NEW ZEALAND PUBLIC FINANCE

NZPF Newsletter

Issue 7

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Editorial

Welcome to the seventh issue of the New Zealand Public Finance Newsletter.

Since the last issue there have been a number of really exciting public finance developments. Both the New Zealand and Australian budgets were released in May, a 'summer' budget release from the UK Chancellor of the Exchequer and, of course, most recent developments (read 'debacle') relating to the Greek economy. There are a selection of stories on each of these subjects included in Public Finance News (page 11).

In this issue, we include some commentary on the potential impact of the Budget announced in May (page 3), an overview of the 2015 Public Finance Debate Series hosted by the Chair in Public Finance and Government Economics (page 6), and a quick assessment of the new capital gains tax (page 8). In addition to this, we also have a look at recent public finance publications, including an addition to the Working Papers in Public Finance Series on inequality from Chris Ball and John Creedy, and new publications from a number of our NZPF research associates (page 13). We are also introducing a new series of 'people finance people' profiles in which we invite someone with an interest in pubic finance research or policy to write about themselves and their work. We begin with a profile of Grant Scobie, long-time academic, researcher, Treasury policy adviser and now Productivity Commission researcher (page 6). Don't forget to check out the upcoming events for relevant conferences, workshops and seminars coming up.

Last, but by no means least, we say congratuations and farewell to Athene Laws – steller performer among the 2014 Victoria Business School economics honours programme. By the time of the next Newsletter issue Athene should be firmly ensconsed in Cambridge, England beginning her PhD studies, having been awarded a prestigeous Woolf Fisher Scholarship. While here, Athene has researched a number of public finance including gender and age dimensions of fiscal incidence and the links between income inequality and mobility. She has already published some of this in a leading economics journal. Enjoy your time at Cambridge, Athene, and come back soon to share your growing knowledge with us!

Athene Laws

We hope you enjoy this issue of the NZPF Newsletter, and welcome any ideas for future issues. Please get in touch if you would like to make a contribution to the next newsletter, or provide any feedback.

Libby Wight
Editor, NZPF Newsletter

Norman Gemmell
Chair in Public Finance, VUW

New Zealand Public Finance (NZPF) www.nzpublicfinance.com is an apolitical website dedicated to promoting research and informed policy debate on public finance issues in New Zealand. The NZPF Newsletter is an extension of the website promoting recent public finance research, news and events. To contribute to the website or the newsletter, please contact the editor

Feature

The 2015 Budget: How will the economy be affected?

Norman Gemmell

Incumbent governments regularly like to claim too much credit when the economy does well, while opposition parties heap undue blame on them when things turn sour. This year's Budget documents contain the usual self-congratulations for a growing economy and the effectiveness of recent and future policies. The mandatory Opposition invective followed as expected.

So, can we disentangle the reality from the rhetoric?

First, the Budget Economic and Fiscal Update (BEFU) figures suggest a national economy performing strongly over the last year from a below-trend starting point – the long legacy of the Global Financial Crisis (GFC). Forecasts suggest this will continue for the next few years – barring any major shocks of course.

But output gap forecasts suggest that by the end of 2015 the economy should be back on its long-term GDP track; that is, at full potential GDP. This would normally imply much less scope for a continuation of the high growth, but the output gap forecast seems at variance with two other key indicators of capacity utilisation – unemployment and interest rates. Unemployment is forecast to remain above pre-GFC levels for several years, while interest rate and inflation expectations show no sign of capacity constraint concerns any time soon.

The recent elevated GDP growth rates have largely come from a combination of the Christchurch rebuild - much of it publicly-funded - and keeping other public spending in check to allow more resources to flow into private sector investment. This year's Budget promises to persist with both of those boosting factors, but as the economy moves closer to its speed limit, these higher growth rates can't be sustained.

Nevertheless, over the next 1-2 years, the Budget could potentially impact on the economy in three ways: short-run macro stabilising effects; long-term productivity effects; and microeconomic reform effects.

Short-run macro stabilising effects

While labels such as 'stable' and 'strong' might describe the national economy, it is clear that regional differences – effectively Auckland's run-away house prices – have the government worried.

