



VICTORIA UNIVERSITY OF
WELLINGTON
TE HERENGA WAKA

Chair in Public Finance

ANNUAL REPORT 2020

**CAPITAL THINKING.
GLOBALLY MINDED.**
MAI I TE IHO KI TE PAE

HIGHLIGHTS OF 2020



It is hard to imagine an annual report from almost any institution across the globe that will not have been substantially impacted by the 2020 coronavirus pandemic. The 2020 Chair in Public Finance (CPF) Annual Report is certainly very different from that envisaged at the start of the year. Planned events were scrapped, PhD students resident overseas were unable to visit or complete some work, and even engagement with the public service was substantially curtailed from March as government departments focused all their energies on designing suitable pandemic responses.

In addition to a massive expansion of New Zealand's core Crown debt, from around 19 percent of GDP in 2019 to an anticipated 40 percent by June 2021 (50 percent by June 2022), the Reserve Bank of New Zealand (RBNZ) was drawn into using unprecedented monetary policy tools and secondary market purchases of government debt. This led some commentators to worry about whether mutually enhancing, but independent, monetary and fiscal policy settings were likely to be compromised by a government 'leaning on' the RBNZ to buy its rapidly expanding debt issuance. Whether this 'independence' line was crossed or not in 2020, it is undoubtedly a topic worthy of careful consideration in 2021.

Despite lockdowns and the restrictions of high COVID-19 alert levels from March to May and again briefly in August, at least some CPF activities were able to continue during the year. These included, before COVID-19 reached New Zealand, a visit and seminar by Dr David Cashin, senior economist at the Federal Reserve Board in Washington, DC, and a demonstration by Chris Ball of the latest iteration of the new behavioural microsimulation taxes and transfers model, TaxSimNZ, hosted at Te Herenga Waka—Victoria University of Wellington.

Even though there was some COVID-19-related disruption due to Stats New Zealand data lab closures, research with Nazila Alinaghi and John Creedy on the first year of our Ministry of Business, Innovation and Employment (MBIE)-supported project developing new income mobility measures was able to proceed. This involved constructing new longitudinal data sets for taxpayers in New Zealand at the individual level and also when combined into 'families'. This family aspect proved to be a substantial task, since most available longitudinal data is not family based and hence requires careful, and necessarily imperfect, matching exercises using a number of disparate administrative and census data sources.

Our research in 2020 also saw the completion of work on estimating elasticities of taxable income for New Zealand using the so-called 'bunching at tax kinks' method. This approach is designed to measure taxpayers' income-earning and tax-avoiding responses to the structure of multiple income tax rates. A first paper on this is due to be published online in Oxford Economic Papers in early 2021. A second paper (in the CPF working paper series), looking specifically at how individuals who are in couple families in New Zealand might coordinate their income earning and tax responses, was also published in 2020. This research seems likely to be especially relevant to tax policy in 2021, with the Labour Government, re-elected in September 2020, announcing a new top rate of income tax of 39 percent for incomes over \$180,000 from April 2021.

Last, but by no means least, Dr Alastair Thomas completed his PhD at the University in 2020 on the subject of the distributional effects of value-added taxes in OECD countries. Congratulations are due for a terrific piece of tax research conducted while simultaneously delivering on a busy work schedule at the OECD and in the midst of a global pandemic. Well done, Alastair.

PLANS FOR 2021

Looking ahead, some plans have had to be reassessed in light of the COVID-19 upheavals in 2020. Clearly, international visits by, and visitors to, the CPF will be on hold for some time to come as New Zealand's borders are expected to remain closed throughout the year. Overseas PhD recruitment will also mostly be on hold.

However, some progress can still be made in a number of areas, such as:

- building a broader public finance team at the University, including local PhDs, to enhance our capability in public economics and public financial management
- holding further local events to disseminate the public finance team's new tax-transfer microsimulation model, TaxSimNZ
- generating new income inequality and mobility results from work with Nazila Alinaghi and John Creedy on our MBIE-funded project using our new Integrated Data Infrastructure data at Stats New Zealand
- developing further analysis of public debt, as New Zealand, like many countries across the globe, has to cope with much higher public debt levels and consider optimal policy responses to deal with them.

Norman Gemmell
Chair in Public Finance





AIMS AND OBJECTIVES

The CPF was established in 2011 at Te Herenga Waka—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 Inland Revenue, the Ministry of Education, the New Zealand Treasury, and the Productivity Commission joining the University in supporting the Chair.

