



LIVE IN NEW ZEALAND

Lane Neave LAWYERS



EUROPE - NOVEMBER 2009

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IMMIGRATION UPDATE

SKILLED MIGRANT CATEGORY POOL SELECTION

There were two draws from the Skilled Migrant Category (SMC) pool in October. The pass mark for both of the recent draws for applicants without an offer of skilled employment was all Expressions of Interest (EOI) with a minimum total of 110 points. Citizens of the United Kingdom were the largest nationality by draw in October (16%).

INVESTOR 2 CATEGORY POOL SELECTION

There were two draws from the Investor 2 Category pool in October. A total of 11 applications were selected from the pool (year to date there have been 42 selections within the annual quota of 300 places).

IMMIGRATION POLICY CHANGES - 30 NOVEMBER 2009

Immigration New Zealand (INZ) have released advice that there will be a number of changes to immigration policy effective 30 November 2009. We summarise the main changes below:

ENTREPRENEUR PLUS CATEGORY

INZ have released detailed information regarding the long awaited Entrepreneur Plus Category. Unfortunately however, the policy is actually disappointing.

The essential requirements of this policy are as follows:

- to apply for New Zealand residence under the Entrepreneur Plus Category a main applicant must hold a Long Term Business Visa (LTBV);
- the individual must have made a substantial investment in a New Zealand business (NZ\$500,000.00 minimum); and
- the business must have created a minimum of three full time positions for New Zealand citizens or residents.

It was hoped that the Entrepreneur Plus Category would forego the requirement of the main applicant to apply for and obtain an LTBV first. The Entrepreneur Plus Category would have been a substantial step in the right direction if a main applicant could apply for New Zealand residence under the Entrepreneur Category with a business plan (similar to the LTBV) but be granted residence outright, rather than the current process where an individual who applies for an LTBV is provided a three year open work permit to be self employed in New Zealand and following two years of successful operation of the business apply for New Zealand residence under the standard Entrepreneur Category.

The new Entrepreneur Plus Category merely allows a main applicant to file their application for New Zealand residence at an early stage after the LTBV is granted. Residence will be granted, although the residence permit will be subject to section 18A conditions, which include, maintaining the minimum investment in the business, and also, maintaining at least three full time employment positions for a period of two years (inclusive of any period already spent on an LTBV). In essence, this category allows a main applicant to obtain New Zealand residence (unrestricted) approximately six months before an individual following the standard LTBV then Entrepreneur Category route.

IMMIGRATION UPDATE (cont.)

IMMIGRATION POLICY CHANGES - 30 NOVEMBER 2009

ENTREPRENEUR PLUS CATEGORY

It is business as usual therefore in relation to the LTBV process before considering whether or not to apply for New Zealand residence under the Entrepreneur Plus Category or simply operating the business for a period of two years and then applying for New Zealand residence without the three full time employee requirement. There is risk in applying under the Entrepreneur Plus Category, especially so if the business strikes difficulty within the two year conditional residence period (for example if three full time employees move down to two full time employees) as this will provide grounds to INZ to revoke the residence permits.

Applicants under the LTBV process should seek professional advice before deciding whether or not to file an Entrepreneur Plus Category application or follow the standard route.

ENGLISH LANGUAGE STANDARD

The minimum standard of English language for all business categories has been reduced from an IELTS at Level 5 to an IELTS at Level 4. This is quite a significant reduction in English language ability and most likely will lead to an increased number of business applications for migrants from South East Asia.

LTBV AND ENTREPRENEUR CATEGORIES - CRITERIA FOR BUSINESSES BENEFITING NEW ZEALAND

The criteria for a business benefiting New Zealand under LTBV and Entrepreneur policy has been slightly changed. INZ have now confirmed (their practical approach) that creating employment is only deemed beneficial for New Zealand under these policies if the employment created is for a New Zealand citizen or a resident. The employment of a spouse or an individual on a temporary work permit no longer allows an applicant to meet the benefit test in relation to "creating employment".

This change is no surprise, as for a significant amount of time the Business Migration Branch in Wellington have signalled this position and we have provided advice to applicants under LTBV policy in the last two years indicating a preference to meet the creating employment requirement in relation to the employment of a New Zealand citizen or resident rather than merely a spouse or an individual present in New Zealand on a temporary work permit.