It remains doubtful whether it is sensible for the Reserve Bank to set monetary policy increasingly with a specific focus on Auckland (and its property investors in particular), when this clearly does not represent what is happening across the country.

The fiscal Budget, however, provides a better (if still limited) instrument to target Auckland property prices. The newly announced tax on residential property investment and other housing policies are a clear attempt to target 'the Auckland problem'. They should do so fairly directly, since they will hit property wherever prices rise rapidly, and if that happens to be Auckland, then the tax effects will be greatest there.

Nevertheless, most economists have argued for years that any house price effects from introducing a capital gains tax are likely to be small and temporary, especially when the tax has very limited scope, as it has in this case. So, these Budget changes are probably best seen more as insurance against a possible adverse future 'shock' (most likely to originate overseas if it happens at all) than a concerted effort to realign current regional imbalances.

Long-term productivity effects

Aside from tackling the alleged Auckland 'housing bubble' (which is far from demonstrated in my view), if the Budget is to have any impact on longer-term growth it will mainly come through improved productivity performance. Will the Budget help?

Most economists would argue that long-run trend productivity growth is largely beyond the influence of governments, at least in the market sector. In the long-run, the adoption of new technology, much of it beyond the control of government, drives economic growth and productivity.

But governments in New Zealand can have an impact on productivity growth, at least temporarily, to the extent their policies make it easier or more difficult for New Zealand firms to adopt best-practice technology and so catch-up on the global technology frontier.

This includes the public sector– which makes up around a third of the economy – where productivity can be affected by how the government holds the public service to account for its own performance. In this respect, and on private sector regulation, this government has been strongly focused on making lasting improvements in our productivity performance, though less so in this Budget

In at least one aspect the Budget might actually hinder higher productivity over the longer term. The various policies announced to keep welfare reforms on track and extend the 'social investment approach' across Budget headings may help to improve the efficiency and fiscal costs of those public services and benefits.

But, to the extent that this helps low productivity beneficiaries or students into work, it may drag down overall average productivity across the economy. This is not to say they are a bad idea; simply that they may not enhance long-term productivity performance in either the public or private sectors.

Microeconomic reform effects

Previous English Budgets have introduced microeconomic reforms designed to improve the efficiency of the public services, such as through public asset sales or the 10 'better public service' performance targets. This Budget takes some minor further steps in this direction (such as in education and research and development), but which overall seem more like carefully selected sound bite titbits than anything substantive.

In combination with an annual operating allowance held at $1 billion till 2017, the required squeeze on public expenditure will be a hard line to hold, even with any public sector efficiency improvements. And whether 'real' public service output is maintained (allowing productivity to rise), or simply falls in line with spending, is unclear. Until we have better measures of public service performance, answering that question is likely to remain elusive. On a brighter note, the latest (February) data on the 10 public service targets show marked improvements in several performance outcomes. These indicators may be hard to evaluate but they do provide a new level of accountability.

BEFU 2015 Economic Forecasts

Growth rates; % change	2013 Actual	2014 Actual	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
Real GDP	2.6	2.4	3.2	3.3	2.8	2.8	2.4
Potential GDP		2.1	2.4	2.5	2.8	2.8	2.6
Total Investment	7.3	10.4	7.5	8.1	5.0	3.6	1.8
Employment	0.3	2.4	3.3	2.3	1.6	1.4	1.2
Output gap (%)	*-1.2*	*-0.9*	*0.0*	*0.5*	*0.6*	*0.6*	*0.4*
Unemployment rate (%)	*6.2*	*6.1*	*5.6*	*5.1*	*4.7*	*4.5*	*4.5*

Norman Gemmell holds the Chair in Public Finance at Victoria Business School, Victoria University of Wellington. Norman's research interests cover a range of topics across economics and political economy but mainly in the areas of public finance (taxation, public expenditure and public debt) and economic growth. See Norman's profile for further information.

