TWG to assess how far their agendas are driven by evidence and rational policy analysis
- a 2-day project workshop on international tax modelling and benchmarking in March, including several collaborators from overseas
- continuing work with the NZPC, to prepare two extensive 2016 working papers on school and tertiary productivity into publishable forms, and build the next phase of research into public health sector productivity
- planning and delivering 1-2 New Zealand public finance research days in 2018, to be joined by Australian colleagues
- further modelling of taxpayer compliance with Dr Ana Cabral (OECD), Dr Marisa Ratto (University of Paris, Dauphine) and Inland Revenue colleagues.

More generally, with the new Labour-led government taking a more pro-active stance on policies to deal with perceived inequalities and reduce poverty, 2018 is likely to be a busy year for tax and social welfare policy proposals. These will no doubt provide opportunities both for independent assessments and new research. It is already clear that the new TWG's remit will require it to take a very careful look at the fairness of the current tax system. Of course, notions of fairness are highly subjective. So, let's hope that the group's approach is nevertheless to gather and assess as much objective evidence as possible, and recognise that there is no *single* fairness metric or outcome by which to evaluate the distributive justice of the tax system.

Norman Gemmell
Chair in Public Finance

Aims and objectives

The CPF was established in 2011 at Victoria University of Wellington with sponsorship for five years from four external sponsors. The beginning of 2017 saw a new five year term of sponsorship with the New Zealand Treasury, Inland Revenue department, Ministry of Education and the Productivity Commission joining the University in supporting the Chair.

The Chair is located in Victoria Business School within the School of Accounting and Commercial Law and reports to an advisory board. The Chair aims to build up expertise in the area of public finance and to promote research, debate, policy analysis and advice on public finance matters. Specifically the Chair's objectives are:

- to advance rigorous, respected, public finance research in New Zealand
- to improve the quality of public finance analysis and discussion among key stakeholders in New Zealand
- to develop public finance research and teaching capabilities in New Zealand
- to research these topics, focusing on broad conceptual, empirical and policy issues and on specific applications to New Zealand public finance and social welfare policy debates
- to strengthen collaboration between the University and the public and private sectors on public finance issues.

Advisory board

The CPF is supported by an advisory board that includes senior representatives from the University and partner and sponsoring organisations. The role of the board is to advise and support:

- the research work programme of the CPF
- links with key stakeholders
- policy and public engagement initiatives
- the financial underpinning of the Chair.

The Chair reports regularly to the advisory board on the research, public and executive education and other matters relevant to its work programme.

Reflecting the changes in sponsorship of the CPF in 2017, the board consisted of the following members:

- **Mr Gerald Minnée**
Ministry of Business Innovation and Employment (Advisory Board Chair)
- **Dr Matt Bengé**
Chief Economist, Inland Revenue
- **Mr Paul Conway**
Director, Economics and Research,
New Zealand Productivity Commission
- **Mr Tim Ng**
Chief Economic Adviser, Treasury
- **Dr Philip Stevens**
Group Manager Analysis and Research, Ministry of Education
- **Professor Bob Buckle (to June); Professor Ian Williamson (from July)**
Pro-Vice-Chancellor and Dean, Victoria Business School
- **Professor Ian Eggleton**
Head of the School of Accounting and Commercial Law
- **Professor Girol Karacaoglu**
Head of the School of Government
- **Associate Professor Jack Robles**
Head of the School of Economics and Finance

Research

RESEARCH HIGHLIGHTS 2016-17

The Impact of Taxes and Public Spending on Long-run OECD Growth

Researchers Norman Gemmell, Richard Kneller, Danny McGowan, Ismael Sanz and José Sanz-Sanz

This research project was completed in 2017 with the publication of research on the links between public spending and economic growth and the analysis of firm-level data on the effect of corporate tax rates on growth rates in various OECD countries, including a case study of Germany.

Published papers Gemmell, N., Kneller, R., McGowan, D., Sanz, I. and Sanz-Sanz, J. (2017). Corporate taxation and productivity catch-up: Evidence from European firms. *Scandinavian Journal of Economics*. Forthcoming. Published online at DOI: 10.1111/sjoe.12212.
Gemmell, N., Kneller, R. and Sanz, I. (2016). Does the composition of government expenditure matter for long-run GDP levels? *Oxford Bulletin of Economics & Statistics*, 78, 4, 522–547.