The Chair is affiliated with the Accounting and Commercial Law programmes at the Wellington School of Business and Government and reports to an advisory board. The Chair aims to build 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 research, public and executive education, and other matters relevant to its work programme.

During 2020, the advisory board consisted of the following representatives of external sponsors and heads of school within the Wellington School of Business and Government.

Mr Gerald Minnée
Ministry of Business, Innovation and Employment (Advisory Board Chair)

Mr Phil Whittington
Chief Economist, Inland Revenue

Dr Patrick Nolan
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 Ian Williamson (until October 2020)
Pro-Vice-Chancellor and Dean, Wellington School of Business and Government

Associate Professor Carolyn Fowler
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 2019–2020

The Size and Scope of the Public Sector in New Zealand	
Researchers	Norman Gemmell, Derek Gill, and Loc Nguyen
<p>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 to assess government size. Using a public expenditure to GDP ratio metric, the project examined how far short- and long-term changes in size since the 1970s can be explained by existing theories of public expenditure applied to New Zealand. The work was undertaken in conjunction with the New Zealand Institute of Economic Research and contributed to its public data project at www.data1850.com</p> <p>The project has been completed.</p>	
Published paper	Gemmell, N., Gill, D., and Nguyen, L. (2019) Modelling public expenditure growth in New Zealand, 1972–2015. <i>New Zealand Economic Papers</i> , 53, 3, 215–244.

Income Inequality, Income Mobility, and the Tax/Benefit System in New Zealand	
Researchers	Nazila Alinaghi, Christopher Ball, John Creedy, and Norman Gemmell
<p>This project began by identifying the extent of income inequality and income mobility among New Zealand taxpayers over several decades, including annual estimates of income inequality since the 1930s. Current research is focusing on conceptual and empirical linkages between alternative inequality and mobility measures and the roles of taxes, transfers, and other forms of social welfare spending in mitigating or enhancing income mobility and inequality.</p>	
Published papers	<p>Creedy, J., Gemmell, N., and Laws, A. (2019) Relative income dynamics of individuals in New Zealand: New regression estimates. <i>New Zealand Economic Papers</i>. https://doi.org/10.1080/00779954.2019.1665574</p> <p>Creedy, J., and Gemmell, N. (2019) Illustrating income mobility: New measures. <i>Oxford Economic Papers</i>, 71, 3, 733–755.</p> <p>Creedy, J., and Gemmell, N. (2019) Income inequality in New Zealand: Why conventional estimates are misleading. <i>Agenda—A Journal of Policy Analysis and Reform</i>, 26, 1, 5–22.</p> <p>Creedy, J., Gemmell, N., and Nguyen, L. (2018) Income inequality in New Zealand 1935–2014. <i>Australian Economic Review</i>, 51, 1, 21–40.</p> <p>Creedy, J., and Gemmell, N. (2018). Income dynamics, pro-poor mobility and poverty persistence curves. <i>Economic Record</i>, 94, 306, 316–328.</p>
Working papers	<p>Alinaghi, N., Creedy, J., and Gemmell, N. (2020) A longitudinal database for the analysis of family incomes in New Zealand. <i>Working Papers in Public Finance</i>, 06/2020, Wellington School of Business and Government.</p> <p>Alinaghi, N., Creedy, J., and Gemmell, N. (2020) Constructing a longitudinal database for the analysis of individual incomes in New Zealand. <i>Working Papers in Public Finance</i>, 05/2020, Wellington School of Business and Government.</p> <p>Creedy, J. (2019) The Atkinson inequality measure and inequality aversion. <i>Working Papers in Public Finance</i>, 01/2019, Wellington School of Business and Government.</p>

Local Taxes and Auckland Agglomeration	
Researchers	Norman Gemmell, Arthur Grimes, and Mark Skidmore
<p>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 examined 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 the Lincoln Institute of Land Policy, Cambridge, Massachusetts, United States, and Motu Economic and Public Policy Research, Wellington, New Zealand.</p> <p>The project has been completed.</p>	
Published paper	Gemmell, N., Grimes, A., and Skidmore, M. (2019) Do local property taxes affect new building development? Results from a quasi-natural experiment in New Zealand. <i>The Journal of Real Estate Finance and Economics</i> , 58, 2, 310–333.

