



## BUSINESS MIGRATION - INVESTOR CATEGORY CHANGES

June 2011

The Government recently announced policy changes to its business migration schemes.

The business migration schemes have attracted \$562 million in potential investment and this has encouraged the Government to amend some of its rules to encourage further investment in New Zealand.

Out of the above funds, to date, \$142.5 million has been transferred and invested in New Zealand under the Business Migrant Policy and \$167.25 million has been approved for funds transfer. Applications from investors worth an additional \$252.5 million are being processed.

The Minister for Immigration, Dr Jonathan Coleman announced that the funds placed into the schemes have been directed into various investment vessels ranging from bonds, shares, and securities to Auckland Airport, Fonterra, and even a chicken farm.

The focus is to attract not only valuable capital but also people with commercial nous, experience in global networks. The Government wishes to see more migrant capital invested in New Zealand's productive sector.

The changes relate to the two business migration investment categories:

Investor Plus (Investor 1) – minimum investment of \$10 million for at least three years, and

Investor (Investor 2) – minimum investment of \$1.5 million for at least four years.

Some of the significant changes include the following:

- For Investor Plus migrants, reducing the time required to be resident in New Zealand during the three year investment period from 73 days to 44 days per annum. The aim is to encourage interest in the Investor Plus category by high network individuals who are globally mobile and are unable to meet the current residential requirements.
- Reduce the allowable transfer time for moving the investment funds to New Zealand. The allowable extension time for Investor category migrants to transfer funds will reduce from 12 months to 6 months. It will require that the migrant demonstrate reasonable efforts to transfer funds within the first 12 months, before being granted a six month extension. This is to encourage Investor category migrants to transfer quickly while still granting flexibility for Investor Plus migrants.
- Changes will be made surrounding the definition of acceptable investment. It will clarify that all Investor migrants can invest in entities established by parent organisations to raise funds. This includes State Owned enterprises, public companies, banks, and local authorities. Funds raised must have guaranteed security by the parent organisations to qualify. This change is intended to widen the range of acceptable investments for Investor migrants, and enables a greater number of New Zealand financial institutions to benefit from migrant funds.
- Enable all Investor migrants to invest in bank bonds and equities. At present, these are currently excluded.
- The business experience criteria under the Investor 2 policy will be amended to provide flexibility for quality investor migrants. The policy will be amended so Investor migrants are required to have an involvement (including managed or owned) in a business with either at least 5 full time employees **OR** at least \$1 million in turnover per annum. Current policy requires applicants to meet both these conditions. The current rules potentially exclude a range of quality Investor migrants because they do not meet both of these conditions.

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- Clarification regarding the calculation of the value of investments made by Investor migrants will be implemented. The investment value will be based on the purchase price of the investment less any accrued interest. At present, there is some confusion for migrants and their agents.
- Most interestingly, there will be changes surrounding the transfer of funds through foreign exchange companies. The policy will be amended to enable Investor migrants to transfer their investment funds through foreign exchange companies. This is a recognition of this emerging trend of migrants especially the United Kingdom, utilising foreign exchange companies to transfer funds. It's likely the companies will have to be recognised as legitimate foreign exchange companies by regulatory authorities in their home countries and in the countries they operate.

Finally, there will be changes to the current exclusion of residential property as an acceptable investment. Changes will enable residential property to be included as an acceptable investment, with "appropriate safeguards". The Government states this change recognises the sustainability changed drivers in the New Zealand property market since the policies introduction and enables Investor migrants to invest in residential property in a way that benefits New Zealand.

For Chinese investor migrants, the changes may not offer relief as applicants from China still need to produce "SAFE" certificates to INZ to prove the money was transferred legally out of China with Government approval.

Overall, the New Zealand Government's aim is to ensure the changes make it easier for people to invest money in New Zealand without compromising the security and integrity of New Zealand's immigration system. The changes are forecast to come into effect from June/July 2011.

If you have any questions or queries regarding proceeding with an application, please do not hesitate to contact us.

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