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IMMIGRATION UPDATE

SKILLED MIGRANT CATEGORY POOL SELECTION

There were two draws from the Skilled Migrant Category (SMC) pool in January. As is typical for the start of the year the pass mark (and eligibility criteria) for selection was very high for the month of January.

For the first draw successful applicants required 140 points or a minimum of 100 points which included a claim for points for an offer of skilled employment. For the second draw successful applicants were required to either score 140 points, score a minimum of 100 points which included a claim for points for a full time offer of skilled employment, or alternatively claim a minimum of 130 points inclusive of a claim for 15 points for work experience in an area of absolute skill shortage.

We anticipate selection draws (and selection criteria) to ease over the next two months.

Citizens of the United Kingdom were the largest nationality by draw in January (18%).

INVESTOR 2 CATEGORY POOL SELECTION

There were two draws from the Investor 2 Category pool in January. A total of 13 applications were selected from the pool (residence year to date there have been 75 selections within the annual quota of 300 places).

WORK TO RESIDENCE VISA

In an article featuring in the New Zealand Herald on 26 January criticism was levelled at Immigration New Zealand (INZ) for issuing a number of work to residence visas in the face of difficult labour market conditions and a relatively high unemployment rate.

Work to residence visas in an SMC context are issued in a situation where an individual does not hold a skilled offer of employment although INZ believe the individual has the potential to find skilled employment. A 12 month work visa to locate suitable skilled employment in New Zealand is granted instead of full residence through the SMC process. Once skilled employment is obtained and held for 3 months the applicant can convert the temporary visa into full residence.

2,261 work to residence visas were issued in 2009, despite 44% of those immigrants already in New Zealand on these visas failing to find employment.

Unfortunately, in the writer's opinion, the majority of those who fail to find employment most likely have not conducted sufficient research and/or have not received professional advice and assistance in relation to their ability to successfully settle in New Zealand before applying for visas and travelling to New Zealand.

The grant of a work to residence visa under an SMC application is not a guarantee that an individual will be able to settle in New Zealand.

In all cases however, there should be no reason why an individual should not be able to obtain New Zealand residence before travelling to New Zealand without the need for a temporary visa in this situation.

IMMIGRATION UPDATE (con't.)

WORK TO RESIDENCE VISA

In all cases submitted to INZ last year for our clients in this area residence was the result, not a 12 month work to residence visa. The grant of New Zealand residence is preferable for a number of reasons as it allows a family to travel to New Zealand with New Zealand residence and therefore there is no pressure in terms of obtaining a skilled offer of employment to qualify. Holding New Zealand residence is also a sound indication to a prospective employer as to a migrant's intended permanent stay and therefore long term employment.

Applicants who are able to meet the SMC pass mark without a full time offer of skilled employment will go through an interview process and a determination made as to whether or not the individual should be granted a work to residence visa or New Zealand residence outright. The interview at the end of this process is crucial, and in reality, a well supported and prepared migrant family understanding INZ policy and also what will be required to be demonstrated in order for residence to be granted should not technically fail the residence criteria and be granted a work to residence visa instead of full residence.

INTERNATIONAL TRAVEL AND MIGRATION

The New Zealand Department of Statistics have recently released information confirming in December that visitor arrivals numbered 341,300 being the highest total ever recorded for a month.

The main contributor reported to the increased visitor numbers were more visitors from Australia, and more visitors from the United States and Singapore.

New Zealand's annual net migration balance was a gain of 21,300 in the December 2009 year, up from 3,800 in 2008.

INTERPRETATION OF NEW LONG TERM SKILL SHORTAGE LIST (LTSSL)

Minor changes made to the LTSSL last year (as reported in our December Newsletter) have created major issues for individuals looking to claim points for holding qualifications, work experience, or offers of employment in an area of absolute skill shortage.

A number of minor wording changes to the LTSSL made last year have reduced the number of individuals who were previously able to claim for bonus points in an area of absolute skill shortage.

It is recommended therefore that all individuals who are looking to submit an Expression of Interest to INZ reassess the LTSSL and pay particular attention to the full (literal) wording of the respective columns of the LTSSL when calculating bonus points. A number of examples are now arising where individuals have miscalculated their points allocation due to subtle changes in the LTSSL not understood by the applicant or their Immigration Adviser.

INZ Policy changes frequently, and one's eligibility for points under the SMC should be checked on an ongoing basis before submission of an application. If in doubt, seek the advice of a professional before determining your points allocation and submitting an application.

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



SPRING IN THE STEP OF JOB MARKET

We have seen a positive start to 2010 across many professional recruitment sectors. Employer confidence appears to be on the increase and as such critical positions are being replaced when employees are leaving. We have also seen some examples of companies growing staff numbers particularly in the accounting and legal markets. Overall unemployment is expected to rise for the December 2009 quarter from 6.5% to around 6.8% but this increase would be lower than the previous few quarters.

