

NOVEMBER 2011

CHANGE IN PROCESS FOR DETERMINING OFFSHORE TEMPORARY VISA APPLICATIONS

On 21 November 2011 Immigration New Zealand (**INZ**) will be streamlining the decision-making process for offshore temporary entry visa applications, by changing their practice of seeking information from applicants in circumstances where an application is likely to result in a decision to decline.

This is a fundamental and important change to the way that INZ will treat and process offshore temporary visa applications, and most likely in the future, will also be rolled out for the processing of temporary visa applications onshore (and perhaps residence applications also at a later stage).

The policy change has been implemented to align the processing of temporary visa offshore applications closer to section 58 of the Immigration Act 2009, which essentially provides that applications can be determined on the basis of the information, evidence and submissions provided as at the date of submission of the application. It is therefore very important for applicants when submitting temporary offshore visa applications to submit all information and documentation that is relevant for a final decision on the application.

Under the current system, when a temporary visa application is processed and the immigration officer identifies an issue which if not addressed may likely lead to a decline of an application, they raise this information to the applicant as Potentially Prejudicial Information (**PPI**). PPI's are raised even if the applicant themselves provide the information directly that creates the problem (e.g. stating that they have a serious criminal conviction).

Under the new decision-making process that will be implemented, if an applicant for example supplies information that may be unfavourable to the likely success of the application, because this information was known to the applicant and they had an opportunity to prepare their submissions addressing that issue at the outset, the applicant will not be provided a second opportunity to comment, and a decision made based on the information provided upon submission of the application. In many instances therefore, if applicants do not appropriately prepare applications, instead of being provided an opportunity to correct any issues or comment on issues identified in the application, the visa application will be declined.

INZ are moving to a more strict definition of what a PPI is, basically being information that is received by INZ that an applicant is unaware of, which is generally information received from a third party. PPI is no longer going to be applied to provide a second opportunity for an applicant to provide additional comments or information to be taken into consideration for matters they already know about.

Section E7.15 of the Immigration Instructions (**Instructions**) is important here as it sets out the definition of PPI. Applicants will be given an opportunity to comment before a decision is made on a temporary offshore visa application on the basis of any PPI which is factual information or material that:

- 1 was not obtained from the applicant or the applicant's authorised representative or agent; and
- 2 is not publically available, or the applicant is not necessarily aware of the material or information; and
- 3 the material information will or may adversely affect the outcome of an application; and
- 4 the applicant has not previously had an opportunity to comment on the information or material.

SO WHAT DOES THIS MEAN?

What this means, is that there will be a significant increase in the number of applications declined by INZ offshore. INZ and this particular Immigration Minister are after a drive to decrease the average processing times of visa applications offshore, and a convenient way to do this, is decline applications quickly rather than providing additional opportunity and extending the processing out to lengthy periods of time in certain cases.

The difficulty however in relation to this approach is that whilst this practice from a statistical point of view will demonstrate a reduction in processing times and therefore create the appearance of efficiency, this does not equate for the fact that in many instances when our firm has been involved with PPI matters INZ have actually misinterpreted the policy and misapplied it to the applicant, and therefore being provided an opportunity to comment has allowed the application through; rather than having the application declined in error and an applicant having again to prepare (at additional cost) a second temporary visa application for submission, which should have been approved in the first place.

Second, this is going to create delays for applicants offshore obtaining work visas to travel to New Zealand, in some instances where the delay has been caused by strictly declining the application. Some applicants may lose their positions, or even worse, if a trend is noted in relation to temporary work visa applications being declined this may lead some employers to avoid supporting temporary work visa applications due to the lack of certainty in relation to approval and start times.

The decision to “streamline” the decision-making process adds another complicating factor to what is now becoming quite a complicated process. The biggest impact this will have clearly are on applicants who are unrepresented (or poorly represented). The result of which will be declined applications rather than an opportunity to address the issue identified by INZ, and in some instances which clearly would have been missed by the applicant processing their own application because they would simply not be aware of the complexities and policy requirements surrounding the processing of a temporary visa.

