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## **New Immigration Changes – A Big Deal**

After much anticipation Immigration New Zealand (INZ) has now released the full detail of the policy changes to the Skilled Migrant Category (SMC) Residence Instructions, Essential Skills Work Visa Instructions, and the Employer Accreditation Instructions, which will all come into effect on 28 August 2017.

These changes are substantive, and all have the potential to have a major impact on the migration landscape.

We are busy digesting all the changes, and plan to have three detailed articles out early next week that will cover our detailed thoughts on each. Until then, we have set out sound bites from us on each below.

We will also be announcing a series of national seminars that will not just provide information on what has changed (INZ seminars), but what the changes practically mean for your business so you will understand where your risk lies, and what you may need to look at doing to soften the impact in certain areas.

### **Skilled Migrant Category**

Far more reaching and technically complicated than initially anticipated. We are going to see a huge amount of confusion, approval resistance, visa declines, and appeals over the next 12 months as both sides of the fence get to grips with the changes that have been introduced.

### **Essential Skills**

As outlined in our previous article: [Essential Skills Changes](#) INZ has introduced



remuneration bands to determine the skill level of applicants. Those Essential Skills work visa holders deemed to be “lower skilled” are only eligible for 12 month visas for a maximum duration of three years, before becoming subject to a compulsory “stand-down” period offshore for 12 months. While this appears clear, for some roles working out the rate to determine skill banding will be a nightmare. We don’t even understand some of the terminology that has been introduced.

## **Employer Accreditation**

INZ give with one hand (initial term of 2 years and post this renewal terms of 5 years), but take with the other (far more stringent eligibility/documentation requirements, new audit/inspection ability, and INZ have made it far easier for them to revoke status). There is an internal understanding that many employers will soften the affect of the SMC changes by becoming accredited, so they have raised the bar.

**For further information or assistance with emigration please contact the Lane Neave on + 64 3 379 3720 or email [liveinnewzealand@laneneave.co.nz](mailto:liveinnewzealand@laneneave.co.nz).**

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## **Election time in New Zealand**

2017 is an election year in New Zealand. All permanent residents and citizens are eligible to vote in the general election, being held on 23 September this year. For those new residents voting for the first time, and even those who are not yet eligible to vote, it is useful to understand how the political system works in this country. It is also important for them to ‘have their say’ in the way the country is run.

Every three years, a national election is held in New Zealand to determine which representatives will make up the Parliament, and which political party holds the power to govern. Temporary work visa, student, or working holiday visa holders cannot register for the electoral role, or vote. Voter turnout in the last general election in 2014 was 77.9 percent of eligible voters – sitting slightly above the OECD average of voter turnout rates.

New Zealand changed its electoral process in 1996 from the British system of First-Past-the-Post, which consistently favoured the two largest political parties, National and Labour. To give greater weight to smaller political parties and to ensure politicians would focus their efforts more evenly throughout the country, a Mixed



Member Proportional (MMP) system was introduced. Here's how the MMP election system works:

There are usually 120 Members of Parliament (MPs) and 70 electorates, including separate Maori electorates. Each electorate selects one MP, called an electorate MP. The other 50 MPs are elected from political party lists and are called list MPs. Sometimes an 'overhang' occurs; when a party wins an electorate seat, but not enough party votes to entitle them to any seats in Parliament. When this happens there will be slightly more than 120 members of Parliament.

Each voter gets two votes. The first vote is for the political party the voter chooses. This is called the party vote and largely decides the total number of seats each political party gets in Parliament. The second vote is to choose the MP the voter wants to represent the electorate they live in, called the electorate vote. The candidate who gets the most votes wins; they do not have to get more than half the votes. For a detailed run-down of MMP, visit: <http://www.elections.org.nz/voting-system/mmp-voting-system/how-are-mps-elected>.

Coalitions or less formal agreements between political parties are usually needed before Governments can be formed in New Zealand. This is an important feature of the MMP system because smaller parties that represent more narrowly-defined perspectives can influence the ability of a larger party to govern. Examples of these parties in New Zealand include the Greens, NZ First, and the Maori Party. MMP has increased representation of different cultures and ethnicities in Parliament.

Permanent residents new to New Zealand must have lived in the country for 12 continuous months or longer in order to enrol to vote. Find out more about the elections in New Zealand here: <https://www.newzealandnow.govt.nz/resources/get-ready-to-vote>.

**Article provided by Lisa Burdes – SkillsConnect Canterbury Business Advisor at the Canterbury Employers' Chamber of Commerce. The Chamber offers migrant employment assistance, and support to employers of migrants in Canterbury. This service is fully funded by Immigration New Zealand (INZ). If you have questions about living and working in New Zealand, you can visit <http://www.newzealandnow.govt.nz>.**

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## **Election led to change of policy for migrant workers**

The New Zealand economy continues to show positive signs of sustainable growth.