Public Service Productivity	
Researchers	Norman Gemmell, Patrick Nolan, and Grant Scobie
<p>This project reviewed 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 developed a principled framework for the analysis of public sector productivity with a focus on the micro level, specifically public education. 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 examined similar issues for public sector health services.</p> <p>The project has been completed.</p>	
Published paper	Gemmell, N., Nolan, P., and Scobie, G. (2018) Quality adjusting education sector productivity. <i>Policy Quarterly</i> , 14, 3, 46–51.

Tax Compliance and Behavioural Responses	
Researchers	Nazila Alinaghi, Ana Cabral, Norman Gemmell, and Marisa Ratto
<p>Early research under this project (2012–16) examined the reliability of alternative measures of taxpayer compliance: the so-called 'tax gap'. Having reviewed conventional methodologies, current research is concentrating on assessing new methods proposed by the International Monetary Fund and the OECD and on how taxpayers' behavioural responses can be suitably recognised. Recent research has focused on two aspects. Firstly, compliance enforcement and penalties, testing for the effects of both actual and perceived penalty rates on late payment compliance based on an experiment involving New Zealand GST payers. Secondly, measuring income gaps for self-employed taxpayers using both survey and administrative (register) data, allowing for differences in measurement error across data sets.</p>	
Published papers	<p>Cabral, A., Gemmell, N., and Alinaghi, N. (2020) Are survey-based self-employment income under-reporting estimates biased? New evidence from matched register and survey data. <i>International Tax and Public Finance</i>. Available at https://link.springer.com/article/10.1007/s10797-020-09611-8</p> <p>Gemmell, N., and Ratto, M. (2018) The effects of penalty information on tax compliance: Evidence from a New Zealand field experiment. <i>National Tax Journal</i>, 71, 3, 547–588.</p>

Estimating the Elasticity of Taxable Income (ETI) in New Zealand	
Researchers	Nazila Alinaghi, John Creedy, Norman Gemmell, and Josh Teng
<p>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. Recent papers focus on applying 'tax-kink bunching methods' to ETI estimation.</p>	
Published papers	<p>Creedy, J., and Gemmell, N. (2019) The elasticity of taxable income of individuals in couples. <i>International Tax and Public Finance</i>. https://doi.org/10.1007/s10797-019-09581-6</p> <p>Creedy, J., Gemmell, N., and Teng, J. (2018) Income effects and the elasticity of taxable income. <i>New Zealand Economic Papers</i>, 52, 2, 185–203.</p>
Working papers	<p>Alinaghi, N., Creedy, J., and Gemmell, N. (2020) Do couples bunch more? Evidence from partnered and single taxpayers in New Zealand. <i>Working Papers in Public Finance</i>, 02/2020, Wellington School of Business and Government.</p> <p>Alinaghi, N., Creedy, J., and Gemmell, N. (2019) Estimating elasticities of taxable income and adjustment costs from tax-kink bunching: Evidence from register data for New Zealand. <i>Working Papers in Public Finance</i>, 08/2019, Wellington School of Business and Government.</p>

Modelling and Benchmarking Personal Income Taxes and Transfers in New Zealand	
Researchers	Nazila Alinaghi, Chris Ball, John Creedy, Norman Gemmell, Nicolas Héroult, Penny Mok, and Matt Nolan
<p>This project, which began in mid-2016, continues to develop new behavioural microsimulation models of personal income taxes and transfers in New Zealand. These are being benchmarked internationally by comparing 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 New Zealand Treasury. It is also supported by a three-year Endeavour Fund grant from the Ministry of Business, Innovation and Employment (MBIE). Current applications of the microsimulation model include examining optimal income tax reforms and the inequality impacts of changes to minimum wage rates versus taxes and transfers. During 2020, tax modelling developments included developing a stand-alone microsimulation model, TaxSimNZ, based on a new synthetic data set and hosted at the University.</p>	
Published papers	<p>Alinaghi, N., Creedy, J., and Gemmell, N. (2020) The redistributive effects of a minimum wage increase in New Zealand. <i>Australian Economic Review</i>. https://doi.org/10.1111/1467-8462.12381</p> <p>Creedy, J., Gemmell, N., Héroult, N., and Mok, P. (2019) Microsimulation analysis of optimal income tax reforms: An application to New Zealand. <i>International Tax and Public Finance</i>. https://doi.org/10.1007/s10797-019-09558-5</p>
Working papers	<p>Ball, C., and Huseynli, G. (2019) The wage equation estimates for microsimulation modelling in New Zealand: A microsimulation analysis. <i>Working Papers in Public Finance</i>, 04/2019, Wellington School of Business and Government.</p> <p>Nolan, M. (2018) Income–leisure preferences in New Zealand: 1988–2013. <i>Working Papers in Public Finance</i>, 09/2018, Wellington School of Business and Government.</p> <p>Nolan, M. (2018) New Zealand wage equations: 1988–2013. <i>Working Papers in Public Finance</i>, 05/2018, Wellington School of Business and Government.</p> <p>Nolan, M. (2018) Income tax and transfer policy changes in New Zealand: 1988–2013. <i>Working Papers in Public Finance</i>, 02/2018, Wellington School of Business and Government.</p> <p>Nolan, M. (2018) Horizontal and vertical equity in the New Zealand tax-transfer system: 1988–2013. <i>Working Papers in Public Finance</i>, 01/2018, Wellington School of Business and Government..</p>