For further information on the 2015 budget see http://www.budget.govt.nz/

Public Finance People

Dr Grant Scobie

A brief profile of contributors to public finance in New Zealand. This issue we focus on Dr Grant Scobie, recently appointed to a new role researching public sector productivity at the New Zealand Productivity Commission.

For much of my career I have been involved in research on aspects of public finance. My first job was as a Research Officer (Grade 1) with the Australian Bureau of Agricultural Economics. State and Commonwealth funds were being used for regional economic development – in this case for land development on the Esperance Sand Plain of Western Australia – was this a good use of public funds? (Answer = marginal! - but I did enjoy many trips to this remote part of Australia so there were some private benefits even if the social returns were marginal!)

I have had a long-standing interest in the contribution of R&D to productivity growth in the agricultural sector. This has involved studies of rice research in Colombia, banana research in Honduras and estimating the return on public financing of agricultural research in New Zealand from 1926 onwards. In all cases the return on public funding was (happily) well above the social opportunity cost of the funds.

Egypt has a very extensive system of food subsidies, largely for bread. Despite repeated attempts to reform the system, bread subsidies still account for close to 30% of the government's budget. I spent a year analysing the implications of these subsidies for public finances, imports and the exchange rate. The distortions were (hardly surprisingly) massive – chicken farmers would buy subsidised bread at retail as it was cheaper than poultry meal!

In other projects we analysed the impact of fiscal and monetary policies on Jordanian exports to the Gulf States; of an overvalued exchange on public finances in Tanzania, while in Ecuador we assessed the impact of protectionist policies for manufacturing on the performance of the agricultural sector and implications for the macro economy. While in the Treasury I was involved with analyses of the implications public subsidies for saving in the KiwiSaver scheme.

Recently I moved to the Productivity Commission and have joined a team to work on productivity in the public sector.

Economists struggle to reach an agreed consensus on many issues – not that there is anything wrong with healthy debate. But there must be virtual universal agreement that economic growth and improved living standards are crucially dependent on the growth in productivity. In that widely cited quote from Nobel laureate Paul Krugman:

> *Productivity isn't everything, but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.*

A useful way to gain an historical perspective on the long run contribution of productivity is to look at real wages. A good example is the wage rates of building craftsmen in southern England, expressed in terms of a basket of consumables[1]. Based on setting the index to 100 for the average of 1451 to 1475 real wages remained virtually static for six centuries: in the year 1285=60; 1585=59 and 1785=69. Following the industrial revolution productivity per worker rose so that by 1885 the index of real wages was 117 and reached almost 200 by 1954.

Economic growth in recent decades has had a boost from high fertility rates and greater labour force participation. But as that “demographic dividend” comes to an end, future prosperity will be increasingly dependent on improved rates of productivity growth.

New Zealand, like many countries has developed a reasonable understanding of the performance of productivity in the market sector of the economy. This has largely come from the work of Statistics NZ based on the national accounts. Recently longitudinal data bases are being exploited to improve our understanding of productivity at the firm level – what explains the range of productivity performance we observe across firms?

But we know much less about the productivity of the public sector. This throws up a series of conceptual and practical challenges: what are the outputs of the public sector? How would we measure their value in the absence of market transactions? How would we adjust for changes in quality? Should we expect productivity growth rates in the public sector to lag those in the market sector? Why have the growth rates declined over time (in both the market and public sectors)? Is there a role for policies to enhance productivity growth?

Over the coming year we hope to offer some initial answers.

Dr Grant Scobie is currently a member of the team working on a public service productivity project at the New Zealand Productivity Commission. He was formerly a Principal Advisor in the New Zealand Treasury.

As well as holding research positions in the Australian and New Zealand governments, Grant was Professor of Economics and Chair of the department at the University of Waikato. From 1995 to 1999 he was the Director General of CIAT in Colombia .He was the founding Chairperson of the Board of Trustees of Motu Economics and Public Policy Research Trust, a past President (and now life member) of the New Zealand Association of Economists and a lay member of the High Court of New Zealand. In 2004, Grant was named the NZIER Economist of the year for his work on the economics of population ageing.

