



MARCH 2010

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IMMIGRATION UPDATE

SKILLED MIGRANT CATEGORY POOL SELECTION

There were two draws from the Skilled Migrant Category (**SMC**) pool in February. The pass mark for the draw on 10 February was 115 points and for the draw on 24 February was 120 points for Expressions of Interest not including skilled offers of employment. Both draws however also required applicants to claim a minimum of 15 points for work experience in an area of absolute skill shortage.

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

INVESTOR 2 CATEGORY POOL SELECTION

There were two draws from the Investor 2 Category pool in February. A total of 16 applications were selected from the pool (year to date there have been 91 selections within the annual quota of 300 places).

NEW IMMIGRATION POLICIES

As reported in our email this month three new immigration policies have been introduced and will take effect from 29 March 2010. Two articles have been drafted summarising the three new policies and these articles can be viewed at the following link:

<http://www.liveinnewzealand.co.nz/newsletter>

If you have any questions or queries regarding the new policies that will be introduced towards the end of this month please contact us.

UNITED KINGDOM PENSION DECISION

The European Court of Human Rights is due to decide whether or not the British Government should pay increased pensions to Brits who have retired in countries outside the United Kingdom.

The key area of law to be determined is whether or not the United Kingdom's policy towards the freezing of payments for expat retirees violates the European Convention on Human Rights.

The Department for Work and Pensions is opposing the claim and have recently advised that if the case was lost it would mean a payout in excess of £520million this year.

Approximately 48,000 retired Brits live in New Zealand, the largest group of overseas pensioners.

Source: NZPA 17/03/2010

AUSTRALIAN GOVERNMENT TO TIGHTEN IMMIGRATION POLICY

The Australian Government has recently released plans to tighten immigration policy by reversing their position on approximately 20,000 applicants under their current skilled programme.(cont.)

IMMIGRATION UPDATE (con't.)

AUSTRALIAN GOVERNMENT TO TIGHTEN IMMIGRATION POLICY

Occupations such as cooks, hairdressers, accountants and other medium skilled positions will be affected, whereas priority will be provided to highly skilled workers such as professionals in the health industry, teachers, and other professionals who are sponsored by Australian employers.

Source: One News Australia 08/02/2010

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



INCREASE IN DEMAND FOR PROFESSIONAL SKILLS

As outlined in the last newsletter, the job market has got off to a positive start in 2010. We may be some time away from the severe skill shortages seen 2-3 years ago in New Zealand, however there is strong demand for qualified professionals across many sectors. These include:

Accounting Practice – Audit and Business Services
Engineering - Electrical, Traffic & Transport and Water
Health – multiple areas
IT – Business Analysts and Software Developers / Testers

Candidate confidence has been slow to follow this increase in demand, with many New Zealanders preferring to opt for security and not pursue new employment opportunities. This has resulted in low response rates to adverts being placed and therefore employers seriously considering immigrants with the right skills.

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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CATCHING THE RATE ON THE REBOUNDWITH CHOPSTICKS!

The global recovery from recession is, at best sporadic, barely noticeable in some quarters and certainly not universal. There appears to be a fairly clear split between the Western and Eastern Hemispheres and that very noticeably separates the UK from New Zealand both geographically and economically.

Sadly for those planning to make that move from Britain to New Zealand, this disparity has pushed the Sterling – NZ Dollar exchange rate to its lowest ebb in a quarter of a century and Sterling is, for only the second time in that period, below the level at which the New Zealand Dollar was released from its currency controls and allowed to float freely in March 1985.

Those opening sentences may have depressed anyone planning to move to New Zealand and that is fully understandable when your Pounds are commanding 7.5 percent less New Zealand Dollars than they were as recently as one month ago and 25 percent less than this time a year ago. However, the factors influencing this move are very well known to the markets by now and their influence may even be coming to the end at long last.

So let's just appraise those influences; on the New Zealand side of the equation, a solid economic rebound is well established with healthy employment data, growth in most sectors of the domestic economy as well as improving business and consumer confidence. Commodity prices are up and that boosts New Zealand's income and the interest rates on offer in New Zealand are based on a central bank rate of 2.5 percent; 5 times as attractive as those available in the UK.

HALO (con't.)