Measuring Research Quality in Tertiary Education	
Researchers	Bob Buckle, John Creedy, and Norman Gemmell
<p>Extensive previous research by Buckle and Creedy has examined the characteristics and outcomes of academic research at New Zealand universities, following the introduction of the Performance-Based Research Fund (PBRF) scheme. Using individual-level data, the current project is looking at how far the PBRF scheme encouraged convergence or divergence in research quality across New Zealand's universities and academic disciplines between 2003 and 2012. Future research will further examine this issue in light of the 2018 PBRF round, as data from the round become available.</p>	
Published papers	<p>Buckle, R., Creedy, J., and Gemmell, N. (2020) Is external research assessment associated with convergence or divergence of research quality across universities and disciplines? Evidence from the PBRF process in New Zealand. <i>Applied Economics</i>, 52, 36, 3919–3932</p> <p>Buckle, R., and Creedy, J. (2020) The disciplinary effect of the Performance-Based Research Fund in New Zealand. <i>New Zealand Economic Papers</i>, 54, 2, 107–126</p> <p>Buckle, R., and Creedy, J. (2019) The 'disciplinary effect' of the performance-based research fund process in New Zealand. <i>New Zealand Economic Papers</i>. https://doi.org/10.1080/00779954.2019.1636122</p>

PUBLICATIONS 2019–2020

JOURNAL ARTICLES, BOOKS, AND BOOK CHAPTERS

Alinaghi, N., Creedy, J., and Gemmell, N. (2020) Elasticities of taxable income and adjustment costs: Bunching evidence from New Zealand. *Oxford Economic Papers*, (forthcoming).

Alinaghi, N., and Reed, W.R. (2020) Taxes and economic growth in OECD countries: A Meta-analysis. *Public Finance Review*. <https://doi.org/10.1177/1091142120961775>

Alinaghi, N., Creedy, J., and Gemmell, N. (2020) The redistributive effects of a minimum wage increase in New Zealand. *Australian Economic Review*. <https://doi.org/10.1111/1467-8462.12381>

Cabral, A.C.G., Gemmell, N., and Alinaghi, N. (2020) Are survey-based self-employment income underreporting estimates biased? New evidence from matched register and survey data. *International Tax and Public Finance*. <https://link.springer.com/article/10.1007/s10797-020-09611-8>

Alinaghi, N. (2019) Mobile money, risk sharing, and transaction costs: A replication study of evidence from Kenya's mobile money revolution. *Journal of Development Effectiveness*, 11, 4, 342–359.

Creedy, J., and Gemmell, N. (2019) Income inequality in New Zealand: Why conventional estimates are misleading. *Agenda—A Journal of Policy Analysis and Reform*, 26, 1, 5–22.

Creedy, J., and Gemmell, N. (2019) Illustrating income mobility: New measures. *Oxford Economic Papers*, 71, 3, 733–755.

Creedy, J., and Gemmell, N. (2019) The elasticity of taxable income of individuals in couples. *International Tax and Public Finance*. <https://doi.org/10.1007/s10797-019-09581-6>

Creedy, J., Gemmell, N., and Laws, A. (2019) Relative income dynamics of individuals in New Zealand. *New Zealand Economic Papers*. <https://doi.org/10.1080/00779954.2019.1665574>

Creedy, J., Gemmell, N., Hérault, N., and Mok, P. (2019) Microsimulation analysis of optimal income tax reforms: An application to New Zealand. *International Tax and Public Finance*. <https://doi.org/10.1007/s10797-019-09558-5>

Gemmell, N., Gill, D., and Nguyen, L. (2019) Modelling public expenditure growth in New Zealand, 1972–2015. *New Zealand Economic Papers*, 53, 3, 215–244.