There is risk however for individuals who have not received appropriate advice in relation to the creating employment test, specifically for individuals who are going to file standard Entrepreneur Category applications post 30 November 2009. The new criteria applies, and therefore if that application can only meet the benefit test by the creation of spousal employment and/or employment of temporary work permit holders this will not be considered a benefit and therefore there is a retrospective effect to the changing of this policy. With any applicant therefore who can now qualify for New Zealand permanent residence under the Entrepreneur Category who has not filed an application and their sole ability to meet the benefit test is the creation of employment for their spouse for example, they should immediately prepare and file their application for New Zealand residence under the Entrepreneur Category before 30 November 2009.

ESSENTIAL SKILLS WORK POLICY - MINIMUM INCOME THRESHOLD

A minimum income threshold has been introduced to main applicants under Essential Skills Work Permit/Visa policy if they will be accompanied in New Zealand by a dependant child. On 30 November 2009 if a principal applicant under Essential Skills policy wishes to sponsor their child to remain in New Zealand on a temporary permit, they must demonstrate that their full time offer of employment provides a gross remuneration at a minimum rate of NZ\$33,675.00 per annum.

There is a transitional period in relation to migrants already present in New Zealand on temporary permits with dependant children who require temporary permit extensions post 30 November 2009. Following that extension however this policy will apply to all temporary permit applicants under Essential Skills policy.

NEW ZEALAND THIRD ON INTERNATIONAL LIST OF DESIRED LOCATIONS

In the recent article by Lincoln Tan of the New Zealand Herald information has been reported that New Zealand is third in the world as a desired migration country on the potential net migration index (Australia being fifth).

Based on the statistical information held in the report, if New Zealand did not operate a controlled migration programme, New Zealand's population would balloon to more than 11 million permanent residents (New Zealand's current population is just over 4 million).

IMMIGRATION UPDATE (cont.)

UNEMPLOYMENT

In a recent article in the New Zealand Herald by Brian Fallow, confirmation was provided that New Zealand's unemployment rate has recently risen to its highest level since 1994.

Most of the recent job losses in New Zealand due to the recession were in manufacturing, construction, retail, and the accommodation sectors.

It is anticipated that New Zealand's unemployment rate will peak between 7% to 7½% next year (currently 6.5%), and according to Bank of New Zealand Economist Stephen Toplis it will not be until the second half of 2010 until corporates in New Zealand start taking on staff in any meaningful number.

There is a level of business confidence in New Zealand that simply was not present at this time in late 2008. Many of our highly skilled clients have been able to source and secure employment in the recession environment, and the latest statistical information does certainly bode much better for migrants who are looking at travelling to New Zealand to complete the migration process next year.

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



NEW GENERAL STORE TO OPEN AT PEGASUS TODAY

The new General Store at Pegasus, North Canterbury's newest town, will open its doors for business officially for the first time today after a short trial opening over the weekend.

The Pegasus General Store is an extensive building that has been designed to meet all the daily needs of the community, providing everything from a wide range of fresh food and grocery items to hardware and stationery.

Pegasus managing director Bob Robertson says the General Store has been developed based on the traditional notion of a general store.

"The General Store combines convenience, range, value for money and old-fashioned service. Like the town itself, our approach has been to create a real community feel."

"With literally thousands of items to choose from, and providing everything from groceries to hardware, the opening of the General Store means our growing local community won't need to go out of town to get the things they need, and visitors will find everything they need to enjoy a great day out."

The Pegasus General Store is the first store open for business in the new architect-designed Convenience Centre – the first commercial building to be created in Pegasus.

The complex will be a strong draw for visitors and residents alike, says Bob Robertson.

"The Pegasus Convenience Centre is ideally located on a high-profile corner on the main boulevard into town, close to the school, town centre and residential areas, so it will only be a short walk away for many residents."

"And with the new Flat White Café and Bar soon to open – including a coffee roastery – the complex is likely to become a popular meeting place for locals, and a social hub for neighbouring communities."

In addition to the Pegasus General Store and Flat White Café and Bar, the Pegasus Convenience Centre will also include additional retail and commercial office space when completed.

PEGASUS (cont.)

NEW GENERAL STORE TO OPEN AT PEGASUS TODAY

The Pegasus Convenience Centre is one of a number of key attractions scheduled for completion over the coming weeks, including the Pegasus Golf Course – the new home of the New Zealand Women's Open – with driving range, a pro shop, and the Bunker Café and Bar.

The town's feature lake with 11 sandy and pebbled beaches, a lakeside lagoon, extensive restored wetlands, and beach access road and car park will also all be open by December.

"There are a number of exciting developments taking place this summer at Pegasus," says Bob Robertson.

"With the opening of each new attraction, our vision of creating a seaside resort town where residents can live where they play, is one step closer to reality."

"And with increased interest from local people keen to experience the Pegasus lifestyle, and a large number of on-site contractors ensuring construction is progressing to schedule, the town is abuzz with activity – which is good news for business at the Pegasus General Store."