Estimating the Elasticity of Taxable Income (ETI) in New Zealand

Researchers John Creedy, Norman Gemmell and Josh Teng

This project investigates two aspects of the ETI concept: the impact of different econometric approaches on estimates of the elasticity of taxable income, based on the New Zealand 2001 reform; and analysis of the 2010 tax reforms that reduced all marginal income tax rates and simultaneously raised the rate of GST.

Published papers Creedy, J. and Gemmell, N. (2017). 'Income effects and The elasticity of taxable income'. *New Zealand Economic Papers*, Published on-line Feb. 2017 DOI: 10.1080/00779954.2017.1293140.
Creedy, J. and Gemmell, N. (2016). Measuring revenue-maximising elasticities of taxable income: Evidence for the US income tax. *Public Finance Review*, published online at DOI: 10.1177 /1091142115589970.

The Size and Scope of the Public Sector in New Zealand

Researchers Norman Gemmell, Derek Gill and Loc Nguyen

This project began by documenting the changing size and scope of the public sector in New Zealand since the early twentieth century, using a variety of metrics or 'lenses' by which to assess government size. Taking the ratio of public expenditure to GDP since the early 1970s as one relative size metric, the project examines how far short- and long-term changes in size can be explained by existing theories of public expenditure applied to New Zealand. The work was undertaken in conjunction with NZIER and contributed to their public data project at www.data1850.com

Published papers Gemmell, N. (2017) Reforms to New Zealand superannuation eligibility: are they a good idea? *Policy Quarterly*, 13, 2, 35-39.
Gemmell, N., Gill, D. (2016) The myth of the shrinking state? What does the data show about the size of the state in New Zealand', *Policy Quarterly*, 12, 3, 3-10.

Working papers Gemmell, N., Gill, D. and Nguyen, L. (2016) Explaining the size of the state in New Zealand, 1972–2014. *Working Papers in Public Finance*, 10/2016, Victoria Business School, Victoria University of Wellington.
Gemmell, N., Gill, D. and Nguyen, L. (2016) The changing size of the state in New Zealand, 1900-2015. *Working Papers in Public Finance*, 04/2016, Victoria Business School, Victoria University of Wellington.

Income Inequality, Income Mobility and Taxation in New Zealand

Researchers Christopher Ball, John Creedy, Norman Gemmell and Loc Nguyen

This project aims to examine the extent of income inequality and income mobility among New Zealand taxpayers using new datasets and mobility measures. Research is being conducted on various datasets, including Statistics New Zealand and Inland Revenue data on taxpayer incomes back to the 1930s, and longitudinal Inland Revenue data on income mobility from the 1990s. New measures of income mobility have been developed and tested on longitudinal New Zealand income data, and the robustness of constructing 'pseudo-panel' data from repeated cross-sections is being investigated.

Published papers Creedy, J., Gemmell, N. and Nguyen, L. Income inequality in New Zealand 1935-2014. *Australian Economic Review*, forthcoming.
Aziz, O., Gemmell, N., and Laws, A. (2016) Income and fiscal incidence by age and gender: some evidence from New Zealand. *Review of Income and Wealth*, 62, 3, 534-558.

Working papers Ball, C. (2016) Estimating income dynamics from cross-sectional data using matching techniques. *Working Papers in Public Finance*, 06/2016, Victoria Business School, Victoria University of Wellington.
Creedy, J. and Gemmell, N. (2016) Types of income mobility: insights from TIM curves. *Working Papers in Public Finance*, 05/2016, Victoria Business School, Victoria University of Wellington.

Local Taxes and Auckland Agglomeration

Researchers Norman Gemmell, Arthur Grimes and Mark Skidmore

In 2010, the Auckland super city was formed through the amalgamation of seven local authorities, consisting of around 200 suburban entities and towns. The amalgamation resulted in communities using capital values as the basis for local taxation (rates), whereas some communities had previously used land values. The new city also transitioned to a single system of 'development contributions' paid by developers. This project examines how far the changes in the Auckland property tax regime affected the location and intensity of building development.

This research was undertaken with the support of Lincoln Institute of Land Policy, Cambridge, Massachusetts, USA, and Motu Economic and Public Policy Research, Wellington, New Zealand.