POLICY/MEDIA ARTICLES

Alinaghi, N., and Reed, R. (2020) Taxes and economic growth in OECD countries: A meta-analysis. *Austaxpolicy Blog*, 3 September.

Alinaghi, N., Creedy, J., and Gemmell, N. (2020) Do couples bunch more? Evidence from partnered and single taxpayers in New Zealand. *Austaxpolicy Blog*, 30 June.

Gemmell, N. (2020) The new top tax rate: A virtue-signalling reform? *National Business Review*, 12 December.

Gemmell, N. (2020) Budget 2020: Emperor Robertson's new clothes. *Newsroom*, 19 May.

Gemmell, N. (2020) The pandemic budget: Moving New Zealand from critical care to long-term recovery. *The Conversation*, 12 May.

Gemmell, N. (2019) Here's what government needs to think about if it's borrowing to invest. *Stuff*, 18 November.

Gemmell, N. (2019) It's only fair that taxes should be adjusted for inflation. *Stuff*, 12 February.



CONFERENCE AND SEMINAR PRESENTATIONS

(Lead presenter in bold)

- TaxSimNZ presentation. Chair in Public Finance, Wellington School of Business and Government, 13 February 2020. (C. Ball)
- Elasticities of taxable income for couples and New Zealand bunching estimates. Chair in Public Finance Research Day, Wellington School of Business and Government, 4 November 2019. (N. Alinaghi, J. Creedy, and N. Gemmell)
- An introduction to TaxSimNZ. Chair in Public Finance Research Day, Wellington School of Business and Government, 4 November 2019. (J. Creedy and C. Ball)
- Illustrating income mobility: Two new measures. 75th Annual Congress of the International Institute of Public Finance, Glasgow, United Kingdom, 21–23 August 2019. (J. Creedy and N. Gemmell)
- Are survey-based self-employment income under-reporting estimates biased? New evidence from register and survey data. 75th Annual Congress of the International Institute of Public Finance, Glasgow, United Kingdom, 21–23 August 2019. (A.G. Cabral and N. Gemmell)

- The redistributive effects of a minimum wage increase in New Zealand: A microsimulation analysis. New Zealand Association of Economists' annual conference, Te Herenga Waka—Victoria University of Wellington, 3–5 July 2019. (N. Alinaghi, J. Creedy, and N. Gemmell)
- A microsimulation analysis of welfare-improving income tax reforms for New Zealand. 7th annual conference of the Tax Administration Research Centre, University of Exeter, United Kingdom, 11–12 April 2019. (J. Creedy, N. Gemmell, N. Hérault, and P. Mok)
- The redistributive effects of a minimum wage increase in New Zealand: A microsimulation analysis. Modelling Tax Policy and Compliance workshop, Tax Administration Research Centre, University of Exeter, United Kingdom, 23 March 2019. (N. Alinaghi, J. Creedy, and N. Gemmell)



WORKING PAPERS IN PUBLIC FINANCE

The Working Papers in Public Finance series includes papers by the Chair, CPF research associates, and other public finance researchers.

Papers in the 2020 series

Number	Authors	Title
WP08/2020	Buckle, R., Creedy, J., and Ball, A.	Fifteen years of a PBRFS in New Zealand: Incentives and outcomes
WP07/2020	Buckle, R., Creedy, J., and Ball, A.	A Schumpeterian gale: Using longitudinal data to evaluate responses to performance-based research funding systems
WP06/2020	Alinaghi, N., Creedy, J., and Gemmell, N.	A longitudinal database for the analysis of family incomes in New Zealand
WP05/2020	Alinaghi, N., Creedy, J., and Gemmell, N.	Constructing a longitudinal database for the analysis of individual incomes in New Zealand
WP04/2020	Scobie, G.	If Bill Phillips were Governor ... some implications of his work for contemporary macroeconomic policy
WP03/2020	Gemmell, N.	New Zealand's tax reforms and tax sheltering behaviour
WP02/2020	Alinaghi, N., Creedy, J., and Gemmell, N.	Do couples bunch more? Evidence from partnered and single taxpayers in New Zealand.
WP01/2020	Alinaghi, N., Creedy, J., and Gemmell, N.	Designing direct tax reforms—alternative approaches

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 using Google Scholar. The Working Papers in Public Finance (WPPF) series is tracked via Research Papers in Economics (RePEc) and Te Herenga Waka—Victoria University of Wellington Research Archive.