The general Election scheduled for late September of this year traditionally dampens business confidence for obvious reasons.

The election itself has ensured a change of policy around migrant workers, as lobby groups ensured the planned tightening of migration rules didn't go to the extreme level first tabled.

This will ensure the skills required to drive continued economic growth will be available, as there remains a short fall with what we can provide from within New Zealand.

The exact policy change has just been released and is currently being digested prior to it's implementation on 28 August 2017.

Enterprise Recruitment still requires quality candidates across numerous disciplines and in all our locations throughout New Zealand.

We welcome the opportunity to asss any candidate chances of securing a job.

**Enterprise Recruitment and People has a national presence. We remain interested in providing obligation free advice to offshore candidate's about their chances of securing employment in New Zealand. Steve Baker Group Workforce Sourcing Manager: [steve.baker@enterprise.co.nz](mailto:steve.baker@enterprise.co.nz): 00 64 3 3530680 / 00 64 27 2125483**



**Bank of New Zealand**

## **Slowing market benefits new home owners**



Since deregulation of the New Zealand economy and financial system in the 1980s interest rates have tended to sit at levels slightly higher than in most other countries. Many Kiwis used to blame this on the Reserve Bank and for a while they were right because there was a persistent fight against inflation underway from around 1986 and high interest rates were the only weapon available to the central bank to try and get inflation down.

It took some time but since 1992 inflation has sat quite close to 2%, which is the mid-point of the current 1% - 3% target band and the rate at which many central banks in other countries aim. Interestingly however it has taken a lot longer, for generally older people, and people in the real estate sector in particular, to stop warning that inflation near 2% would not be sustained and we would soon be back at 5% if not 10%.

No-one talks that way now, especially as the problem facing the New Zealand central bank is the same one facing almost all others around the world – stopping inflation getting too low rather than too high. In their effort to stop inflation turning negative, the Reserve Bank of New Zealand last year took its official cash rate below the 2.5% level it was taken to in order to fight the global financial crisis. It now sits at 1.75%.

Recently, the Reserve Bank said that they have no expectation of raising the cash rate until very late in 2019. That could prove correct because as with many other countries there is zero evidence that average wages growth in the private sector is accelerating. That effect, plus new technologies undermining the ability of retailers to raise prices, means it is very hard to develop a scary outlook for inflation or the interest rates facing borrowers.

So, are borrowers well off with the lowest rates in place since the 1960s? Some may still moan because in a low interest rates world NZ rates still sit above rates in most other OECD countries. But few people do in fact express discontent – those that do are the investors who face receiving term deposit rates near 3.5%. That is a lot less than the 6%, 8%, and before 1992 12% rates, which they remember.

The efforts of older people to try and boost returns for retirement are one factor which has pushed NZ house prices so high. And that is why we have one of many very big ironies in the NZ economy. Very low interest rates have made it harder for first home buyers to enter the housing market, not easier, because house prices have been pushed up so far.

Currently, in our biggest city of Auckland, house prices on average are flat to retreating marginally. This development will spread to the rest of the country over the coming year in a traditional lagged regional response to changes in Auckland's housing market.

For real estate agents the slowing of the market is bad news as turnover is falling at



a 30% per annum rate with further weakness to come. For home buyers however, including those who freshly migrate to New Zealand, the news is generally good. Some investors need to offload properties bought in expectation of a fresh wave of buyers appearing. Those buyers are now held out of the market by requirements for 20% (owner-occupiers) or 40% (investors) deposits, and by tightening bank lending conditions. So a few bargains are going to appear.

However, while it is becoming possible to start talking in terms of things moving to becoming a buyers market, the actual stock of listings available for buyers to peruse is relatively low. At the end of July the nationwide stock of listings stood at 25,000. While this was up slightly from 23,000 a year before for the reason just outlined, it was well down from 31,000 in 2015, 42,000 in 2014, and 48,000 in 2011.

Slowing markets tend to be associated with people taking properties off the market. While much is often made of the high debt levels of Kiwis, mortgagee sales of properties tend to be rare and people do everything they can to keep mortgage payments up – which is not too difficult currently because interest rates are so low.

**Tony Alexander, Chief Economist, Bank of New Zealand**

**BNZ Migrant Banking can assist you with opening an account pre arrival via a simple online application at [www.bnz.co.nz/movingtonewzealand](http://www.bnz.co.nz/movingtonewzealand) or contact the team on +64 9 976 6318 or email [bnzmigrant.banking@bnz.co.nz](mailto:bnzmigrant.banking@bnz.co.nz)**

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