



THE TREASURY

Kaitohutohu Kaupapa Rawa

Community for Policy Research





Welcome to the Treasury's Community for Policy Research.

Tim Ng,
Deputy Secretary, Chief Economic Adviser

The Treasury is New Zealand's lead advisor to Government on economic, financial and regulatory policy. Our vision is focused on being a world leading Treasury working toward higher living standards for New Zealanders. One of the ways we deliver on that vision is by drawing on information and analysis from a wide range of experts.

The Treasury has established the Community for Policy Research and compiled the Research Interests document with a view to researchers, like you, choosing projects that might improve the advice The Treasury can offer to New Zealand government and its agencies.

At The Treasury, we know we haven't always been clear about what we want from external research, or who we want to do it. By establishing the 'Community for Policy Research' we are acknowledging that you have the expertise in conducting research (not us!) and that we need to be clearer about exactly what we want.

This booklet provides you with further information about the Community for Policy Research and a list of broad areas that might benefit from additional research.

We look forward to working with you.
Ngā mihi,

A handwritten signature in black ink that reads "Timothy Ng". The signature is fluid and cursive, with the first name "Timothy" written in a larger, more prominent script than the last name "Ng".

If you would like to contact my office, please email cea@treasury.govt.nz, or you can contact me directly on Tim.Ng@treasury.govt.nz.

Community for Policy Research

Why we've created this initiative

New Zealand has a wide range of talented researchers, many of whom are interested in seeing their work inform policy. While The Treasury can make some contributions to knowledge generation, our primary task will always be using the knowledge generated by others to improve the advice to ministers.

The list of Research Interests is our assessment of where additional research with a New Zealand focus could be useful. It reflects a number of judgements, including our sense of gaps in the evidence base, where we believe policy development is being hampered by lack of evidence and emerging medium to long term issues. Often we are looking for research that will help us make a step change, where wider debate will be necessary over the medium to long term.

How it works

The Treasury has funded research in the past and we will continue to do so. However we are not a research funding body and Research Interests is not a statement of our funding priorities. The large majority of projects discussed below will not receive funding from The Treasury even if we believe results will be directly relevant to our advice.

We seek expertise from across the country (and beyond) to improve our advice with evidence. The Treasury can assist research experts in determining research questions.

Using a range of techniques, The Treasury and the wider community could be kept updated as the research progresses, i.e. through presentations at Treasury Guest Lecture Series or collaboration on a Treasury Working Paper. Ultimately, the research should be able to guide policy advice by providing relevant and timely evidence, and would likely be suitable for adaptation into an academic journal article.

The Treasury uses a Four Capitals Approach to fulfil its vision to raise living standards. This approach ensures that broader issues such as resilience, social cohesion, sustainability, and equity are considered in our advice, not just economic growth. Accordingly, we have structured our Research Interests under the Four Capitals.

Who can participate

We believe academics and researchers from a range of disciplines can contribute to the research required. Economists are likely to be the largest discipline but social scientists, finance and accounting specialists, lawyers and many others will have useful contributions. All those who are interested in policy in New Zealand are welcome to join the 'Community for Policy Research'.

In order to facilitate connections between academics and policy makers in a practical way, The Treasury will collate a list of names of researchers and their areas of research interests. We will make this list publically available and accessible by all Treasury and other Public Sector staff.

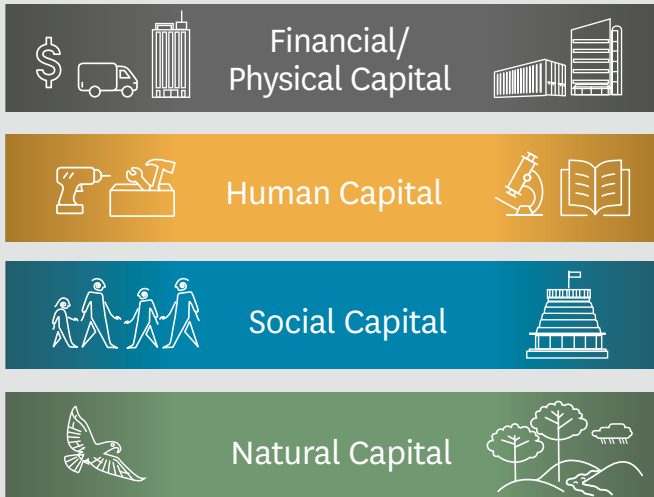
The Community is an open environment - academics and researchers self-identify to participate. As such the list of names of those in the Community is not a comprehensive or exhaustive list of researchers interested in policy. Nor does it rank academic excellence or endorse researchers. It simply provides a way of connecting researchers and policy makers, in an open and contestable environment, and will generally not be a paid arrangement.