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



The 2011 year draws to a conclusion with the Rugby World cup now behind us and the positive effects from this event now a memory. The expected job boost from the Rugby World Cup was smaller than expected according to bank economists. This being said there has been an increase in activity across the market in the last quarter of 2011. Interestingly 36.7% of all employers canvassed recently in a survey of hiring managers across a wide range of sectors expressed an interest in sourcing international candidates to fill vacancies.

The excerpt from the article below discusses the Canterbury labour market after the 22 February 2011 Canterbury earthquake.

EMPLOYMENT FALLS AFTER THE EARTHQUAKE

Both the Household Labour Force Survey (HLFS) and the Quarterly Employment Survey (QES) showed that employment dropped in Canterbury over the year to June 2011. This was driven by large decreases in part-time employment, youth employment, female employment, and people employed in the retail trade and accommodation industry group. Part-time employment fell almost 10 percent, far more than full-time employment. Some of this fall in part-time employment can be attributed to the fall in the number of people employed in the retail trade and accommodation industry group. This industry group has a very high proportion of part-time employees; in the Canterbury region they make up approximately 40 percent of all employees in the retail trade and accommodation industry group.

Employment for youth (people aged 15–24 years) also fell. In the Canterbury region, almost 40 percent of youth who are employed are in the retail trade and accommodation industry group. The retail trade and accommodation industry group was heavily affected by the earthquake. This decrease was driven by the accommodation industry. Employment rose nationally in both the HLFS and QES despite the drop in Canterbury.

Earthquake affects internal migration: Of the 16,600 people who had moved to a new residence, due to the earthquake, 64 percent still lived in the Canterbury region. And of those who left the region due to the earthquake, 38 percent intend to move back to their previous address in the future.

EMPLOYMENT FALLS AFTER THE EARTHQUAKE (Con't)

Anecdotal evidence suggests that Canterbury labour market needs will accelerate toward record levels in 2012, especially as the seismic activity continues to abate and the reinsurers release the vital funding necessary to commence the rebuild program. Anyone intending to immigrate to New Zealand should be enquiring about potential opportunity here in the Christchurch region, and initiating immigration advice/clearance to ensure they are well placed to realise any opportunities as they present.

As always Enterprise Recruitment welcome communication from quality candidates across most sectors, especially for the Christchurch Market but also for other areas of New Zealand.

We welcome contact accordingly. Please check out our website <http://www.enterprise.co.nz/>

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**



Over the last month New Zealand has been gripped by the Rugby World Cup and it's been clear that any prospective sellers were preoccupied with the game as there has been a drop in new stock coming to the market tightening availability further. On the other side of the fence, buyers have been out in force in the Northern, and South Island regions increasing written sales activity to 36% and 25% respectively on the same month in 2010.

The rural markets are seeing increasing transactions being completed which in time will have a flow on effect into the broader NZ economy and to real estate as people's confidence in employment returns. November and December are traditionally high activity periods of the year for real estate decisions and at the time of writing this, next month's data is looking like this year is no exception.

Regionally, Auckland has seen the biggest increase in written sales compared with a year ago (36%), Wellington is relatively quiet – which is usual in an election year as the capital is more pre-occupied with politics. Christchurch continues to recover from the Earthquakes, with many buyers active, but new and existing supply of houses is not keeping pace, distorting prices.

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**



ANSWERING THE CURRENCY EXCHANGE QUESTION

It is hard to get past the European news stories as you strive to get a handle on the state of the New Zealand Dollar. However, before entirely dismissing the European news as irrelevant to your move to New Zealand, be aware that events in Italy, Greece and Germany will directly affect your migration plans. That is also true for events in China, Japan and America.

The saying goes that 'no man is an island' but this is also true for countries in this age of globalised trade and international interdependence. Factors that affect New Zealand's products and export markets will have an effect on the value of the New Zealand Dollar. The same is true of events that change the mood in the financial markets which, as markets go, are as international as you'll find and more fickle than most.