Email: grant.scobie@productivity.govt.nz

[1] E. H. Phelps Brown and Sheila V. Hopkins (1956) Seven Centuries of the Prices of Consumables, Compared with Builders' Wage- Rates *Economica* New Series 23(92):296-314

Event report

2015 Public Finance Debate Series

Patrick Nolan, Government Economics Network & New Zealand Productivity Commission

The public finance debates returned for another successful season this year. As usual, these debates were hosted by the Chair in Public Finance and the Government Economics Network and were designed to be informative and entertaining. Speakers were asked to make their case for or against the motion as strongly as possible. They were allocated to a side by the organisers and the views and arguments they expressed did not necessarily reflect either their personal views or the official policy or position of their employer.

Debate one, left-right: Bob Buckle, Becky Prebble, Norman Gemmell and Simon Chapple

The first debate considered whether "today's policy settings unfairly favour the baby boomer generation." Becky Prebble (the Treasury) was asked to speak for the motion, Simon Chapple (University of Otago) to speak against it and Bob Buckle (VUW) to act as the commentator/chair. Becky Prebble argued that housing, tax and education were key policy areas which favoured Baby Boomers, compared to the conditions faced by generations X and Y. In contrast, Simon Chapple noted that Baby Boomers had to take care of the generation before them as well as the generations after them. He also pointed to efforts to reduce discrimination, the levels of violence in homes and schools and fashion crimes like flared trousers as factors reducing Baby Boomers' wellbeing. After addressing a number of questions from the audience, a vote was taken and the debate ended in a tie.

Debate two, left- right: Geoff Simmons, Bronwyn Croxson and Jackie Cumming

Whether "economic evidence should play a greater role in health policy evaluation" was the topic of the second debate. Jackie Cumming (VUW) was asked to speak for the motion, Geoff Simmons (Morgan Foundation) to speak against it, and Bronwyn Croxson (Ministry of Health) to act as the commentator/chair. Jackie Cumming set out how economic evidence could help set health priorities and ensure value-for-money and equity goals. Geoff Simmons argued that decision making processes in health reflect "rank populism" as well as "rational analysis". There was some lively interaction with the audience, including on hierarchies of evidence (e.g., whether people would believe that economists understand health systems better than clinicians), and the debate was also voted a tie.

The final debate considered whether "the investment approach provides a helpful new tool for public spending policy and evaluation." Derek Gill (NZIER) was asked to speak for the motion, Bill Rosenberg (CTU) to speak against it, and Fiona Ross (the Treasury) to act as the commentator/chair. Derek Gill argued that at a national level the investment approach helps fills a gap in the budgeting framework, at the sectoral level it helps guide the welfare system, at an organisational level it helps focus management attention and at an individual level it helps improve the life chances of the vulnerable. Bill Rosenberg responded by arguing that the investment approach is based on a one-dimensional indicator that only looks at costs (e.g., future fiscal liabilities) and not benefits, and that there are risks of confusing correlation with causation. The large audience had several questions and the case against the motion won in a close vote.

Debate 3, left to right: Derek Gill, Fiona Ross, Bill Rosenberg and Patrick Nolan

The Chair in Public Finance aims to build up expertise in the area of public finance and to promote research, debate, policy analysis and advice on public finance matters and strengthen collaboration between the University and the public and private sectors on research and policy issues. Sign up to the mailing list today to be kept up to date with news and events from the Chair in Public Finance

The Government Economics Network (GEN) is an organisation aimed at promoting better use of economics in the public sector and that provides a professional forum for learning, development and networking to encourage the use of economics in public policy decision making and to stimulate debate and discussion on economic and public policy research. Subscribe to keep up to date with various training and events offered by GEN.

Feature

Bright-line Capital Gains Tax: a tax, but not as we know it!

Norman Gemmell

Whoever heard of a new tax being introduced that is not expected to raise any revenue? At least not enough revenue to be worth IRD factoring it into their revenue projections. That seems to be the situation with the new 'bright line' capital gains tax that was confirmed in the 2015 Budget. Whether it is, or isn't, a new capital gains tax, will no doubt preoccupy parts of the media fascinated by semantics, or political point-scorers, for a while.