Published paper Gemmell, N., Grimes, A. and Skidmore, M. Do local property taxes affect new building development? Results from a quasi-natural experiment in New Zealand. *Journal of Real Estate Finance & Economics*. Forthcoming.

Public Service Productivity

Researchers Norman Gemmell, Patrick Nolan and Grant Scobie

This project reviews current evidence on public sector productivity in New Zealand at both the aggregate level and for key sectors, drawing on international literature on concepts, measurement and evidence. It aims to develop a principled framework for the analysis of public sector productivity with a focus on the micro level. This micro focus began in 2015–16 with public education. Specifically, the project reviewed existing evidence on productivity in the New Zealand education sector and assessed new approaches to adjusting for quality in measuring education sector productivity in New Zealand. In 2016–17, the project examines similar issues for public sector health services.

Working papers Gemmell, N., Nolan, P. and Scobie, G.S. (2017) Estimating Quality-Adjusted Productivity in Tertiary Education: Methods and Evidence for New Zealand. *Working Papers in Public Finance*, 17/2017, Victoria Business School, Victoria University of Wellington.

Gemmell, N., Nolan, P. and Scobie, G.S. (2017) *Public sector productivity. Quality adjusting sector-level data on New Zealand schools*, New Zealand Productivity Commission research paper 2017/2.

Tax Compliance, Penalties and Enforcement

Researchers Ana Cabral, Norman Gemmell and Marisa Ratto

Standard models of tax evasion predict effects on compliance that are dependent on the probability of detection, the tax rate and the penalty for evasion. While compliance effects of the first two have been extensively debated and tested, the effect of penalties has rarely been tested directly. This project develops models of late payment non-compliance and tests for the effects of both actual and perceived penalty rates on late payment compliance, based on an experiment involving a sample of New Zealand GST payers. Subsequent research is examining non-compliance by the self-employed.

Working papers Gemmell, N. and Ratto, M (2017) The effects of penalty information on tax compliance. Evidence from a New Zealand field experiment. *Working Papers in Public Finance*, 03/2017. Victoria Business School, Victoria University of Wellington.

Gemmell, N (2016) An Allingham-Sandmo Tax Compliance Model with Imperfect Enforcement. *Working Papers in Public Finance*, 09/2016. Victoria Business School, Victoria University of Wellington.

Modelling and Benchmarking Personal Income Taxes and Transfers in New Zealand

Researchers John Creedy, Norman Gemmell and Penny Mok

This project began in mid-2016 and is developing two new behavioural income tax-transfer models for New Zealand: a tax-transfer microsimulation model and econometric models of taxable income elasticities. These will be benchmarked internationally by comparing them with similar models for Australia and a number of European countries. The project aims to improve the evidence base for tax policy advice in practice, and is being conducted in collaboration with modellers at the Treasury and Inland Revenue. It is also supported by a three-year 'smart ideas' grant from MBIE.

Published paper Creedy, J and Mok, P (2017): The marginal welfare cost of personal income taxation in New Zealand, *New Zealand Economic Papers*, Published online at DOI: 10.1080/00779954.2017.1363274

Working paper Creedy, J. and Mok, P. (2017) Labour supply elasticities in New Zealand. *Working Papers in Public Finance*, 10/2017. Victoria Business School, Victoria University of Wellington.

