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Te Ratonga Manene

Immigration Research Programme

Business Immigration:

**The Evaluation of the
1999 Business Immigration Policy**

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The Evaluation of the 1999 Business Immigration Policy

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CONTENTS

| | |
|---|-----------|
| 1. EXECUTIVE SUMMARY | 1 |
| 1.1 Introduction..... | 1 |
| 1.2 Methodology | 1 |
| 1.3 Trends in business migrant approvals | 2 |
| 1.4 Characteristics of LTBV Migrants | 2 |
| 1.5 Characteristics of Investor Category Migrants..... | 4 |
| 1.6 Characteristics of Entrepreneur Category Migrants | 4 |
| 1.7 Characteristics of Employees of Relocating Businesses | 5 |
| 1.8 Operation of Business Policy and Stakeholder Views..... | 5 |
| 1.9 Is the policy meeting its objectives?..... | 6 |
| PART A INTRODUCTION, METHODOLOGY AND BUSINESS MIGRATION TRENDS..... | 11 |
| 2. INTRODUCTION AND BACKGROUND..... | 13 |
| 2.1 Introduction..... | 13 |
| 2.2 Recent Business Immigration Policy..... | 14 |
| 2.3 Report Structure | 18 |
| 3. METHODOLOGY | 19 |
| 3.1 Introduction..... | 19 |
| 3.2 Research methods | 20 |
| 3.3 Limitations | 23 |
| 3.4 Ethical considerations | 24 |
| 4. BUSINESS MIGRATION CHARACTERISTICS AND TRENDS..... | 25 |
| 4.1 Introduction..... | 25 |
| 4.2 Trends in business migration..... | 25 |
| 4.3 Economic conditions..... | 28 |
| 4.4 Small and medium sized enterprises | 29 |
| 4.5 Summary of main points..... | 29 |
| PART B OPERATION OF BUSINESS POLICY AND STAKEHOLDER VIEWS..... | 31 |
| 5. KEY PLAYERS AND THE OPERATION OF BUSINESS MIGRATION | 33 |
| 5.1 Introduction..... | 33 |
| 5.2 Operationalisation of Business Policy..... | 33 |
| 5.3 Importance of agents in decisions about which category to apply through | 36 |
| 5.4 LTBV: The agents' perspective | 36 |
| 5.5 LTBV: The migrants' perspective..... | 38 |
| 5.6 Investor Category: The agents' perspective | 40 |
| 5.7 Investor Category: The migrants' perspective..... | 42 |
| 5.8 Migration decisions..... | 42 |
| 5.9 Summary of main points | 43 |
| 6. VIEWS OF KEY STAKEHOLDERS..... | 45 |
| 6.1 Introduction..... | 45 |
| 6.2 Growth in the number of business applications..... | 45 |
| 6.3 The benefits of business immigration to New Zealand | 45 |
| 6.4 Agencies..... | 45 |
| 6.5 The Business Migrant Liaison Unit..... | 46 |
| 6.6 Business migrants..... | 46 |
| 6.7 LTBV - Applying for permanent residence in New Zealand. | 47 |
| 6.8 Summary of main points | 48 |
| PART C LONG TERM BUSINESS VISA..... | 49 |
| 7. LTBV CATEGORY TRENDS | 51 |
| 7.1 Introduction..... | 51 |
| 7.2 Numbers of applications and people | 51 |
| 7.3 Approvals versus declines..... | 51 |
| 7.4 Trends by nationality..... | 51 |
| 7.5 Location of applicants when approved..... | 55 |
| 7.6 Gender..... | 55 |