For further information on the Pegasus Development, please call **Julie Don** on **+64 3 339 5010** or email her at jdon@pegasustown.com



TOP TIPS TO FIND A JOB IN NEW ZEALAND

We have previously published the tips below in this newsletter but considering we have recently received a significant increase in enquires from overseas applicants we thought it would be a good time to revisit these. Whilst many people are well prepared and have researched the New Zealand market thoroughly, we also believe a high number could also increase their chances of securing employment significantly by considering the following tips:

- 1 Ensure your CV follows the standard NZ format and includes terminology that will be recognised in the NZ market. It should also include background information on your existing employers given that it is most likely NZ recruiters or employers will be unaware of specific companies. As recruiters we are well qualified to provide advice on this.
- 2 When contacting recruiters or employers directly you should be able to provide a clear indication of time-frames to secure a work or residency visa and when you could actually commence employment in NZ upon an offer.
- 3 Contact recruiters who specialise in your area of skill. Choose to work with 3-4 agencies maximum and you may also get more benefit by giving one agency an exclusive period to market your skills initially. Always ask where your CV will be sent because if you don't know this can cause issues, particularly with multiple agencies trying to represent one candidate.
- 4 Indicate when the best time is for you to be contacted. With time zone differences this allows a recruiter or employer to allocate a specific time in their day to call you meaning there is no delay in initiating the first contact. Also Skype is becoming increasingly popular and is free to access, so we highly suggest setting yourself up a Skype address.
- 5 Decide on specific NZ locations that you wish to settle in. Whilst it is great to be flexible, it will be of more benefit to have clear reasons of why you prefer one city over another. For example you may have family or friends already in one location or prefer the lifestyle benefits it has to offer. This will provide employers with further reassurance that it will be easy for you to settle easily.
- 6 Be prepared to travel out to New Zealand upon securing interest from several employers. Whilst some candidates are lucky enough to secure offers from telephone or video conference interviews within significant skill shortage sectors, employers generally want to meet prospective employees face to face. Whilst this is an investment it will also give you greater reassurance you will be joining a credible employer with good prospects upon immigrating.

For further information on employment opportunities, please call **Craig Shutt** of Status Recruitment on **+64 3 363 7220** or email him at jobs@statusrecruitment.co.nz



Making the most of life

SUSPENDED SENTENCE

The Reserve Bank of New Zealand's decision to leave the cash rate on hold at 2.50% came as no surprise, but the focus was on whether they would alter or replace the 'bias' sentence at the end of the statement.

In recent statements, the RBNZ have noted that "we continue to expect to keep the OCR at or below the current level through until the latter part of 2010." Our view was that, with the recovery unfolding rapidly, the RBNZ would give themselves more flexibility with a statement along the lines of "it is appropriate to keep the OCR at low levels for a considerable period". This would have both given them some breathing room in terms of the timing of rate hikes, and recognise that even a few hikes would still leave the OCR at abnormally low levels. In the event, there were some cosmetic changes but the thrust of the statement was broadly unchanged.

Last week's statement was also notable for the way that the RBNZ explicitly placed themselves in opposition to market pricing for rate hikes next year – before the statement, interest rate markets were picking January next year for the first rate hike; this timing has since been pushed back to March. That's still significantly earlier than what the RBNZ has signalled, but it doesn't mean that the market is deliberately challenging the RBNZ. On the contrary, our experience is that the speculative market has had some sympathy for the RBNZ's view, but traders have been repeatedly cleaned out as the domestic data has turned out stronger than expected.

For further information contact **Richie Owen**, Migrant Banking Manager on **+64 3 3439663** or Email: **Richie_owen@westpac.co.nz**



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STERLING AND THE NZ DOLLAR – ON OPPOSITE SIDES OF A TWO TIER RECOVERY

Sterling is a bit of a 'Billy-no-mates' right now and traders are finding it much easier to convince themselves to sell the Pound rather than buy it. In contrast, the Australasian currencies are everybody's friend and the combination of these two perceptions is a major problem for those planning to migrate to New Zealand.

The world is facing a two tier recovery and New Zealand is in a different sector to Britain; the good sector. New Zealand is in the South East sector where Asian economies are growing quite robustly, where dairy prices at New Zealand auctions are fetching rapidly improving prices, where the main NZ dairy cooperative is paying 19% more dividend to its 10,500 farmer members, where the New Zealand Dollar is benefitting from poor US data as international investors sell the US Dollar and seek a better yielding alternative and where October's poor US employment data strengthened the Kiwi Dollar.