A good example is the current European turmoil. There doesn't appear to be a direct link between changes in the Greek & Italian governments and the funds you may have to transfer between the UK and New Zealand but there is a link. If (and it is an immense IF) Europe does manage to claw its way out of the current financial hole, the instant improvement in the mood of investors will strengthen the NZ Dollar. Confident investors seek higher yielding assets (NZ interest rate is still 2.5%) and are less troubled by exchange rate risk. The opposite is also true though; nervous investors shy away from higher yielding assets; preferring to seek the safety of US Treasury Certificates, Japanese government bonds and Swiss Francs.

ANSWERING THE CURRENCY EXCHANGE QUESTION (Con't)

Another example is the state of the Chinese economy. That isn't an immediate thought when you consider your Sterling to NZ Dollar transfers but China is a major buyer of NZ goods and services and an even greater buyer of commodities from Australia. That's of relevance because Australia just happens to be New Zealand's largest export market. So if China makes moves, as they have, to slow their economic growth, the drop in demand for NZ and Aussie exports will tend to weaken both the Australian and NZ Dollars.

There are many other influences but these are just two examples of cause and effect relationships which directly impact the amount of disposable capital you will have when you arrive in New Zealand. Good planning and the right information are your best allies as you tackle the inconvenient but unavoidable task of converting your funds into NZ Dollars.

And this may all sound like a hassle but the variation between the best and worst of the Sterling – NZ Dollar exchange rate over the last three months is a movement of 30 cents. That's a gain or loss of 17.2% on your funds. Those who timed their transactions well over the last three months are 17.2% better off in New Zealand now.

Show me someone who would happily arrive in New Zealand 17% worse off and I will show you someone who misunderstood the question.

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**



NEW ZEALAND

New Zealand's economic recovery continues to move ahead in a patchy fashion, with a definite skew towards softer indicators in the last month. It may be that weaker global conditions are starting to hit home, though at the moment it's hard to disentangle this from the Rugby World Cup, which at least produced the right result on the field but has had some disruptive effects on economic activity.

The RWC certainly brought in the numbers – over 80,000 overseas tourist arrivals, and perhaps another 20,000 Kiwis who stayed at home instead of travelling overseas (this is complicated by the fact that school holidays were pushed out by two weeks, to coincide with the finals). And electronic cards data show that the visitors have been spending. But we suspect that some tourist activity has simply been concentrated into the RWC period. Meanwhile, other forms of activity may have been crowded out – for example, housing turnover and car sales dipped in September, particularly in game-hosting cities such as Auckland. Business surveys have found that, among those who mentioned the RWC, the balance of opinion was clearly towards it being a disruptive factor.

However, signs of slowing in the domestic economy have been apparent for a few months now, suggesting an underlying loss of momentum compared to the first half of the year. Business confidence has come off quite sharply since July, coinciding with the escalation of the European debt crisis. Domestic card spending has slowed, even through the RWC period. Export commodity prices are off their peaks, and dairy product prices in particular have fallen significantly since March – though partly due to very strong milk production both here and overseas. Fonterra lowered its payout forecast for the current season by 45 cents to \$6.70-6.80/kg, down from \$8.25/kg in the previous season.

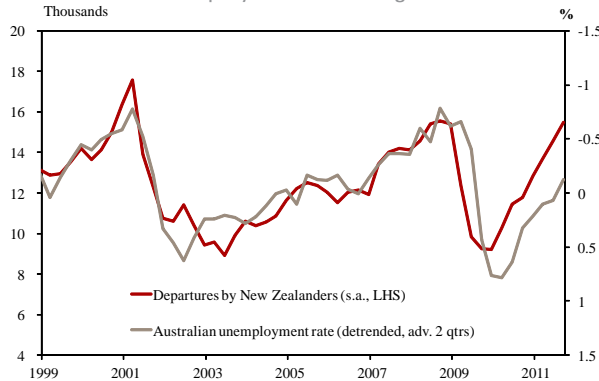
A notable exception to the slowing trend has been the Canterbury region, which has been gradually coming back to life. Retail activity in Canterbury is still appreciably below pre-quake trends, but both business and consumer confidence are higher than in the rest of the country. House sales and building consents have picked up substantially since the government announced its compensation package for homeowners in the devastated 'red zones' in July, indicating that homeowners with the confidence (and funds) to resettle are starting to do so.

