



## MARCH 2011

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### CANTERBURY EARTHQUAKE

Just over a month has now passed since the Canterbury Earthquake. It has been a difficult time both in a personal capacity for the people of Christchurch and also the owners of businesses who are still within the restricted access cordon.

Lane Neave Lawyers is within the restricted cordon, and therefore over the past month we have all been very busy setting up and establishing alternative temporary commercial premises, whilst at the same time submitting temporary and residence visa applications for existing clients. The firm is now fully operational.

Associated with an event of this magnitude is opportunity. In an immigration context, there will be significant opportunity in skilled employment areas created by demand for skills as Christchurch revitalises. As a firm we are committed to the revitalisation of Christchurch, a return to the CBD, and we look forward to contributing our skills and service offering to individuals, corporate clients, and the public sector who are also committed to this project.

Many businesses are still in the process of re-establishing themselves and therefore the content of this newsletter is limited, although with the next newsletter due in a month's time we envisage that all commentators will be well settled and business will largely be back to normal.

### IMMIGRATION NEW ZEALAND RESPONSE TO CANTERBURY EARTHQUAKE

The Minister of Immigration (Dr Jonathan Coleman) acted swiftly under guidance from the Department of Labour in terms of issuing a number of special directions for migrants in the Canterbury region.

For more detail on the special directions provided by the Minister of Immigration click [here](#) to be linked to the Immigration update article featuring on our Live in New Zealand website.

### SKILLED MIGRANT CATEGORY POOL SELECTION

There were two draws from the Skilled Migrant Category (SMC) pool in February. The pass mark for the draw that took place on 9 February was 115 points and the pass mark for the draw that took place on 23 February was 120 points for all Expressions of Interest included in the SMC Pool that did not hold a full time offer of skilled employment. Applicants however in both draws were also required to claim a minimum of 10 points for holding work experience in an area of absolute skill shortage.

For further information or assistance with emigration please contact **Mark Williams** of **Lane Neave Lawyers** on **+64 3 379 3720** or email [liveinnewzealand@laneneave.co.nz](mailto:liveinnewzealand@laneneave.co.nz)



The recent Christchurch Earthquake has certainly had a dramatic effect on all businesses throughout Canterbury. All businesses such as ours within the CBD have been impacted hugely, both in a physical sense but also with respect to their immediate business. Most professionally orientated businesses have relocated and initiated disaster recovery plans fully. We have managed to successfully accomplish this, and are now experiencing huge demand for skilled tradesmen for obvious reasons. We are searching New Zealand via our branch network for qualified tradesmen and have commenced the preliminary stages of sourcing qualified Tradesmen from overseas.

Our thoughts are with everyone who has suffered due to our recent natural disasters worldwide. Fortunately our physical environment has stabilised significantly and the opportunities presenting are now massive given the size of the task ahead. Christchurch is genuinely "the land of opportunity" with many billions of dollars committed to our rebuild.

Most businesses outside the CBD; and this is predominantly the manufacturing and IT sectors; are relatively unscathed and it is business as usual. In fact their needs have grown also as a consequence of the CBD / eastern suburb residential destruction. As such we welcome contact from all quality candidates with qualifications and experience in production / manufacturing and information technology looking for new opportunities in New Zealand.

For further information on employment opportunities, please call **Steve Baker** of Enterprise Recruitment on **+64 3 353 0680** or email him at **steve.baker@enterprise.co.nz**



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#### **WATCHING THE MARKET... OR HAVE THE BUTLER DO IT**

The old saying is that a watched kettle never boils and the same could be said of exchange rates; a watched currency never does what you want it to until you look away.

The Sterling – New Zealand Dollar exchange rate is volatile at the best of times but recent events in New Zealand and elsewhere have exacerbated that. The Christchurch earthquake changed a lot of views of the NZ economy. Fears of a second three month of economic decline were circulating and that (two consecutive quarters of contraction) would technically mean New Zealand was in recession.

However, the economic growth data announced on 23rd March showed a surprisingly positive 0.2% growth level for quarter 4 and that boosted the NZ Dollar. Meanwhile, the interest rate cut that the Reserve Bank of New Zealand delivered at their last meeting was enough to weaken the Kiwi Dollar initially but we hit a very significant technical level at NZ\$ 2.22 and the pound fell straight back down again. We remain trapped below that level as I write in spite of a slight pickup in the Pound's popularity and the potential for interest rate hikes in the UK. These factors had been conspiring to boost Sterling leading us to hope for another test of NZ\$ 2.25 and perhaps even a surge to the NZ\$ 2.30 high we last saw just over a year ago.

