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CANTERBURY EARTHQUAKE

As most recipients of this newsletter will know in the early hours of the morning on Saturday 4 September 2010 a 7.1 magnitude earthquake struck the Canterbury region (the epicentre was approximately 30 kilometres west of Christchurch).

A number of buildings in the Central Business District in Christchurch have been damaged, some are not salvageable. By far however the greatest damage that has taken place is damage to personal property and some Cantabrians have either been required to move out of their premises indefinitely or are required to vacate their premises in the short term pending structural repairs.

We would like to take this opportunity to thank our clients who have been very patient over the last week where our business, like many others, was severely interrupted. Our firm is now fully operational.

With any cloud however there is always a silver lining, and it appears that for tradesmen in the Canterbury area their recession is well and truly over. Significant work will be available to tradesmen and other related professionals in infrastructure, and the commercial and residential property construction areas. Immigration New Zealand (INZ) have already signalled a special review to the occupations included in the immediate skills shortage list that has recently been changed by INZ (refer below).

If individuals therefore hold trades overseas in these particular areas there are, and will continue to be over the coming months, the need for skilled tradesmen in a number of areas. We would suggest therefore that if you are an individual who is putting on hold the migration process due to the impact of the recession in New Zealand and the downturn in the trades, that your decision and timeframe for travelling to New Zealand is revisited at this time.

The Government is mobilising to assist the Canterbury region directly in relation to re-establishment and repair of commercial/residential buildings as quickly as is possible, and in order to facilitate this significant numbers of skilled tradesmen and associated professionals will be required.

If you do wish to investigate travelling to New Zealand and coming into Christchurch, it is very important to consider accommodation as there is currently high demand for accommodation within the region; and therefore accommodation as well as the opportunity presented should be thought of carefully and planned appropriately before undertaking any journey to the region.

If you would like our firm to conduct an assessment in relation to immigration eligibility and also potential employability in the region please contact our firm for further advice.

SKILLED MIGRANT CATEGORY POOL SELECTION

There were two draws from the Skilled Migrant Category (SMC) pool in August. The pass mark for the draw that took place on 12 August was 115 points, and on 25 August 120 points for all Expressions of Interest not including offers of skilled employment. The draw of 12 August however also required that applicants claim a minimum of 10 points for work experience in an area of absolute skill shortage, and the draw on 25 August required applicants to claim a minimum of 15 points for work experience in an area of absolute skill shortage.

Citizens of India were the largest nationality by draw in August (21%), followed by United Kingdom (14%).

CHANGES TO IMMEDIATE SKILLS SHORTAGE LIST AND LONG TERM SKILLS SHORTAGE LIST

Various changes to the immediate skills shortage list and long term skills shortage list became effective on 8 September 2010. Changes at this time do not appear to be significant although any person looking at migrating to New Zealand should peruse these current lists as a guide in relation to generic employability and demand for occupations. This list of course, as provided above, is already outdated in relation to the Canterbury region.

We envisage that many occupations will be added to the immediate skills shortage list in the Canterbury region over the coming months. It is already however becoming apparent where the skills shortages are and therefore individuals looking to migrate to New Zealand should be proactive to determine their employability and move forward in the event that an opportunity has been created rather than waiting for special updates to these lists.

IMMIGRATION NEW ZEALAND INVESTIGATES 34 STAFF FOR MISCONDUCT

As reported by Lincoln Tan in a New Zealand Herald article on Thursday 26 August, 34 Immigration New Zealand staff are being investigated for misconduct, including allegations of fraud and corruption.

Of the 34 who have been investigated, 16 are employed in staff branch offices outside New Zealand.

Immigration spokesman for the Labour Party (Pete Hodgson), advised that it was “concerning” that Immigration New Zealand had such a high number of staff facing investigations, and further, “The question is how long have they been crooked, and how many of the visas have already been inappropriately granted or declined?”

It is a concern that such a high number of staff are being investigated internally by Immigration New Zealand. The integrity of New Zealand’s Immigration system is paramount, and Immigration New Zealand staff either approving or declining applications inappropriately and against immigration criteria must be removed from the service swiftly. Individuals who are not represented will not be able to identify whether or not their decision has been declined appropriately.

BRIDGING VISA

As part of the changes to the Immigration Regulations to be phased in from 29 November 2010, Immigration New Zealand will introduce a new interim visa.

Essentially, from March next year in most instances where an employee has applied for an extension of their work permit on time (ie before the expiry of their current temporary work permit), even if a decision has not been made on the application on the expiry of their held permit they will be able to continue lawful employment for their particular employer until a final decision has been made on their extension application.

This replaces the farcical situation currently where individuals who have applied for temporary permits and have endured significant delays (within Immigration New Zealand) find themselves without a temporary permit and being required technically to cease employment until a decision is made on their extension application. This creates significant issues for not only the employee but also the employer, and the bridging visa (as it is called in Australia) will be a welcome relief for all concerned.

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 month of August tends to show the first signs of the spring pick-up in activity in the property market, although the most significant impact is really felt from September onwards. The month of August this year showed little signs of such a pick-up, with new listings below 10,000 and down nearly 11% on a seasonally adjusted basis.