It may seem paradoxical, but a tax that is designed to raise no, or very little, revenue is not necessarily all that strange. And it certainly doesn't mean the tax is ineffective.

After all, the 2010 Budget introduced a big increase in tobacco duty, to deliver on promises to National's Maori Party partners to do something to discourage smoking. If this raised no extra revenue, arguably the government would have considered it a major success - cutting tobacco consumption by the same percentage by which it had raised the tobacco tax rate.

This is a classic example of so-called 'preventive taxation' – a tax that is levied with an explicit objective of changing taxpayers' behaviour away from what is perceived as 'bad behaviour'. The revenue yield is incidental – or even a measure of failure!

But is that what the new 'bright-line test' capital gains tax (CGT) is all about? The answer to this question is much less clear.

REDUCING SPECULATION?

If you believe the rhetoric about 'speculators' driving up house prices in Auckland, and if you think this should be discouraged, then a CGT with a bright-line test that raises no tax at all would arguably have achieved its 'preventive taxation' objective. A high tax penalty makes speculative housing activities so costly that all speculators get out of the market. Bingo!

Of course, even with this preventive motive, the projected failure to raise revenue may simply indicate that IRD expects a shift in investors' holding period for property (from less than, to more than, two years). In this case, there may be some temporary effects on house prices and 'speculation' as intended, but the main effect is likely to be a re-characterisation of property income to keep it outside the CGT regime's two-year window.

In practice this might mean a three or more year window, depending on whether IRD can convince the courts that someone selling a property after not much more than two years nevertheless should be caught in the CGT 'trading in property' net. But, whatever the effective bright-line turns out to be, this kind of behavioural response to the new tax would more likely signal tax avoidance than any real change in behaviour.

A LEVEL TAX PLAYING FIELD?

The more common argument made by those who favour a CGT in New Zealand is about 'levelling the playing field' of taxation of housing versus non-housing investment.

The usual argument is well known – housing is undertaxed relative to non-housing both through mortgage tax relief for geared property investments and untaxed capital gains on house price appreciation.

But, this argument is far too simplistic.

As the Productivity Commission pointed out in its 2012 Affordable Housing report, the major tax advantage for housing is for owner-occupied housing through untaxed imputed rental income – and no-one is suggesting taxing this, nor applying a GCT to owner-occupiers.

And there are various other ways in which capital gains on housing are taxed, even without a formal CGT.

For example, a small business owner who build her business up from almost nothing and sells it for $1 million is untaxed, directly, on the gain. But any buyer valuing the business at $1 million does so because of the profit stream they expect to earn from it – a stream that is subject to personal or corporate income tax. Without the tax they would be willing to pay more than $1 million for the business - the difference is the effective tax the initial business owner is paying.

Regardless of whether property is, or is not, tax-advantaged, the bright-line test CGT will raise the tax on property relative to other investments. Capital gains on company shares and other non-property investment will remain untaxed (although, like the business case above, even some of this is already taxed indirectly).

So, the new bright-line CGT should more accurately be labelled a property tax than a capital gains tax! And at least this form of property tax is levied at the taxpayer's marginal income tax rate, like most other property income. Plus, unlike Australia, the government has avoided levying highly inefficient transactions taxes on sales of New Zealand properties.

Last, but definitely not least, the new bright-line CGT adds yet another twist to New Zealand's increasingly complicated regime for taxing capital income and savings. Finance Ministers over the years have tinkered with it since its 1990s simplicity.

The 2010 Tax Working Group noted that different forms of capital were now being taxed at quite different rates and called for greater coherence. That never happened. Instead a patchwork of property-impacting tax changes were introduced in 2010. Now we have further reasons to be concerned: for taxes on investment it seems we have more 'undulating scrub' than level playing field!

A version of this opinion piece appeared in The Dominion Post on 26 May 2015.