The pace and timing of the Christchurch rebuild is uncertain, but the influx of a very large sum of insurance and government money is not. That boost is now likely to be even larger and longer-lived than previously thought, with official estimates of total damage having been bumped up from \$15bn to \$20bn, or around 10% of annual GDP. As we've warned before, this construction activity will create bottlenecks, labour shortages and cost increases, in a market that is already facing an underlying squeeze in the supply of housing due to years of under-building previously.

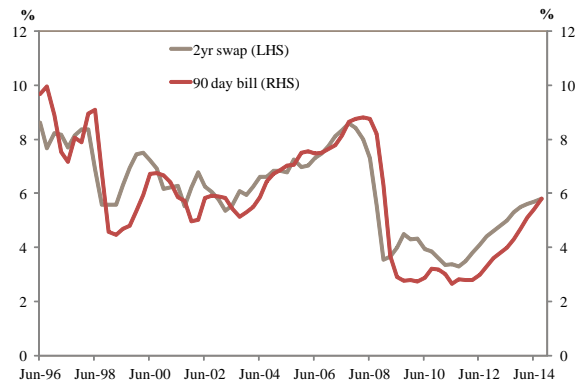
The housing squeeze could get worse if, as we expect, net migration starts to lift from its current lows. Migration patterns depend crucially on how many Kiwis move across the Tasman, and a slowing Australian economy could make more New Zealanders think twice before making the move. Coupled with the demand for construction workers in Christchurch, that's enough for us to expect the migration tide to turn sharply in our favour for the next couple of years.

NEW ZEALAND (Con't)

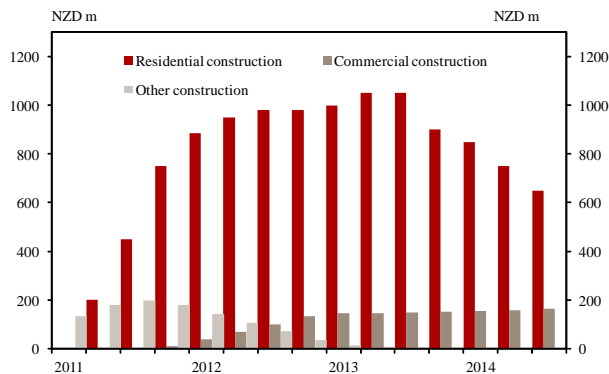
Australian unemployment & NZ migration



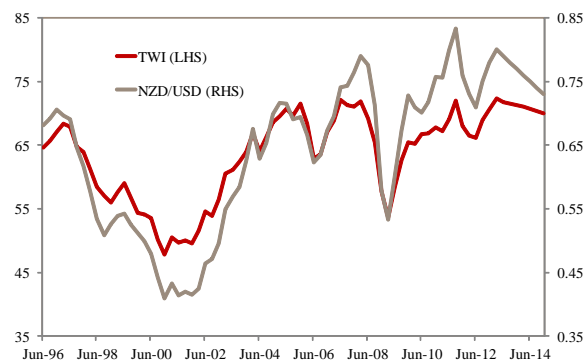
New Zealand interest rates



Quake related reconstruction lies ahead



New Zealand dollar and TWI



Interest rates must eventually rise in such an environment, from their very low current levels. However, this could be as much through a sustained rise in international funding costs as through official policy moves – the RBNZ has been making its medium-term projections with the level of retail interest rates in mind. The situation in global credit markets remains fluid, but we have reduced our forecast of the pace of OCR hikes to reflect these risks.

Rising interest rates, cost increases, and a more difficult global environment will ultimately contribute to a two-speed economy, though probably less starkly than in Australia. Meanwhile, the government sector is likely to be an outright drag on growth in coming years, perhaps even more so than we thought three months ago. A higher than expected earthquake spending bill and a weaker world economy will add to the government's challenge of returning to an operating surplus by 2014-15. Since the current government appears unwilling to relax this target – which could attract further attention from the rating agencies – even tighter controls on spending may be required in coming Budgets.

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