In contrast, Sterling's recovery is so flaky that when Fitch, one of the financial markets' credit ratings agencies, mentioned that they saw the UK as the most likely of the largest economies to have its AAA credit rating reduced, Sterling lost 2 cents against the US Dollar and 5 cents against the New Zealand Dollar in a matter of hours. Fitch have no plans to actually downgrade UK debt and the rest of their statement was rather upbeat about the scale of the US recovery and the potential for Japanese economic advances but the one sentence that stopped traders in their tracks was the slightly negative view of the UK economy. This, in a nutshell, is the Pound's problem; no one has any confidence in the UK economy.

The NZ Dollar isn't a complete one way bet and to a large degree, nothing is certain but the NZD is still benefitting from inward flows of investment funds as international investors flock to the higher interest rates available in NZ compared to everywhere else except Australia and South Africa. Those in need of higher Sterling - NZ Dollar exchange rates will have to hope that NZ retail sales data disappoint, or that the Reserve Bank of New Zealand is less hawkish in the words it uses when it announces its interest rate decision or that the strength of the NZ Dollar will somehow weaken the NZ economy enough to weaken the NZ Dollar or that, heaven forefend, some good news emerges for the Great British Pound which is certainly not great right now. However, it is British and it is being pounded. 2 out of 3 ain't bad I guess. None of these eventualities is likely so we may well be back below NZ\$ 2.20 before we know it.

HALO (cont.)

STERLING AND THE NZ DOLLAR – ON OPPOSITE SIDES OF A TWO TIER RECOVERY

The fact is that it is very hard to identify what it will take for the Pound to gain a little robustness. The negatives are evident; two of the major ones are that UK government debt is going to take decades to repay and that the unwillingness of high street banks to lend and the unwillingness of consumers to take on further debt is a major hurdle but the latter may change as the economy starts to show positive signs. This is very much a sentiment issue though; the problem is that sentiment can either take months to change or can turn due to a sunny day, unexpected snow or even an Easter bank holiday moving from April to March. And investors and traders are even more fickle than consumers; notoriously so in fact. Consequently market sentiment can change in the time it takes to recite the names of all the British MPs who didn't fiddle their expenses. Yes THAT fast.

So can the Pound rally? Well it might and if it does then I would bet there is only one reason it will do so, and that is technical analysis. Chartists, like me, who track the markets and analyse the patterns of trade in order to forecast trends are all currently looking at a significantly oversold Pound and watching the unavoidable potential for a correction to better levels. After all, the recent weakness in the Pound is all relative.

A year ago the Sterling – NZ Dollar exchange rate was up around NZD 2.78. It fell to NZD 2.45 by the end of 2008 and then continued to fall as low as NZD 2.13 since then. Two years ago the exchange rate was NZD 2.72 and three years ago it was at NZD 2.84. So the potential exists for the Pound to get back up to NZD 2.44 which would only be a 50% retracement of the fall over the last year. In that context, such a move would be no more than a mild recovery but anything higher might be seen as a full scale reversal.

And there is a positive sign in this; although we did see a dive to NZD 2.13 in October, the market hasn't been anywhere near that level since. So perhaps, whilst traders don't want to be too enthusiastic about Sterling, maybe they aren't quite brave enough to sell too many more Pounds either. On a technical risk versus reward basis, I think I would have to say they are probably right.

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. david.johnson@halofinancial.com + 44 (0) 207 350 5474



HARCOURTS

Harcourts New Zealand's figures for September, a month where each year we typically see a spring boost, show a continuation of more buoyant sales levels in most locations when compared to the previous year and a lift in new listings too.

According to our figures, Harcourts' nationwide team of sales consultants wrote 44% more sales in September 2009 than in the same month last year, with the closing weeks of the month more subdued than hoped, likely in part due to the shocking weather that affected much of the country.

As our statistics show there has been an increase in new listings, with auctions and tenders continuing to be heavily utilised by sellers keen to maximise the potential result, while according to anecdotal evidence from around the group there is ongoing strong demand from a wide range of buyers.

With confidence in property at better levels and summer weather on the way we believe today's market conditions should continue through to Christmas.

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

CONTACT LANE NEAVE

Mark Williams, BA, LL.B
Immigration Partner
T +64 3 379 3720
M +64 21 222 2363
F +64 3 379 8370
E liveinnewzealand@laneneave.co.nz

LANE NEAVE LAWYERS

Level 15, PricewaterhouseCoopers Centre
119 Armagh Street,
Christchurch 8011
New Zealand

PO Box 13149
DX WP21008
Christchurch 8141
www.liveinnewzealand.co.nz