CATCHING THE RATE ON THE REBOUND ...WITH CHOPSTICKS!

On the UK side of things, unemployment is still high, government debt is still of grave concern and inflation is well above the Bank of England's rate but the BoE can't raise interest rates for fear of stifling economic growth. Add to this the nervousness that always pervades markets when an election is in the air and the added fear of a hung parliament; which may be too weak to deal effectively with the monstrous government debt and you have a recipe for disaster.

What is so great about this though is the fact that all of these things are already factored into the value of both currencies and the election fears which are hobbling the Pound will be dealt with, one way or another, within three to four months. So could we just be turning the corner on the fall in the Sterling – New Zealand Dollar exchange rate?

I think we might. I remain concerned that the Pound may well drop back to the NZ\$ 2.12 we saw a couple of days ago and perhaps to the NZ\$ 2.10 level last seen in 1984 but as most migration plans take far longer than a few months to bring to fruition and as, from a technical standpoint, the Pound is already hugely oversold, even if we do see a dip to the 1984 low, we ought to see a recovery to more attractive levels within most migrants time frames.

The maths are quite simple, for every cent that the pound manages to claw back, anyone moving £100,000 will be NZ\$ 1,000 better off. Consequently, a 5 cent move will mean the average migrant is some NZ\$ 12,500 better off and a return to the top of the recent trading range will mean those who delayed their currency conversion when the market bottomed out at NZ\$ 2.12 will be NZ\$ 16,000 better off for every £100,000 they transfer.

The caveat to this is that capturing those high rates is a matter of accurate timing. When Mr Miyagi caught flies with his chopsticks in the Karate Kid, he was demonstrating what many people try to do with currency contracts. They attempt to catch the very tip of the market in a split second decision. When that decision can't happen until your broker has called and explained the market and taken your instruction to trade and when that spike in the market might happen at 03.00 hrs GMT, when you and your broker are away in the land of nod, it is not surprising that these highs are often missed.

You can though, employ Mr Miyagi's technique with the use of an automated market order which will catch that rate at the level you choose as long as the rate is available somewhere in the world at some time during the 6 ½ day around the clock trading week.

At Halo Financial, we offer orders which are monitored 24 hours a day but, you will be delighted - or perhaps disappointed - to hear that we don't use chopsticks.....any more.

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



January saw historically the lowest numbers of properties changing hands in both residential and rural market segments. There has been a lot of speculation as to what caused the slump in sales - was it uncertainty about tax reform? Perhaps it was people taking longer than normal holidays, maybe the shortage of new listings coming forward meant buyers couldn't find their next property, or a combination of these and other things?

No matter the reason, there is no doubt the February figures are eagerly awaited to see if the market has lifted again.

According to feedback from within Harcourts, New Zealand's largest real estate group, there is a good pool of buyers and a larger volume of properties coming to the market now so we expect to see February and March being significantly ahead of December and January. Initial February sales figures are certainly encouraging.

We do not see the market returning to 'slump' conditions, but neither are we expecting a vigorous recovery – it is more likely to be a stable market, albeit one that is characterised by short term periods of demand / supply disequilibrium.

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



TAXMAN

Last month the Government signalled a range of economic reforms, including changes to tax policy (income, GST, and property), with details to be provided in the May Budget.

The economic agenda is wide-ranging, with the main pillars being: a more growth friendly mix to the tax system; better regulation of resources; deepening and improving access to capital markets; a greater emphasis on practical skills in education; investment in key infrastructure; support for science and innovation; and better delivery of public services.

Of these areas, tax reform has understandably received the most attention. This is where there was the most uncertainty about which direction the Government would take, after several working groups made their recommendations last December; it's also where there is the greatest potential to create winners and losers. The sharp drop in house sales in January (down 16% s.a.) suggests that buyers have become concerned about potential tax changes.

The most likely outcomes are a drop in the top income tax rate from 38% to 33%; an increase in GST from 12.5% to 15%, with compensating increases in government transfers; the removal of depreciation allowances (and subsequent clawbacks) for buildings; and the ring-fencing of losses on rental properties. New taxes aimed specifically at property were ruled out, though there may be greater enforcement of the existing capital gains tax for 'active' traders.

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

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