Media releases and opinion pieces from Professor Norman Gemmell at http://www.nzpublicfinance.co.nz or www.victoria.ac.nz/cpf

For further information on the 2015 budget see http://www.budget.govt.nz/

Upcoming Events

27 July 2015
Institute for Governance and Policy Studies Symposium
A More Inclusive New Zealand
Wellington, New Zealand

30 July 2015
SSC, IGPS, and ANZSOG
What really drives co-production?
Wellington, New Zealand

31 July 2015
SSC, IGPS, and ANZSOG
What really drives co-production?
Auckland, New Zealand

23-26 July 2015
Institute for Public Economics II
The 4th Shadow Conference
Exeter, United Kingdom

23-24 July 2015
Commerce Commission New Zealand
Competitions Matters 2015: Competition and Regulation Conference
Wellington, New Zealand

17-18 August 2015
Centre for European Economic Research
Workshop on Behavioural Responses to Income Taxation
Mannheim, Germany

20-23 August 2015
International Institute of Public Finance
2015 IIPF Congress
Dublin Ireland

2-4 September 2015
African Tax Research Network
1st Annual Congress
Cape Town South Africa

3-4 September 2015
CEPAR & CESifo
Workshop: Pension Taxation, Population Ageing, and Globalisation
Munich,Germany

25-26 September 2015
Economic Conference on International Taxation and Information Exchange
Mons, Belgium

2-4 October 2015
1st International Conference of Development and Economy
Kalamata, Greece

12-13 October 2015
Unitar
Redefining Leadership in the Knowledge Economy
Geneva, Switzerland

13-14 November 2015
Symposium on Business and Economics in Times of Crisis 2015
Lisbon, Portugal

30 November 2015
GEN Annual Conference
Wellington, New Zealand

7-8 December 2015
OFCE - Workshop on Empirical Monetary Economics 2015
Paris, France

17-18 December 2015
11th International Scientific Conference on Economic and Social Development
Zagreb, Croatia

Recent Public Finance News

New Zealand

- 8 July, Budget roars back into surplus, Stuff
- 5 July, Bay job growth leads country,The New Zealand Herald
- 24 June, KiwiSaver enrolments drop by half after National axes sign-up payment, Stuff
- 23 June, OECD urges New Zealand to raise it overseas aid game, Public Finance International
- 16 June, March quarter likely to show GDP slowdown, say economists, The New Zealand Herald
- 16 June, Time to rethink renting in NZ, The New Zealand Herald
- 9 June, Economic Survey of New Zealand 2015, OECD
- 2 June, Hardship Budget empty of bold moves to please the business community, The Press
- 1 June, Social bond system to target mental health, Radio New Zealand
- 18 May, Editorial: Two Budgets ocean apart in message, The New Zealand Herald
- 17 May, Budget 2015: Taxing property gains fairly, Beehive.govt.nz
- 15 May, $500K deposit for $1.5 million house: Barfoot chief's solution for Auckland housing crisis, The New Zealand Herald
- 14 May, Budget 2015: $33m boost for Immigration, Beehive.govt.nz
- 13 May, Tenants will be the losers - landlord bosses, The New Zealand Herald
- 13 May, Investing for success: Social impact bonds and the future of public services, New Zealand Initiative
- 12 May, Mixed fortunes: The geography of advantage and disadvantage in New Zealand, The Salvation Army Social Policy and Parliamentary Unit
- 12 May, Auckland house prices up – rest of NZ falls in April, The New Zealand Herald
- 12 May, New rules coming on Auckland home lending, The New Zealand Herald
- 11 May, Fiscal stability report, Reserve Bank of New Zealand.
- 9 May, English faces smoother road than Hockey, The New Zealand Herald
- 7 May, Budget 2015: $6.5m boost to reduce reoffending, Beehive.govt.nz
- 6 May, Budget 2015: $98m for more elective surgery, Beehive.govt.nz
- 5 May, Property: Cost of renting in Auckland enough to buy a house elsewhere, New Zealand Herald
- 4 May, English knows risk of low-grade growth, The New Zealand Herald
- 2 May, Govt will stick to fiscal policy in Budget, The New Zealand Herald
- 29 April, Tax compliance costs fall for SMEs, Stuff
- 28 April, Cash rate tipped to hold, for now, The New Zealand Herald
- 24 April, Property tax – the case is clear, The New Zealand Herald
- 22 April, Improving public policy: Delivering value through good financial management, The Treasury
- 17 April, Long term solution needed for overheated Auckland property market, The New Zealand Herald