Total number of citations

	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Increase (%) 2019–20
2013	7	20	59	96	137	164	240	298	24
2014		0	9	34	54	75	104	123	18
2015			9	27	19*	32	37	47	27
2016				5	34	45	74	100	35
2017					7	27	36	46	28
2018						14	33	45	36
2019							12	28	133
2020								8	-

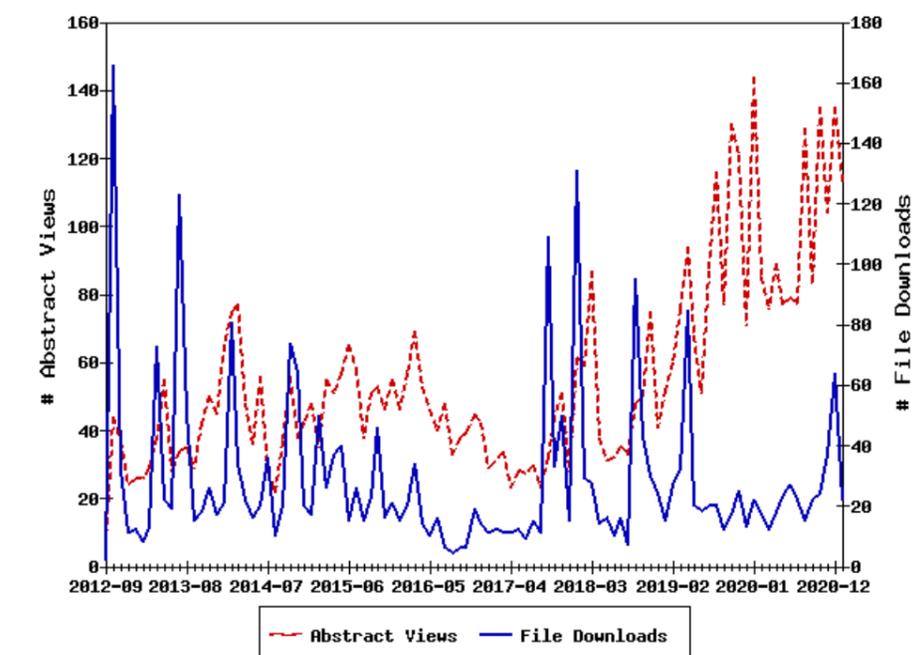
*Due to a change in the Publish and Perish software, this appears not to be comparable.

Downloads for the WPPF series began in September 2012. The table below shows the download statistics through the University Research Archive and RePEc for each calendar year, from December 2013 to December 2020.

WPPF series annual downloads

	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020
RePEc	211	397	418	311	175	299	442	304	455
University Research Archives	1,100	2,182	2,135	2,777	2,361	2,775	1,925	1,906	1473

The full RePEc abstract view and download statistics for the WPPF series are shown in the chart below.



Source: <https://logec.repec.org/scripts/seriesstat.pf?item=repec:vuw:vuwcpf>

NEWSLETTERS

Two Chair in Public Finance newsletters were produced, in May and December, available at www.wgtn.ac.nz/cpf/publications/newsletters

Each newsletter aims to provide summaries of recent research, discussion of topical public finance policy issues, and reports on recent and forthcoming events.

The 2020 newsletters included reports on:

- commentary on the 2020 Budget from an economic and public financial management perspective by Professors Norman Gemmell and Ian Ball respectively (May issue)
- new research—Do couples bunch more? (May issue)
- the new top income tax rate—A virtue-signaling reform? (December issue).

Anyone interested in receiving future issues of the newsletter should email cpf-info@vuw.ac.nz with a request to be added to the newsletter email list.



