

JULY 2010

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SKILLED MIGRANT CATEGORY POOL SELECTION

There were two draws from the Skilled Migrant Category (SMC) pool in June. The pass mark for the draws that took place on 2 June and 16 June was 125 points for all Expressions of Interest not including offers of skilled employment. Both draws however also required applicants to claim a minimum of 10 points for work experience held in an area of absolute skill shortage.

Citizens of India were the largest nationality by draw in June (18.5%), followed by the United Kingdom (16%).

INVESTOR 2 CATEGORY POOL SELECTION

There were no reported draws from the Investor 2 Category pool in June. For the year to date there have been approximately 107 reported selections within the annual quota of 300 places.

LEXISNEXIS IMMIGRATION LAW CONFERENCE 2010

On 1 July 2010 at the 8th Annual LexisNexis Immigration Law Conference held in Auckland the Minister of Immigration Dr Jonathan Coleman confirmed the unwavering direction of the New Zealand Government to source foreign capital (in terms of the new investor policies) and also to continue to attract talented skilled migrants to New Zealand.

The position of the New Zealand Government was echoed by the recent press release in June confirming that the overall number of set places for New Zealand permanent residency per annum will remain the same, currently set at 45,000 to 50,000.

For the 2010/2011 residence programme year, the target numbers have been set as follows:

- 1 The skilled/business stream (approximately 26,900 to 29,975 places);
- 2 Parent, adult child and adult sibling policies of their family sponsored stream (approximately 4,950 to 5,500 places);
- 3 Partner and dependant child policies of the family sponsored stream (uncapped) estimated to be about 9,900 to 10,700 places for planning purposes; and
- 4 The international/humanitarian stream (approximately 3,250 to 3,825 places).

Whilst Dr Coleman confirmed the overall direction of the Government to continue to source foreign capital and skilled migrants for the benefit of the economy in the long term, there were also two points of note in his address to the conference.

First, he advised that further changes to the long term and immediate skill shortage lists are expected. It is anticipated that a number of occupations currently provided on those lists will be removed in the next review. Whilst it is conceded by the writer that there are occupations on these lists which are currently not in significant demand in New Zealand, it is simply too late to make this adjustment. The result, in the writer's view, is that occupations will be removed from these lists which, during the current economic recovery, will again be placed in short demand. The bi-annual review of the Long Term Skill Shortage List and the Immediate Skill Shortage List does not present an adjustment in these lists which is frequent enough to reflect current market conditions.

LEXISNEXIS IMMIGRATION LAW CONFERENCE 2010 (Con't)

The result of course, is a lose lose situation for migrants and the New Zealand economy. Migrants holding occupations which should be recognised in an area of absolute skill shortage will not be assisted by the grant of bonus points under the system to travel to New Zealand where there is actual demand for these occupations in New Zealand.

It must be stated however that this position is in preference to the current scenario where occupations are specified in an area of absolute skill shortage where in reality they are not.

The key point here for migrants is to be informed that these lists are often outdated, and never accurately portray true shortages whether real or otherwise at any time. Undertake detailed research regarding the availability of positions before commencing the migration process, rather than relying on a Government list which in some instances does not reflect the true market position.

Second, the Minister quite clearly indicated that the current adult sibling and adult child policies are under review. This is a very clear warning in the writer's view that these policies are likely to be either significantly restricted or cancelled altogether. Quite a significant number of places have been allocated to these categories which, from the New Zealand Government's point of view, do not provide the economic benefits associated with the skilled migrant/business stream.

We would anticipate that when demands are felt through the economy for more skilled workers, the Government are likely to cancel these policies and apply the places available to the skilled/business stream.

IMMIGRATION ACT 2009

The commencement/implementation dates of the Immigration Act 2009 have been released, with the following being provided:

- 1 Employer enquiries enabled under " VisaView" on 2 August 2010;
- 2 The core provisions of the Act coming in to force on 29 November 2010;
- 3 The interim visa system coming in to implementation on February/April 2011, and the carrier infringement regime coming in to place in early/mid 2012.

A gradual and staged roll out of the new provisions has been implemented due to the challenge to the Government and their Operational Department (INZ) in relation to implementing systems, training of immigration officers, and provision of the new (substantive) policies.

A number of changes will be implemented in the introduction of the core provision section and also the interim visa system and future newsletters of this firm will provide general summaries as to the material changes in policy.

One very important point to note is that the new Operational Manual (which will be called the New Zealand Immigration Instructions) will be released in October 2010. These instructions will provide the finer detail of the immigration policy that will come into force (largely) on 29 November 2010 and are likely to include quite significant changes and adjustments to the current policy being applied.

What is quite clear however is that from October we would anticipate a period of at least 12 months where there will be inconsistent decision making by INZ and also inconsistent advice provided by licensed immigration advisers as they try to interpret and apply the new Act and Instruction Manual. It will be very important therefore that individuals wishing to travel to New Zealand should at the very least make sure they seek second opinions regarding eligibility during the roll out phase and implementation of the new immigration policy.

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



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HARNESSING THE VOLATILE TO SAVE MONEY

If you think the Sterling – New Zealand Dollar exchange rate is volatile right now, you are absolutely right. This currency pair has always been 'lively' shall we say but the period since the start of the credit crunch in 2008 has been almost unprecedented for the pace and magnitude of the fluctuations.

The markets have started to use the expressions 'risk on' and 'risk off' to describe the changes in sentiment. It sounds a bit like 'wax on and wax off' as per the karate kid videos but this has nothing to do with Mr Miyagi. 'Risk on' denotes a period when international investors are happy to take on riskier transactions in search of higher yields. These include shares but also cross currency investments where money is borrowed in places like the US and Japan where interest rates are very low and the proceeds are converted into high yielding currencies like the Australian and New Zealand Dollars in order to make a guaranteed interest rate return. Obviously, when a lot of money is moving across the market in unison to make these kinds of investments, the sold currency (the currency in which the funds are sourced) will tend to weaken as it is sold in favour of the bought currency which will tend to strengthen.