World

- 14 July, Eurozone leaders reach agreement on Greek debt crisis, Public Finance International
- 10 July, Germany won't spare Greek pain – it has an interest in breaking us, The Guardian
- 8 July, Summer Budget 2015: key announcements, Her Majesty's Treasury
- 7 July, OECD issues growth warning over public sector debt, Public Finance International
- 5 July, Europe thrown into crisis as Greece nears euro exit after shock referendum result, The Telegraph
- 26 June, Greece: Preliminary draft debt sustainability analysis, IMF
- 25 June, Greek debt crisis talks stall, Public Finance International
- 18 June, Welsh assembly report damns Cardiff government for failure to cut poverty, The Guardian
- 17 June, First Lady announces joint US-UK effort on education for girls, Public Finance International
- 16 June, Hong Kong home buyers make market world's most buoyant, The New Zealand Herald
- 11 June, IMF walks out of Greece bailout talks, The Guardian
- 8 June, Iceland to lift capital controls to help boost economy, The Guardian
- 7 June, New housing headwind looms as fewer renters can afford to own, The Wall Street Journal
- 4 June, Financial markets and the economy: Two forces, The Economist
- 4 June, Greece moves closer to eurozone exit after delaying €300m repayment to IMF, The Guardian
- 3 June, When should public debt be reduced? International Monetary Fund
- 28 May, Women disproportionately affected by austerity, charities warn, The Guardian
- 14 May, WSJ Survey: What's causing the productivity sowdown? Economists are split, The Wall Street Journal
- 12 May, Budget 2015, Australian Treasury
- 12 May, Australia's AAA rating not at risk, says Fitch, Sydney Morning Herald
- 12 May, Budget 2015: Deficit will beat market expectations says Joe Hockey, Sydney Morning Herald
- 11 May, Bank of England keeps interest rates on hold at first post-election meeting, The Telegraph
- 11 May, Greece set to make IMF loan repayment, Public Finance International
- 10 May, Greece debt repayment uncertain amid fresh round of talks, The Guardian
- 09 May, Why the next Conservative Government won't be business as usual, The Telegraph
- 06 May, World Bank agrees $500m loan for Egypt social housing scheme, Public Finance International
- 05 May, OECD urges major overhaul of Swedish school system, Public Finance International
- 30 April, Eurozone recovery hopes boosted as Spain announces GDP rise, The Guardian

Public Finance Publications

Working Papers in Public Finance

This working paper series is published by the Chair in Public Finance, Victoria University of Wellington, in collaboration with researchers in New Zealand and overseas.
*NZPF Research associates in **bold***

WP07/2015
Ball, C. and **Creedy, J**. ‘Inequality in New Zealand 1983/84 to 2013/14’

This paper provides an empirical analysis of annual income and expenditure inequality in New Zealand over a thirty-year period from the early 1980s. The extent of redistribution through the tax and benefit system is also explored. *Household Economic Survey* data are used for each year from 1983/84 to 1997/98 inclusive, 2000/01 and 2003/04, and for each year from 2006/07.

Recent publications from NZPF research associates

*Research associates in **bold***

Creedy, J and **Gemmell, N**. (2015) ‘Measuring Revenue-maximizing Elasticities of Taxable Income: Evidence for the US Income Tax’, *Public Finance Review,* pp.1-33. Published online July 2015, DOI: 10.1177/1091142115589970

Gemmell, N and Morrissey, O., (2015), ‘Distribution and Poverty Impacts of Tax Structure Reform in Developing Countries: How Little We Know’, Chapter 16 in J. Alm and J. Martinez-Vazquez (eds) *Tax Reform in Developing Countries*, Volume 1. Cheltenham: Edward Elgar.