RESEARCH SUPERVISION AND TEACHING

RESEARCH FELLOW



Nazila Alinaghi
Research Fellow in Public Finance

Dr Nazila Alinaghi joined the Chair in Public Finance in October 2017 after completing her PhD on the topic of taxes and economic growth at the University of Canterbury, where she was awarded a PhD scholarship and several other prizes for her papers. Since joining the CPF, Nazila has been working on several research projects, including tax and transfer microsimulation modelling (minimum wage policy), estimating taxable income elasticities, tax compliance, and measuring income inequality, poverty, and mobility in New Zealand. In 2019, she produced three working papers, one of which (produced with Professors Creedy and Gemmell) was awarded the New Zealand Economic Policy Prize at the New Zealand Association of Economists' annual conference. She also completed a project for which she received an external research grant from the International Initiative for Impact Evaluation (3ie), funded by the

Bill and Melinda Gates Foundation (Washington, DC, United States), with the project outcome published in a peer-reviewed journal. Nazila contributed to the successful application to the 2019 MBIE Endeavour Fund, helping the CPF team secure more than \$1 million to undertake a three-year research project on measuring income inequality, poverty, and mobility in New Zealand. During 2020, she produced another four working papers, two on the construction of databases for the income mobility project. She has also published four papers in peer-reviewed journals.

PhD STUDENTS



Chris Ball, Reserve Bank of New Zealand

Research project: Labour supply responses to tax and transfer policies using discrete choice models of labour supply

Abstract: Chris's PhD research, supervised by John Creedy and Norman Gemmell, examines labour supply responses to tax-and-transfer changes using microsimulation modelling. The research consists of four key contributions: 1) developing high-quality synthetic data for use in microsimulation modelling; 2) investigating methods to ensure preference parameter estimates are consistent with economic theory; 3) extending the random utility random opportunity (RURO) discrete choice set to include transfer receipt; and 4) designing new methods to evaluate behavioural microsimulation modelling results.

Progress: Many of the methods investigated in Chris's PhD are being progressively incorporated into the TaxSimNZ microsimulation model. So far, this includes the synthetic microdata based on the Household Labour Force Survey (HLFS), an updated choice set that more accurately reflects the options available to families from which they choose their observed hours worked, consideration of the volatility from the HLFS sampling in addition to the volatility from the labour supply simulations, and a theoretically consistent framework for isolating the effect of policy changes that occur in the future separately from labour supply changes, which occur between the database year and the implementation year. The next version of TaxSimNZ, planned for early March 2021, will incorporate improvements to the estimation of how households choose an optimal supply of labour by trading off hours and income, analysis of labour supply responses for hypothetical individuals/families, and updates to the synthetic databases.

Status: Full PhD registration.



Amy Cruickshank, Abu Dhabi Department of Finance

Research project: Government policy toward charitable giving in New Zealand

Abstract: Amy's thesis, supervised by Norman Gemmell and Peer Skov (Auckland University of Technology), explores charitable giving behaviour in New Zealand and how this behaviour is influenced by government policy, in particular, the effectiveness of tax incentives for individual donations, payroll giving schemes, and direct government grants to registered charities. The research will be informative for policymakers when considering policy settings in relation to charitable giving and government grant schemes, as well as the philanthropic sector when devising fundraising strategies. The analysis will be based on unit record data of donation tax credit claims and workplace giving from Inland Revenue and data on charity grant applications and finances from the Department of Internal Affairs.

Status: Full PhD registration.