| | | |
|------------|--|------------|
| 7.7 | Age of principal applicants | 55 |
| 7.8 | Application size..... | 55 |
| 7.9 | File Study LTBVs | 56 |
| 7.10 | Summary of main points..... | 59 |
| 8. | LTBV CATEGORY OUTCOMES..... | 61 |
| 8.1 | Introduction..... | 61 |
| 8.2 | LTBV movements..... | 61 |
| 8.3 | File study LTBVs – the outcomes..... | 63 |
| 8.4 | LTBV survey findings..... | 69 |
| 8.5 | LTBV conversions to residence..... | 78 |
| 8.6 | Summary of main points..... | 78 |
| | PART D BUSINESS RESIDENCE CATEGORIES..... | 81 |
| 9. | BUSINESS RESIDENCE TRENDS..... | 83 |
| 9.1 | Introduction..... | 83 |
| 9.2 | Employees of relocating businesses..... | 83 |
| 9.3 | Entrepreneur Category..... | 84 |
| 9.4 | Investor Category trends..... | 84 |
| 9.5 | File study Investors..... | 88 |
| 9.6 | Summary of main points..... | 90 |
| 10. | BUSINESS RESIDENCE CATEGORY OUTCOMES..... | 93 |
| 10.1 | Introduction..... | 93 |
| 10.2 | Employees of relocating business outcomes..... | 93 |
| 10.3 | Entrepreneur Category outcomes..... | 94 |
| 10.4 | Investor Category outcomes..... | 98 |
| 10.5 | File study Investors – the outcomes..... | 101 |
| 10.6 | Investor survey findings..... | 103 |
| 10.7 | Summary of main points..... | 107 |
| | PART E GENERAL ASPECTS OF INVESTOR AND LTBV SETTLEMENT..... | 109 |
| 11. | GENERAL ASPECTS OF INVESTOR AND LTBV SETTLEMENT..... | 111 |
| 11.1 | Introduction..... | 111 |
| 11.2 | Employment..... | 111 |
| 11.3 | Household income..... | 112 |
| 11.4 | Countries travelled to on business in Previous Twelve Months..... | 112 |
| 11.5 | Challenges of starting a business in New Zealand..... | 113 |
| 11.6 | Immediate Family Members..... | 114 |
| 11.7 | Summary of main points..... | 115 |
| | PART F CONCLUSIONS..... | 117 |
| 12. | OVERVIEW AND CONCLUSIONS..... | 119 |
| 12.1 | Introduction..... | 119 |
| 12.2 | Is the policy meeting its objectives?..... | 119 |
| 12.3 | Did the policy meet other objectives?..... | 122 |
| 12.4 | Strengths and possible areas for improvement in the operation of the policy..... | 123 |
| 12.5 | Strengths and possible areas for improvement in the policy..... | 123 |
| 12.6 | Looking forward..... | 124 |
| | APPENDICES..... | 125 |
| | APPENDIX 1: THE EVALUATION OBJECTIVES..... | 127 |
| | APPENDIX 2: DETAILED DATA TABLES..... | 129 |
| | APPENDIX 3: SURVEY SAMPLE DESCRIPTION TABLES..... | 143 |
| | APPENDIX 4. INTERVIEW QUESTIONS..... | 145 |

FIGURES AND TABLES

Business Migration Characteristics and Trends

| | | |
|-------------|---|----|
| Figure 4.1. | Trends among all categories of Business residence approvals - by person – for Financial Years 1992/93 to 2000/01..... | 26 |
| Figure 4.2. | Trends among all categories of Business migrant approvals - by application, 1999 to March 2002..... | 27 |

Key Players And The Operation of Business Migration

| | | |
|------------|---|----|
| Table 5.1. | The importance of inputs from agents to principal applicants' decision as to which category they applied through..... | 36 |
| Table 5.2. | Migrants' reasons for applying for LTBVs..... | 39 |
| Table 5.3. |The length of time LTBV principal applicants, themselves, spent on developing their business plan..... | 39 |
| Table 5.4. | Sources of advice LTBV principal applicants used in preparing their business plans..... | 40 |
| Table 5.5. | The usefulness of business plan in establishing their business..... | 40 |
| Table 5.6. | The similarity the business established to that planned..... | 40 |
| Figure 5.1 | Importance of factors in making the decision to migrate..... | 43 |

Views of Key Stakeholders

| | | |
|------------|--|----|
| Table 6.1. | Whether business migrants would still migrate after having had New Zealand experience..... | 46 |
| Table 6.2. | How settled business migrants felt about Living in New Zealand..... | 47 |

LTBV Category Trends

| | | |
|-------------|--|----|
| Figure 7.1. | Trends in the nationality of LTBV approvals - by application - 1999 to March 2002..... | 53 |
| Figure 7.2. | Trends in the nationality of LTBV approvals - by person - 1999 to March 2002..... | 54 |
| Table 7.1. | Age bands of approved LTBV principal applicants – 1999 to March 2002..... | 55 |
| Table 7.2. | LTBV application size - 1999 to March 2002..... | 56 |
| Table 7.3. | Nationality breakdown of LTBV file study..... | 56 |
| Table 7.4. | Number of days spent visiting NZ prior to applying for an LTBV..... | 57 |
| Table 7.5. | Types of research undertaken by LTBV applicants..... | 58 |
| Table 7.6. | Sources of advice used by LTBV principal applicants..... | 58 |