O'Connell, A, Edgar, C., Ormrod, C., Mussett, D., Shirley, J., Benbow, J., Eriksen, J., and Channon, M. (2015). ‘Income Streaming in Retirement: Options for New Zealand’, *New Zealand Society of Actuaries*

Marriott, L and Sim, D. (2015) ‘Indicators of Inequality for Māori and Pacific People’, *The Journal of New Zealand Studies*, 20: 24-50

Public Finance Journals

1. FinanzArchiv
2. Fiscal Studies
3. International Tax and Public Finance
4. Journal of Public Economics
5. Journal of Public Economic Theory
6. National Tax Journal
7. Public Budgeting and Finance
8. Public Finance Review
9. Public Finance and Management
10. Tax Notes International

Institutions Working on Public Finance Research or Policy

New Zealand

Centre for Accounting, Governance & Taxation Research (CAGTR)
Victoria University of Wellington
The CAGTR was established within the School of Accounting and Commercial Law to advance and apply knowledge germane to the accounting and legal professions, commerce and industry and the public sector.

Retirement Policy & Research Centre (RPRC)
The University of Auckland
"The Retirement Policy and Research Centre (RPRC) is an academically focused centre specialising in the economic issues of demographic change."

Chair in Public Finance (CPF)
Victoria University of Wellington
The Chair in Public Finance (CPF) is a joint venture between Victoria University and four sponsoring institutions with an interest in public finance The Treasury, the Inland Revenue Department, PricewaterhouseCoopers, and the Ministry of Social Development. The Chair conducts research and organises events to increase awareness and discussion around public finance issues.

World

Tax and Transfer Policy Institute
Canberra, Australia
"The Tax and Transfer Policy Institute (TTPI) carries out research on tax and transfer policy, law and implementation for public benefit in Australia."

CESifo Group Munich
Munich, Germany
Centre for Economic Studies, the ifo Institute and the Munich Society for the Promotion of Economic Research in Germany.

Institute for Fiscal Studies
London, UK
The Institute for Fiscal Studies aims to promote effective economic and social policies by better understanding how policies affect individuals, families, businesses and the government's finances.

London School of Economics Public Economics Programme (PEP)
London, UK
The PEP's activities include "theoretical and empirical work on the economics of taxation, the provision of public goods, social insurance and the economics of income distribution.

Oxford University Centre for Business Taxation

Oxford, UK

"The Oxford University Centre for Business Taxation is an independent research centre which aims to promote effective policies for the taxation of business."

University of Exeter, Tax Administration Research Centre

Exeter, UK

"The Tax Administration Research Centre undertakes research on tax administration in order to strengthen the theoretical and empirical understanding of tax operations and policies. The Centre is operated in partnership by the University of Exeter and the Institute for Fiscal Studies."

Office of Tax Policy Research

Michigan, USA

The Office of Tax Policy Research (OTPR) is a research office at the Stephen M. Ross School of Business at the University of Michigan. OTPR supports and disseminates academic research on all aspects of the tax system, with the goal of informing discussion about the future course of policy.

OECD Centre for Tax Policy and Administration

Paris, France

The Centre for Tax Policy and Administration (CTPA) is the focal point for the OECD's work on all taxation issues, both international and domestic.

Congressional Budget Office

Washington, DC, USA

The Congressional Budget Office (CBO) has produced independent analyses of budgetary and economic issues to support the Congressional budget process. The agency is strictly nonpartisan and conducts objective, impartial analysis.

National Institute of Public Finance and Policy

New Delhi, India

The National Institute of Public Finance and Policy (NIPFP) is a centre for research in public economics and policies. The institute undertakes research, policy advocacy and capacity building in areas related to public economics.

Centre for Public Finance Research

Washington, DC, USA

The Center for Public Finance Research (CPFR) offers research and education in public budgeting and finance, public financial management, public economics, and benefit-cost analysis at the local, regional, national, and international levels.

National Institute of Economic and Social Research

London, UK

"NIESR aims to promote, through quantitative and qualitative research, a deeper understanding of the interaction of economic and social forces that affect people's lives, and the ways in which policies can improve them".

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