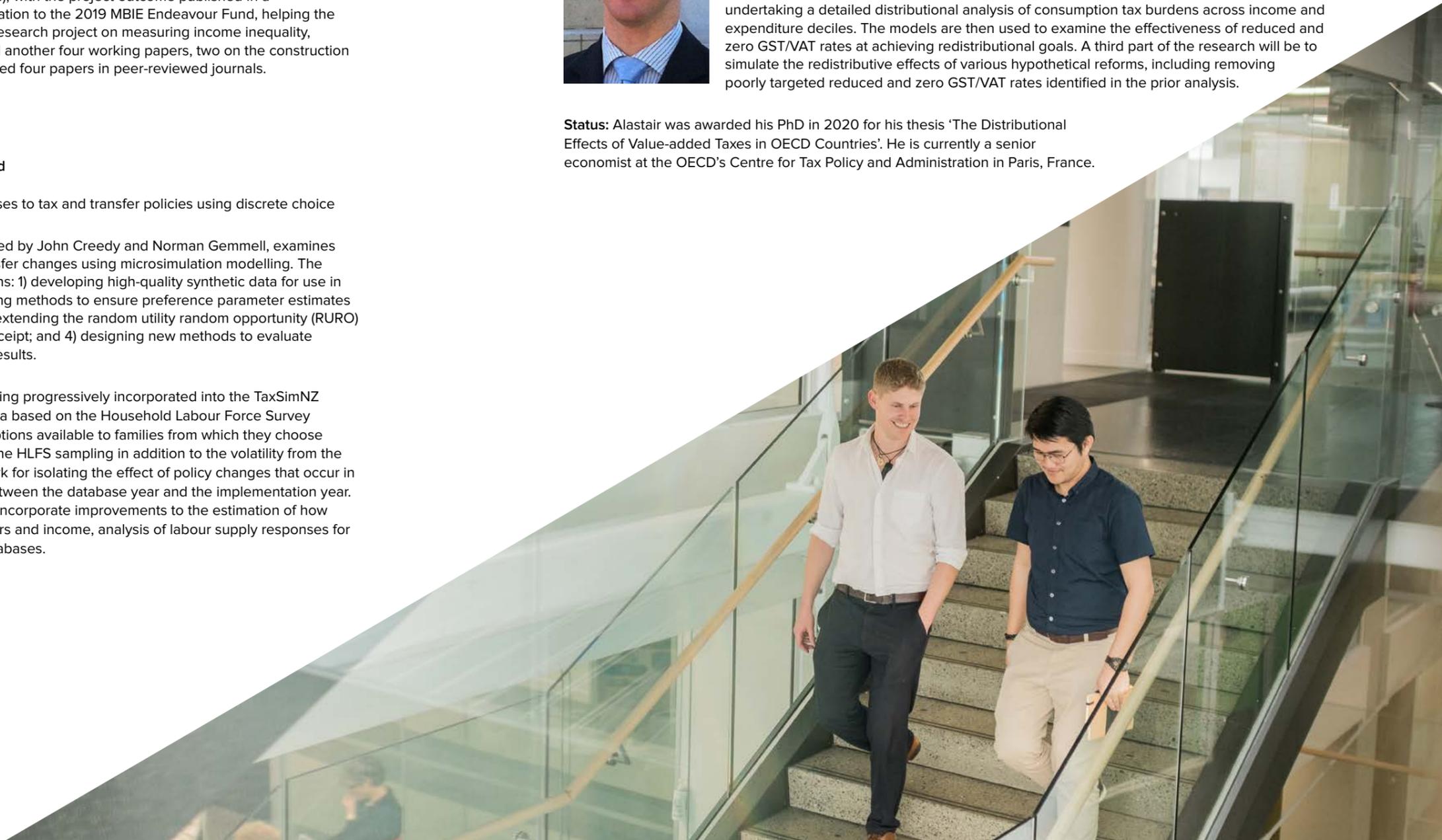


Alastair Thomas, OECD Centre for Tax Policy and Administration

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: Alastair was awarded his PhD in 2020 for his thesis 'The Distributional Effects of Value-added Taxes in OECD Countries'. He is currently a senior economist at the OECD's Centre for Tax Policy and Administration in Paris, France.



EVENTS AND STAKEHOLDER ENGAGEMENT

In 2020, the Chair:

- attended 'High-frequency Spending Responses to the Earned Income Tax Credit' seminar presented by David Cashin, Board of Governors of the Federal Reserve System, Washington, DC (January 2020)
- met with Treasury Secretary Dr Caralee McLiesh to discuss public finance research collaboration (January 2020)
- engaged with Treasury on advice on PIE Income data and MBIE project updates (February 2020)
- engaged with Treasury and Inland Revenue on support for TaxSimNZ modelling (February 2020)
- attended CPF tax modelling workshop, Wellington; several government departments participated (February 2020)
- engaged with Treasury on analytics and insights team manager appointment (July 2020)
- judged the University's 3-Minute Thesis Competition (August 2020).

More details of those events are available at www.wgtn.ac.nz/cpf/events/past-events

WORKING WITH SPONSORS

Financial support from sponsors in 2020 included core funding for the CPF from Inland Revenue, the Ministry of Education, Te Herenga Waka—Victoria University of Wellington, and the Treasury.

We have also received funding or in-kind support for specific events or pieces of work from Treasury and Inland Revenue to support development of TaxSimNZ, a stand-alone behavioural tax-transfer microsimulation model for New Zealand, hosted at the University.





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