If you would like to be part of the Community for Policy Research initiative please email cea@treasury.govt.nz with contact details and area of research interests.

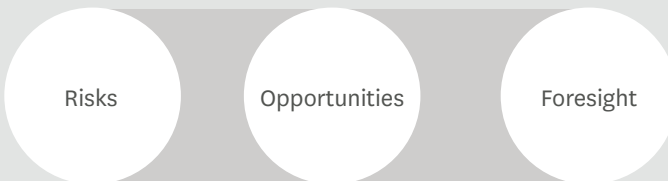
Research Interests

Here are a selection of areas that we feel would benefit from additional research with a New Zealand focus. We would be happy to talk through any research proposals.

Capitals



Risks & opportunities





Financial/ Physical Capital



Economic forecasting

- Estimating the (time varying) NAIRU in light of labour market revisions
- Output gap estimation methodologies
- Different approaches to now-casting & indicator models
- Different approaches to population/migration projections, (e.g. Bayesian)
- Business cycle estimation
- Macro forecast model tools development

Macroeconomic and prudential issues

- Migration transmission mechanisms and the NZ business cycle
- Housing, house prices and the business cycle
- Trading partner growth and impacts on the terms of trade (both import and export prices)
- Dairy prices, farm profitability and the NZ economy
- Changes to supply chain management., cost structures in wholesale-retail and exchange rate pass-through
- Estimating cost of living measures for forecasting living standards
- The impact of the Canterbury earthquake on activity



Financial/ Physical Capital



Fiscal issues

- What should be New Zealand's fiscal targets?
- What is the optimal level of public debt in New Zealand?
- Macroeconomic effects of different types of government spending in New Zealand
- Are New Zealand government spending multipliers state-dependent?
- Should New Zealand have an Independent Fiscal Council?

Technical and data issues

- Construction of National Transfer Accounts for New Zealand
- Macro-Fiscal Policy Model (overlapping generations model)
- Labour market and tax issues
- How is wellbeing affected by changes in disposable income arising from tax or transfer policy changes?
- Microsimulation modelling for optimal marginal income tax reforms or benchmarking (with Australia) on labour supply preference parameters or elasticity



Human Capital



- What issues impact on building and utilising human capital and how do these vary for different people in NZ?
- How should we measure and represent unpaid work (domestic and care work) within human capital? Do we require additional data?
- What is the relationship between volunteer work, social and human capital?
- From a health perspective, how should we consider the relationship between human and social capital?
- From a health perspective, should we explicitly compare the services for working age and non-working age people?



Social Capital



- Can social capital be defined for New Zealand as pro-social behaviour, pro-social norms, feelings of unity, social connections, institutional trust?
- What is the role of government regarding pro-social norms and behaviours?
- What impact do we expect globalization and technological developments to have on social capital in New Zealand?
- Trust in people – does it exist, how is it underpinned by pro-social norms, how is it changing over time?
- Trust in institutions – does it exist, does it differ between groups of people, how is it changing over time?



Natural Capital



- What would a comprehensive approach to calculating natural capital look like? What measures would be included?
- What qualitative or quantitative methods could be used to forecast natural capital? What would be considered as best practice?
- Under what conditions are weak and strong sustainability the most appropriate policy goal?
- How can ownership, in the sense of legally recognised obligations and benefits, be adapted to natural capital that is not government owned, but for which government has de facto obligations?
- What is the best measure of the distribution of a multi-dimensional wellbeing indicator?

Risks & Opportunities

- How can government improve opportunities and risk management and resilience investment in New Zealand?
- What role do the issues of behavioural biases, the challenge of foresight, and difficulties in applying our economic toolkit have in our ability to respond to risks and opportunities? What other factors are relevant?
- What are the critical elements of New Zealand's Institutional Framework for managing national opportunities risk and resilience?
- Should institutions establish generally accepted resilience measures to improve the way New Zealand grasps opportunities, manages risk and builds resilience? What other approaches might they take?
- How resilient are New Zealand's innovations?