Publications 2016–2017

JOURNAL ARTICLES, BOOKS AND BOOK CHAPTERS

- Gemmell, N., Grimes, A. and Skidmore, M (forthcoming 2018) Do local property taxes affect new building development? Results from a quasi-natural experiment in New Zealand'. *Journal of Real Estate Finance and Economics*.
- Creedy, J. Gemmell, N. and Nguyen, L (forthcoming, 2018) Income Inequality in New Zealand, 1935-2014. *Australian Economic Review*.
- Gemmell, N (2017) Reforms to New Zealand superannuation eligibility: are they a good idea? *Policy Quarterly*, 13, 2, 35-39.
- Creedy, J. and Gemmell, N (2017) Effective tax rates and the user cost of capital when interest rates are low. *Economics Letters*, 156, 82-87.
- Creedy, J and Gemmell, N (2017) Income effects and the elasticity of taxable income. *New Zealand Economic Papers*, Published on-line DOI: 10.1080/00779954.2017.1293140.
- Creedy, J. and Gemmell, N. (2016). Taxation and the user cost of capital. *Journal of Economic Surveys*. Published online at DOI: 10.1111/joes.12137.
- Creedy, J. and Gemmell, N. (2016). Measuring revenue-maximising elasticities of taxable income: Evidence for the US income tax. *Public Finance Review*. Published online at DOI: 10.1177 /1091142115589970.
- Gemmell, N., Kneller, R., McGowan, D., Sanz, I. and Sanz-Sanz, J. (2016). Corporate taxation and productivity catch-up: Evidence from European firms. *Scandinavian Journal of Economics*. Published online at DOI: 10.1111/sjoe.12212.
- Gemmell, N., Kneller, R. and Sanz, I. (2016). Does the composition of government expenditure matter for long-run GDP levels? *Oxford Bulletin of Economics & Statistics*, 78,522–547.
- Aziz, O., Gemmell, N. and Laws, A. (2016).The distribution of income and fiscal incidence by age and gender: Some evidence from New Zealand. *Review of Income and Wealth*, 62, 534–558.
- Gemmell, N. and Gill, D. (2016) The myth of the shrinking state? What does the data show about the size of the state in New Zealand', *Policy Quarterly*, 12, 3–10.

POLICY/MEDIA ARTICLES

- Gemmell, N. (2017) Are tax cuts a good idea? *Newsroom*, 17 March.
- Gemmell, N. (2017) Do we need another tax working group? *Newsroom*, 17 September.
- Gemmell, N. (2017) NZ Super a matter of trade-offs, *Newsroom*, 19 September.
- Gemmell, N. (2016) All Kiwis gain from putting paid to tax avoidance mysteries, *Dominion Post*, 5 October.
- Gemmell, N. (2016) The size and shape of the state in New Zealand, *New Zealand Public Finance Newsletter*, Issue 10.
- Gemmell, N. (2016) We need to know more about taxpayer responses to tax changes: The New Zealand perspective, *Aus.taxpolicy.com.au* blog, 28 November.
- Gemmell, N. (2016) English has left a strong legacy, *New Zealand Herald*, 20 December.



WORKING PAPERS IN PUBLIC FINANCE

The Working Papers in Public Finance series includes papers by the Chair, New Zealand Public Finance (NZPF) research associates and other public finance researchers.

Papers in the 2017 series

Number	Authors	Title
WP01/2017	Adhikari, B., Alm, J	Evaluating the Economic Effects of Flat Tax Reforms Using Synthetic Control Methods
WP02/2017	Creedy, J., Gemmell, N	Effective Tax Rates and the User Cost of Capital when Interest Rates are Low
WP03/2017	Gemmell, N., Ratto, Marisa	The Effects of Penalty Information on Tax Compliance: Evidence from a New Zealand Field Experiment
WP04/2017	Alm, J., Bloomquist, Kim M., McKee, M	When you Know your Neighbour Pays Taxes: Information, Peer Effects, and Tax Compliance
WP05/2017	Alm, J	Is Economics Useful for Public Policy?
WP06/2017	Hebous, S., Ruf, M	Evaluating the Effects of ACE Systems on Multinational Debt Financing and Investment
WP07/2017	Creedy, J., Gemmell, N. and Loc Nguyen	Income Inequality in New Zealand, 1935-2014
WP08/2017	Gemmell, N	Reforms to New Zealand Superannuation Eligibility: Are They a Good Idea?
WP09/2017	Creedy, J., Mok, P	The Marginal Welfare Cost of Personal Income Taxation in New Zealand
WP10/2017	Creedy, J., Mok, P	Labour Supply Elasticities in New Zealand
WP11/2017	Buckle, R., Creedy, J	The Evolution of Research Quality in New Zealand Universities as Measured by the Performance-Based Research Fund Process
WP12/2017	Creedy, J., Gemmell, N	Illustrating Income Mobility: Two New Measures
WP13/2017	Creedy, J., Gemmell, N	Income Dynamics, Pro-Poor Mobility and Poverty Persistence Curves
WP14/2017	Alinaghi, N., Reed, W.R	Meta-Analysis and Publication Bias: How Well does the Fat-Pet-Peese Procedure Work?
WP15/2017	Alinaghi, N., Reed, W.R	Taxes and Economic Growth in OECD Countries: A Meta-Regression Analysis
WP16/2017	Buckle, R., Creedy, J	An Evaluation of Metrics Used by the Performance-Based Research Fund Process in New Zealand
WP17/2017	Gemmell, N., Nolan, P. and Scobie, G	Estimating Quality-Adjusted Productivity in Tertiary Education: Methods and Evidence for New Zealand

CHAIR IN PUBLIC FINANCE NEWSLETTERS



As a result of growing readership distribution you may have noticed in our latest news from September 2017 we changed our format on how we present our newsletters.