However, a week of rapid fire UK data was enough to unsettle the Pound and brought about a drop in the Sterling – Kiwi Dollar rate to NZ\$ 2.13. UK inflation picked up to 4.4% and that is positive for the Pound because it increases calls for interest rate hikes. That was realised at the same time as news that the UK government borrowing level had also reached a significant high which is negative for the pound. The Bank of England meeting minutes confirmed no change in the voting pattern of six members in favour of unchanged interest rates with the same three members as last time voting for an interest rate hike. On the same day, we had a neutral budget delivered by the Chancellor of the Exchequer and the following day brought dire retail sales data.

It's exhausting keeping track on the markets when the news is arriving this thick and this fast but the end result of all of this was a general decline in the value of the Pound opening up the real possibility of a break below the previous NZ\$ 2.13 buying level and a target rate of NZ\$ 2.10.

### **WATCHING THE MARKET... OR HAVE THE BUTLER DO IT** (Con't)

All of this is proof that logic is not always the driving force in exchange rate movements. Logically, after the recent earthquake, the NZ Dollar should have declined and given NZD buyers a terrific window of opportunity. That did happen but it lasted less than a day and anyone in the UK who had not placed an automated order is unlikely to have been able to trade at the higher levels because the opportunity came and went overnight as far as the UK is concerned; while UK banks were not involved and while UK high street banks were closed for business.

If there were ever an argument for using the correct tool for the job then this is it. Sadly no one can be totally certain of the path of any exchange rate but there are ways to make sure you are not susceptible to negative movements and ways to make sure you take advantage of positive ones.

The correct tool to use when buying or selling Australasian currencies is the automated market order which lays dormant until it can be triggered by appropriate exchange rate movement anywhere in the world throughout the 24 hour trading day.

It is a bit like disposing of the watched kettle and buying a Teasmade with a timer or better still, one could always get the butler to make the tea before one is ready to awaken. Sadly we don't all have butlers - more's the pity - but everyone has access to automated orders if you make use of a specialist currency broker like Halo Financial.

For a more thorough explanation of the current trends, please contact **David Johnson**; a Director of Halo Financial; specialist providers of foreign exchange for migration purposes on **+ 44 (0) 207 350 5474** or email him at **david.johnson@halofinancial.com**



Harcourts figures for February show that any real estate recovery across the country is patchy at best with most markets activity levels flat, but that is largely history.

The devastating earthquake and significant loss of life on Feb 22nd makes statistics irrelevant. The response from the Reserve Bank to cut the official cash rate, and the response from the commercial banks with continued easing of lending criteria and lower rates will start to have a positive impact on a broad property market recovery. Yet Christchurch will write its own future. In terms of real estate transactions it is remarkable that there have been any – but clearly September was (in hindsight) a good practice run. All those involved in the transaction process – insurers, lenders, lawyers and agents are working well to insure that the market has begun to function much quicker than post September.

It is clear that many people displaced from their homes are choosing to buy rather than rent, and it is thanks to the professionalism of everyone involved that the confidence for that to happen has returned so quickly.

It is obvious that there will continue to be challenges, but the outlook for Christchurch is positive, albeit from an Earthquake-damaged perspective. The Cantabrian population has the desire and drive to help Christchurch recover quickly, and the Government has recognized the need to act accordingly. Indeed Christchurch has the opportunity to rebuild itself better than before – we at Harcourts have no doubt that it will happen, and faster than many now imagine.

For further information and advice about the general property market in New Zealand please contact **Tim Harris** of Harcourts on **+64 3 379 6596** or email him at **tim@timharris.co.nz**



## FOR A LIMITED TIME ONLY

The Reserve Bank cut the OCR by 50 basis points to 2.50% last week, in a move to support existing policy efforts to deal with the aftermath of the devastating Christchurch earthquake.

While the direct impact of the quake is being addressed through large, targeted fiscal measures, there is also a significant risk of knock-on effects around the rest of the country, as firms lose customers or suppliers in the Canterbury region and expansion plans are delayed. That leaves a role for monetary policy to provide a modest but broad-based response, through temporarily lower borrowing rates.

In fact, what was most striking about the RBNZ's Monetary Policy Statement was how explicit it was about the temporary nature of this rate cut. The document noted that: "Lowering the OCR should be regarded as an insurance measure, designed to help offset the negative economic effects of the earthquake until such time as rebuilding – and a recovery in the broader economy – act to draw on the economy's surplus resources."

That rebuilding effort is not expected to be in full swing until next year, with repairs to essential infrastructure starting first. But once it is under way, it will make a significant claim on the nation's resources – far more than was expected out of last September's quake. The RBNZ expects GDP to grow just 1.3% this year, but to reach a peak growth rate of 5.4% by the end of 2012. By this point the RBNZ expects the economy's spare capacity to have been soaked up, a little earlier than previously thought.

For further information contact **Richie Owen**, Migrant Banking Manager on **+64 3 371 6093** or Email: **Richie\_owen@westpac.co.nz**

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