This decline in listings would ordinarily signal a tightening of the market at this time of year, were it not for the existing high levels of inventory already on the market and the flow-on impact of slow sales. The reported sales for July from REINZ were 4,411 which was the lowest July on record, down 27% from July 2009. These slow sales are resulting in inventory levels of unsold houses remaining above 46 weeks as compared to the long term average of 38 weeks, reinforcing the view that the market still favours buyers over sellers.

HARCOURTS (Con't)

Behind the headline national figures lies a continuing sense of a two speed property market. The major metro areas are certainly stronger than provincial NZ, Auckland, Wellington and Christchurch have inventory levels at or slightly above their long term averages.

The really big news, however is the earthquake, which has devastated the city of Christchurch and its surrounding areas and caused billions of dollars worth of damage, which has left the people of both New Zealand and Australia in a state of shock. There is no point trying to guess where the market will go in the immediate aftermath.

The Harcourts Foundation has donated \$50,000 to the New Zealand Red Cross Canterbury Earthquake Appeal. The New Zealand Red Cross have been on the ground in Christchurch since the earthquake struck, providing shelter, support and supplies to hundreds of needy victims.

The Harcourts Foundation was established in August 2008, with the aim of providing financial support that helps, grows and enriches local communities, and in just over two years has received over \$700,000 in donations from Harcourts staff and offices across Australia and New Zealand.

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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NOT EVEN A MASSIVE EARTHQUAKE CAN SHAKE THE KIWI DOLLAR'S STRENGTH

Unfortunately GBP/NZD failed to capitalise on its test above NZ\$2.20 in August. This level has provided a solid resistance or ceiling which has proven very difficult to breach in the past 6-months.

Bizarrely one would have been excused for thinking this time was different after the news that a magnitude 7.1 earthquake had hit my hometown of Christchurch. The initial reaction in the markets was a sell-off in the Kiwi dollar as traders coming back to work on Monday morning logically deduced that the estimated NZ\$4.0 billion investment required in rebuilding would be a significant drag on the New Zealand economy.

However, like a cloud the silver lining was not far off and traders quickly focused on the positive spin-offs for the NZ economy. Building and construction stocks rallied higher as the massive rebuilding program is estimated to add +1.5% of growth to GDP. And the cost of the rebuild? - Well that is likely to be largely funded abroad as most of the insurance companies and underwriters are Australian or British based.

Risk appetite continues to be the main driver for the Kiwi dollar leaving it at the mercy of the major economies of the US and Eurozone in particular. As investors appetite for risk increases they feel more comfortable buying "riskier" currencies like the NZD. We saw this last Friday when a much better than expected US July nonfarm payroll employment number reduced the probability of a US "double-dip" recession and therefore was risk positive. The NZD rose strongly on this news but has fallen today on a Wall Street Journal report which has heightened fears that the recent Eurozone bank stress tests excluded the banks holdings of potentially risky sovereign bonds. This worrying news favours "safer-haven" currencies such as the Japanese Yen and US dollar.

The good news is that the 11-cent fall in GBP/NZD of the last few weeks didn't break support at NZ\$2.10 and has since recovered 3.5 cents, so fingers crossed we may get another test of NZ\$2.20 again in September.

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**



Paradoxically the Christchurch employment scene will probably gain a huge boost by the recent earthquake over the coming weeks and months. The initial pain we are experiencing will hopefully subside with the after shocks. It has already resulted in many structural engineers being contracted in, from throughout New Zealand to commence the surveying of commercial buildings within the CBD. They will then focus on private dwellings over time, if nature allows.

Christchurch has experienced over 100 earthquakes in the past few days as seismic activity continues to command the headlines. Upwards of 70,000 claims have already been lodged with the Earthquake commission and they will be heavily involved in the rebuild of Christchurch.

The traditional areas of highest interest/need haven't dramatically changed from last month however Civil and Structural Engineers and Tradesmen generally will obviously be in high demand in the greater Canterbury area over the coming months, if not years.

The most sought after employees currently are:

- 1 Engineering – Civil Structural (Christchurch specific)
- 2 I.T & T – Consultant
- 3 Business Analysts (Chartered Accountants)
- 4 Engineering – Management
- 5 Healthcare & Medical – Nurses and Midwives

As always any highly qualified and or experienced candidates are welcome to register their interest with our group throughout New Zealand.

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**



GENEROUS TO A FAULT

Uncertain economic conditions, along with the potential impact on confidence from the Canterbury earthquakes, mean that the RBNZ is likely to take a breather in the tightening cycle this week.

That said, we expect this to be only a short break within the RBNZ's long-stated plan to return rates to more normal levels as the economy recovers. The June Monetary Policy Statement indicated that this could mean an OCR as high as 6% by the end of 2012 – from a starting point of 2.5%, that's a lot more tightening than the RBNZ has ever had to signal in any previous cycle.

That message hasn't been so prominent lately. The July OCR review noted that "the pace and extent of further OCR increases is likely to be more moderate", which was understandable in light of recent information. And a speech by Governor Bollard, titled "Keeping inflation anchored during economy recovery", revealed a relaxed attitude towards the upcoming policy-induced inflation spike.

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

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