Each newsletter aims to provide:

- summaries of recent research
- discussion on topical public finance policy issues
- reports on recent and forthcoming events

PUBLICATION OUTREACH

The CPF uses various tools to track the number of publication downloads and citations to show which research areas are generating most interest. Citations of journal publications are tracked by Publish or Perish software. The Working Papers in Public Finance (WPPF) series is tracked via Research Papers in Economics (RePEc) and Victoria research archives.

Total number of citations

	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	% Inc 2016–17
2011	41	56	80	112	151	173	15%
2012	8	26	26	59	90	120	33%
2013		7	20	59	96	137	43%
2014			0	9	34	54	59%
2015				9	27	19*	-
2016					5	34	580%
2017						7	

*Due to a change in the Publish and Perish software this appears to not be comparable.

Downloads for the WPPF series began in September 2012. The table below shows the download statistics through the Victoria University of Wellington Research Archive and RePEc for each calendar year, from September 2012 to December 2017.

WPPF series downloads (annual)

	As of Dec 2012	As of Dec 2013	As of Dec 2014	As of Dec 2015	As of Dec 2016	As of Dec 17
RePEc	211	397	418	311	175	299
Victoria Research Archives	1,100	2,182	2,135	2,777	2,361	2,775



Research supervision and teaching

PHD STUDENTS

David Law, OECD



Research project: The performance of the New Zealand economy: Savings and retirement Income

Abstract: This thesis uses a variety of empirical techniques and data sources to explore aspects of New Zealand's savings behaviour, policy and other issues related to retirement income adequacy such as housing affordability. In particular, the performance of a flagship policy (KiwiSaver) is examined, with particular attention given to the question of whether or not membership has been associated with higher levels of net wealth, saving or improved expected retirement income outcomes. With the performance of KiwiSaver being poor on all dimensions, the effects of other retirement income policies on national savings are examined by developing a model that links these policies to reductions in New Zealand Superannuation costs. Finally, patterns of housing affordability across individuals are described and explained using panel regression techniques, and the likely effects of a policy designed to improve housing affordability are explored.

Carolyn Palmer, Principal Advisor, Treasury



Research project: Good tax policy—on shaky ground? An assessment of tax policy decisions in response to natural disasters

Abstract: In recent years, a series of natural disasters placed significant social and fiscal strain on a number of economies. Determining the appropriate government response to such natural disasters, both in the short-, medium- and longer-term, involves multiple complex policy decisions that often need to be made under significant time pressure with limited information. One area where governments are called on to respond is tax policy. Natural disasters raise tax policy issues such as how to treat insurance receipts, how to restore public finances and meet the public cost of natural disasters without jeopardising economic growth and the role tax should play in economic redevelopment. The focus for the study is tax policy changes made in response to three recent natural disasters: New Zealand—Christchurch earthquakes; Australia—Queensland floods; and Japan—Tōhoku earthquake and tsunami.

Status: Carolyn submitted her thesis in 2016 and graduated in 2017 from Victoria University of Wellington.

Alastair Thomas, OECD Centre for Tax Policy and Administration



Research project: The distributional effects of consumption taxes in OECD countries

Abstract: This research investigates the distributional effects of consumption taxes in OECD countries. The analysis is based on consumption tax microsimulation models constructed using household expenditure microdata for 23 OECD countries, including New Zealand. The first part of the research investigates whether consumption taxes are regressive or progressive, by undertaking a detailed distributional analysis of consumption tax burdens across income and expenditure deciles. The models are then used to examine the effectiveness of reduced and zero GST/VAT rates at achieving redistributive goals. A third part of the research will be to simulate the redistributive effects of various hypothetical reforms, including removing poorly targeted reduced and zero GST/VAT rates identified in the prior analysis.