LTBV Category Outcomes

| | | |
|-------------|---|----|
| Table 8.1. | LTBV movement history for those arriving to take up their permit between 1 April 1999 to 1 Oct 2001..... | 62 |
| Figure 8.1 | LTBV movement history for those who have arrived to take up their permits between 1 April 1999 to 1 Oct 2001..... | 62 |
| Table 8.2. | Percent of business to be owned by LTBV applicants..... | 63 |
| Table 8.3. | Intended industry of LTBV businesses..... | 64 |
| Table 8.4. | Top six intended business types of LTBV migrants..... | 65 |
| Table 8.5. | Intended customers of LTBV businesses..... | 65 |
| Table 8.6. | Level of skill required to run the LTBV businesses..... | 66 |
| Table 8.7. | Intended number of employees of LTBV businesses..... | 66 |
| Table 8.8. | Intended number of part-time employees of LTBV businesses..... | 67 |
| Table 8.9. | Region LTBV businesses will be established in..... | 67 |
| Table 8.10. | Previous types of experience of LTBV applicant..... | 68 |
| Table 8.11. | Total number of years business experience for LTBV applicants..... | 68 |
| Table 8.12. | Industry of businesses established..... | 70 |
| Table 8.13. | Business type of LTBV businesses..... | 71 |
| Table 8.14. | Annual turnover of the LTBV businesses..... | 73 |
| Table 8.15. | Number of people employed full-time by LTBVs in addition to themselves..... | 74 |
| Table 8.16. | Number of people employed part-time by LTBVs in addition to themselves..... | 74 |
| Table 8.17. | Full-time family members by LTBVs..... | 74 |
| Table 8.18. | Businesses importing goods or services by country/area imported from..... | 75 |
| Table 8.19. | Businesses exporting by main countries exported to..... | 75 |
| Table 8.20. | LTBV migrants perception of their business success..... | 76 |
| Table 8.21. | Amount invested by LTBV migrants in current main business..... | 76 |
| Table 8.22. | Investment intentions of LTBV migrants..... | 77 |

| | | |
|-------------|--|----|
| Table 8.23. | Main types of investment of LTBV migrants..... | 77 |
| Table 8.24. | Total amount invested by LTBV migrants..... | 77 |
| Table 8.25. | Residence categories of LTBV approvals between 1999 and March 2002. | 78 |

Business Residence Trends

| | | |
|-------------|---|----|
| Table 9.1. | Employees of Relocating Business approvals, 1999 to March 2002..... | 83 |
| Table 9.2. | Nationality of principal applicants in the Employees of Relocating Category. | 83 |
| Table 9.3. | Entrepreneur Category approvals, 1999 to March 2002..... | 84 |
| Table 9.4. | Nationality of applications through the Entrepreneur Category..... | 84 |
| Figure 9.1. | Trends in the nationality of Investor Category approvals, by application, 1999 to March 2002..... | 86 |
| Figure 9.2. | Trends in the nationality of Investor Category approvals, by person, 1999 to March 2002..... | 87 |
| Table 9.5. | Investor Category application size – 1999 to March 2002..... | 88 |
| Table 9.6. | Average age of Investor Category applicants – 1999 to March 2002..... | 88 |
| Table 9.7. | Nationality breakdown of investor file study applicants..... | 89 |
| Table 9.8. | Total number of businesses the principal applicant was cited as having experience in..... | 90 |
| Table 9.9. | Source of Investor funds (n = 418)..... | 90 |

Business Residence Outcomes

| | | |
|---------------|--|-----|
| Table 10.1. | Regional location of relocating businesses..... | 94 |
| Table 10.2. | Intended industry of Entrepreneur Category businesses..... | 95 |
| Table 10.3. | Location of the Entrepreneur Category businesses..... | 95 |
| Table 10.4. | Number of employees of Entrepreneur Category businesses..... | 96 |
| Table 10.5. | Turnover of Entrepreneur Category businesses..... | 96 |
| Table 10.6. | Business profit for Entrepreneur Category businesses..... | 97 |
| Table 10.7. | Identified customers of the Entrepreneur Category businesses..... | 97 |
| Table 10.8. | Proportion of business owned by the principal applicant..... | 98 |
| Table 10.9. | Imports and exports for Entrepreneur Category businesses..... | 98 |
| Table 10.1. | Investor Category movement history for those who have taken up residence between 1 April 1999 to 1 Oct 2001..... | 100 |
| Figure 10.10. | Movements of Investor applicants approved 1 April 1999 to 1 Oct 2001..... | 101 |
| Table 10.11. | Total number of businesses Investors have ownership in..... | 102 |
| Table 10.12. | Type of investment to be made by the Investor Category migrants..... | 102 |
| Table 10.13. | Amounts invested in New Zealand through the Investor Category..... | 103 |
| Table 10.14. | Investors involvement with investments..... | 105 |