Advertised vacancies are certainly on the rise but we would also suggest that many more positions will be filled from employment agencies databases as the market recovers. So it is important you contact specialists like us rather than relying on job websites or print media to find New Zealand positions. Whilst we predominately specialise in the placement of qualified accounting, finance and legal professionals, we can refer you to several partners who specialise in other industry sectors.

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



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BRITAIN IS FINALLY OUT OF RECESSION – IS IT ALL OVER THEN?

With the UK finally out of recession, is the market gearing up for the long overdue recovery in the Sterling – New Zealand Dollar exchange rate? Well maybe, but there are still a few hurdles in the way and counting chickens whilst you only have a handful of eggs is never a good idea.

Taken at face value, the fact that the first estimate of Britain's economic growth in quarter 4, 2009 shows the 1st positive figure after 6 straight quarters of decline, is a great result and I am sure the government will be very quick to laud it as an immense success. However, there is a fair amount of risk involved in taking this figure at face value.

This is only the 1st estimate of the figure and Britain's 1st estimates are notoriously inaccurate when compared to the final assessment. The 2nd run of calculations is highly likely to produce a different number. As the figure only showed 0.1% growth; hardly a hugely positive result, it wouldn't take much of a recalculation to see yet another quarter of contraction and that in itself will keep traders nervous. Also, most analysts and commentators were expecting a figure of between 0.2% and 0.5% so the government's number was a disappointment to everyone. That explains the substantial drop in the value of the Pound in the immediate aftermath of the data release.

So if the UK is not growing as fast as we would like, how is New Zealand doing? Not bad is the answer but the main driving factor in the recent NZ Dollar strength had nothing to do with New Zealand's economy and, odd as it may sound, has everything to do with China.

China's economy is still rampant even over the past two years when the rest of the world has wallowed in recession. With growth running at 8.7% (a fact that makes the UK's 0.1% look rather pathetic), China has been the main source of the growing confidence that has fuelled flow of funds into the NZ Dollar from international investors seeking higher interest rate returns on their investments. However, that phenomenal level of growth has also forced the Chinese authorities to act to staunch the flow of cheap money that is partly fuelling the excessive growth. In typically blunt Chinese style, the tap was turned off quite abruptly as Chinese banks were told to increase their reserve holdings; sucking funds out of circulation, and some banks were simply told to stop lending for the time being.

The nervousness that permeated the markets as this message got out was palpable. Those same international investors who boosted the Kiwi Dollar started to pull their cash back into safer havens like the US Dollar and Japanese Yen. The flow of funds out of the NZ Dollar since the turn of the year has caused a 15 cent rally in the Sterling – NZ Dollar exchange rate and the ongoing actions by China may herald further gains but it is probably too early to assume the corner has been turned for good.

There is a significant level of resistance at NZ\$ 2.31 relating to several technical levels, so unless the markets can push this exchange rate above that line, we ought to expect another dip towards the NZ\$ 2.13 level in the month ahead. But, if that NZ\$ 2.31 exchange rate is exceeded, further significant gains could be on the horizon for this pair and that would be such a relief for everyone in the throes of a migration to the land of the silver fern.

The cautious amongst you will want to secure some of your NZ Dollars around NZ\$ 2.30 just in case the market drops again. Those with a more cavalier attitude to risk may want to wait for higher levels but I guarantee many will miss the NZ\$ 2.30 and will be spotted kicking themselves when the Sterling – NZ Dollar exchange rate drops though NZ\$ 2.16.

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



DID YOU KNOW?

In a recent Herald-Nielsen survey 66% of respondents said they felt this summer would be a good time to buy or sell a house.

The latest figures released by the Real Estate Institute of New Zealand (REINZ) reveal the median residential house price rose in 11 out of 12 districts in December 2009 compared to the same period the previous year, with the national median reaching \$360,000.

HARCOURTS (con't.)

DID YOU KNOW?

QV has reported that New Zealand house values rose 2.8% over 2009 and are now only 4.9% below the peak of the market in late 2007.

In both November and December the national median number of days to sell a dwelling was 33, ranging from a median of 47 days in the Central Otago Lakes region to 28 in the Wellington region, REINZ figures show.

According to a Massey University report housing affordability has improved in all New Zealand regions, driven by low interest rates. Central Otago Lakes remains the least affordable region, followed by Auckland then Northland, while Southland is the most affordable region, ahead of Otago and Manawatu/ Wanganui.

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



CALM BEFORE THE STORM

The growing prospect of Official Cash Rate hikes in the first half of the year will eventually flow through to short-term fixed rates, which have only seen small increases to date and remain at historically low levels. As a result we could see more borrowers moving to fix at the favourable rates still on offer – and the experience of March/April last year shows that these types of flows can put a great deal of upward pressure on mortgage rates.

With floating and one-year fixed rates around similar levels, there may not seem to be much advantage in fixing right now, but those who wait until they see the whites of the RBNZ's eyes before fixing are likely to face much less attractive options. Repaying more than the minimum amount and spreading the loan over a mix of terms can help to reduce overall risk regarding uncertain future interest rate changes.

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

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