Status: During 2017 Alastair has suspended his part-time PhD registration while he concentrates on his full-time research at the OECD. He is expected to re-register in 2018.

Matt Nolan, PhD Student in Economics Victoria University of Wellington



Research project: Household tax-transfer policies and New Zealand's income distribution: 1981-2014

Abstract: This research investigates the role changes in tax and transfer policy settings played in the evolution of income inequality in New Zealand between 1984 and 2013. By adding to our understanding of policies role in influencing income inequality Matt hopes his research will help to inform the current policy debate about income inequality in New Zealand. Prior the undertaking his research Matt was a macroeconomic forecaster at Infometrics. His role was focused on investigating patterns in household consumption and private investment.

RESEARCH FELLOWS AND SCHOLARS

2016–17

During 2017, Dr Nazila Alinaghi was appointed as Research Fellow in Public Finance joined the team in October. The Chair is also co-supervising a research scholar on a joint project with NZPC to investigate health sector productivity.

Nazila Alinaghi: Research Fellow in Public Finance



Dr Nazila Alinaghi started at Victoria University to work with the Chair on public finance research and engagement. Nazila, originally from Iran, completed her PhD at Canterbury University on the topic of 'taxes and growth' and was recently awarded three prizes at the 2017 New Zealand Association of Economists annual conferences. These included the Jan Whitwell prize for best conference presentation by a student, the Seamus Hogan prize for best public policy paper written by a student, and a Graduate Study Award Prize for participation in the 2017 conference. Nazila has produced two working papers in her first three months.

Working paper one: Meta-Analysis and Publication Bias: How well does the Fat-Peese Procedure Work?

Working paper two: Taxes and Economics Growth in OECD Countries. A Meta-Regression Analysis.

Huon Fraser



Topic: Measuring health-sector productivity

Sponsored by: the New Zealand Productivity Commission

Research project: This project is part of a larger investigation into the determinants of productivity growth in the public sector, in this case focusing on the question of how to assess changes in productivity in the health system. The project initially reviewed local and international evidence on health sector productivity and examining how techniques can best be applied in the New Zealand. A second phase of work, begun in October, is collecting suitable New Zealand data to investigate public health productivity growth over the past decade.

Events & Stakeholder Engagement

PUBLIC FINANCE RESEARCH DAY (OCTOBER)

2017 saw the first of a planned series of public finance research days, involving academics and policy officials. Papers presented covered tax compliance and tax-transfer modelling issues:

- Alinaghi, N. Taxes & growth: meta-analysis
- Cabral, A & Gemmill, N. Tax Compliance: income under-reporting
- Gemmill, N. Taxable income elasticities
- Creedy, J., Mok, P. and Nolan, M. Behavioural tax-transfer Modelling
- Skov, P. Tax compliance: Timing of tax payments

OTHER EVENTS

- Presentation to IPGS/SoG-VUW & NZIER roundtable on tax-transfer systems (April)
- Presentation to IGPS pre-election debates (September)
- Presentation to Tax Administration Research Centre annual workshop at Exeter University (April)
- Chair, Roundtable on long-term fiscal sustainability, Treasury (November)

OTHER ENGEMENT ACTIVITIES

- advice to Office of the Auditor-General: Report on Treasury's long-term fiscal statement
- appointed chair, Technical Advisory Group, Treasury's tax-transfer modelling project (March-December)
- appointed member of Treasury's External Challenge Group for 2018 Investment Statement (October)

Website



CHAIR IN PUBLIC FINANCE

The CPF website is hosted within the School of Accounting and Commercial Law, Victoria Business School at www.victoria.ac.nz/cpf. In 2017 content on the external New Zealand Public Finance website was merged with a re-designed CPF site. This brings all CPF activities under one site and will enable further development of the CPF site in 2018.

The CPF site received around 3500 page views in 2017. The most popular pages were the home page and events pages relating to the public finance debate series.

Working with sponsors

Financial support from sponsors in 2017 included core funding for the CPF from the University, Inland Revenue, Ministry of Education, Treasury and NZPC.

We have also received funding or in-kind support for specific events or pieces of work from the following organisations:

- NZIER for income inequality and income mobility
- NZPC for a 2017–18 research scholarship
- MBIE for research support on tax microsimulation
- Treasury for hosting a fiscal sustainability roundtable