However, that return is only guaranteed if the exchange rate movement doesn't devalue the purchased currency before the trade is closed out. So when traders are nervous about taking risk; the so called 'risk off' scenario, the Aussie and Kiwi Dollars will tend to weaken as funds are returned back to their original currencies.

A process like this used to take weeks to manifest itself and the exchange rate movements would do likewise but these 'risk on' 'risk off' pronouncements are coming in days and even hours in the current jittery trading environment and we are seeing the Sterling – NZ Dollar exchange rate hit the bottom and top of its entire trading range in no more than a fortnight. .

This is fantastic news for both those with NZ Dollars to sell and those with a need to buy NZ Dollars because it means the right exchange rate should be no more than a couple of weeks away. So as long as you have a little time on your hands or have done the right thing and planned in advance for your requirements, you stand a very good chance of getting the very best the market exchange rate has to offer.

There are two further caveats; you need to have access, usually through a good currency broker, to the 24 hour interbank market and a really useful flow of relevant currency markets information would make all the difference.

The first means you can access the exchange rates during some of the most volatile trading hours; when the UK market is asleep and the far eastern and Australasian markets have the whole exchange rate to themselves. At this time, the lack of US, UK and EU traders means the markets are very illiquid and that increases volatility.

The second requirement is essential because, whilst you may be aware that the Sterling – NZ Dollar exchange rate is volatile, how high it may bounce or how low it may dip is a matter of technical assessment and without the ability to target the right levels, you are very likely to miss the upper or lower levels of the range of trade.

So as the NZ economy levels off, driven by levelling commodity prices and a slowing Asian economy and as the UK economy struggles on amidst spending cuts, rising unemployment and falling shop sales, the volatility bandwagon seems happy to roll on for months to come.

I would urge you to examine how you will manage your currency exchange and how you will ensure you make the most of your money. If you have not yet discovered the advantages of a specialist broker, then please speak with a Halo Financial Consultant to discuss your requirements and the levels we would target for you. There will be a strategy that suits your requirements whatever they are and I am sure we all agree that anything you save is far better off in your banks than anyone else's.

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**



FIXED VS. FLOATING:

Last month, as was widely anticipated, the Reserve Bank of New Zealand kicked off what we expect to be an extended tightening cycle. Nevertheless the decision to fix or float remains finely balanced. Floating rates remain lower than short term fixed rates at the moment, but they are likely to rise faster as the RBNZ increases the Official Cash Rate.

Fixing, if even for a short term, has the advantage of greater certainty around cash flows at a time when floating rates could be rising rapidly. Repaying more than the minimum amount, and spreading the loan over a mix of terms, can also help to reduce the overall risk around uncertain future interest rate changes.

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



From the middle of 2009 until the first quarter of 2010, job prospects in New Zealand improved sharply. In recent months employment conditions have become more uncertain, as the broader economic context has also become more fragile.

Recent empirical advertising data indicates the demand for labour in New Zealand is rising, although less rapidly than previously had been the case. On an annual basis new job adverts have experienced the highest yearly increase since the recent global financial crisis, according to reliable sources.

Across the regions, new job ads were unevenly distributed across the nation. There was a sharp rise in new job ads in Christchurch and a modest increase in Auckland but equally other regions; Wellington and regional North Island; recorded declines.

The Enterprise Group has seen an increase in interest generally from clients across all of New Zealand, off the back of increased marketing activity and a higher calibre of candidate to work with.

These are the positions which are least and most competitive currently in New Zealand:

JOB APPLICATIONS

June's top five most competitive occupations:

- 1 Call Centre/Customer Service – Customer Service
- 2 IT & T – Help Desk Support
- 3 Retail & Consumer Prods – Retail: Sales Assistant
- 4 Administration – Reception
- 5 Accounting – Accounts Clerk/Admin

June's top five most sought after employees:

- 1 Consulting & Corp – Consulting
- 2 Construction – Surveying
- 3 Healthcare & Medical – Nursing/Midwives
- 4 Government/Defence – Government: federal
- 5 Legal – Solicitor: In House

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**



The latest sales data for June 2010 released by the Real Estate Institute of NZ show the national median sales price up to a record \$352,500. However, it also shows sales volumes are weak – there is no getting away from that fact – seasonally adjusted figures for June show the number of transactions nationwide to be below May and only marginally above June 2008 when the impact of the global credit crunch was first being felt.

It is not helpful to report the increase in price without looking at what makes up the numbers, especially when using the median which has issues from a statistical perspective. Clearly it is being skewed higher as the number of lower priced transactions has fallen significantly where as those in the higher price brackets have held up reasonably well. It is the investors who are sitting on the sidelines at present. This is due to a combination of factors – some taxation changes in the latest budget but more importantly the renewed financial market problems caused by the sovereign debt issues in Europe are translating into tougher financial conditions locally here in NZ.

Going forward there is a growing housing shortage in NZ when looking at the number of new dwellings built relative to the growth of population – both from returning expats and new immigrants. There is growing demand from people from Asia (especially Singapore and China) – again both returning expats and new immigrants, which will underpin prices. Sales volumes should therefore trend higher towards historical norms, but they are unlikely to increase sharply until global financial stability returns and the global economy appears to be on a more certain recovery path.

For further information and advice about the general property market in New Zealand please contact **Tim Harris** of Harcourts on **+64 3 355 6116** or email him at tim@timharris.co.nz

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