General Aspects of Investor and LTBV Settlement

| | | |
|--------------|---|-----|
| Table 11.1. | Main activity of the business migrants interviewed..... | 111 |
| Table 11.2. | Status in employment of the business migrants..... | 112 |
| Table 11.3. | Joint annual household income..... | 112 |
| Table 11.4. | Challenges starting a New Zealand business..... | 113 |
| Figure 11.1. | Challenges faced by LTBV migrants starting a business in New Zealand..... | 114 |

Appendices

| | | |
|--------------|---|-----|
| Table A1.1. | Trends in LTBV approved versus declined applications, 1999 to March 2001..... | 129 |
| Table A1.2. | Approved LTBV by application - visa permit over time..... | 129 |
| Figure A1.1. | Trends among all categories of Business migrants approvals - by person - 1999 to March 2002..... | 130 |
| Table A1.3. | Approved LTBV by application - Gender of PA over time..... | 131 |
| Table A1.4. | Average age of approved LTBV principal applicants - 1999 to March 2001..... | 131 |
| Table A1.5. | Age Breakdown of the LTBV File Study sample..... | 131 |
| Table A1.6. | Characteristics of LTBV migrants who are long term absent compared to all LTBV migrants..... | 132 |
| Table A1.7. | Specific Business Types of LTBV applicants..... | 132 |
| Table A1.7. | Specific Business Types of LTBV applicants (cont.)..... | 133 |
| Table A1.7. | Specific Business Types of LTBV applicants (cont.)..... | 134 |
| Table A1.8. | Trends in approved verses declined applications among Investor categories - March 1999 to March 2001..... | 135 |
| Table A1.9. | Location of application for approved Investor Category - March 1999 to March 2001..... | 135 |
| Table A1.10. | Gender of Investor Category principal applicants March 1999 to March 2002..... | 136 |
| Table A1.11. | Age Range of Investor File Study Migrants..... | 136 |
| Table A1.12. | Businesses involved with the Employees of Relocating Businesses Category..... | 137 |
| Table A1.12. | Businesses involved with the Employees of Relocating Businesses Category (cont.)..... | 138 |
| Table A1.13. | Business types established by Entrepreneur migrants..... | 139 |

| | |
|---|-----|
| Table A1.13. Business types established by Entrepreneur migrants (cont.)..... | 140 |
| Table A1.14. Characteristics of Investor migrants who are long term absent compared to all investor migrants..... | 141 |
| Table A1.15. Percentage of first business owned | 141 |
| Table A2.1. Age groups of sample participants..... | 143 |
| Table A2.2. Country of birth of sample participants..... | 143 |

1. EXECUTIVE SUMMARY

1.1 Introduction

The main purpose of this report was to document an evaluation of the business immigration policy, which was introduced in April 1999. The main aim of the evaluation was to assess whether policy objectives were being met and to identify both the strengths of the policy, as well as areas that could be improved.

The intent of the 1999 business immigration policy was to introduce new and more flexible policies and practices in order to make New Zealand a more attractive destination for business migrants in a competitive global environment. Further, the policy aimed to contribute to New Zealand's economic well being by increasing the country's level of human capital by the acquisition of experienced business migrants, by encouraging enterprise and innovation and by promoting international trade and investment.

The 1999 policy was a departure from its predecessors. For the first time there was a range of business residence categories, which are:

- The Entrepreneur Category for those who successfully establish, and operate for two years, a business in New Zealand;
- The Investor Category for those with capital to invest in New Zealand;
- The Employees of Businesses Relocating to New Zealand (EBR) Category for those key employees of businesses relocating to New Zealand who are not eligible for residence through any other category. Flexibility was also introduced to allow the Minister of Immigration to grant residence on a case by case basis to support efforts to encourage businesses to relocate to New Zealand; and
- A new temporary entry category the 'Long Term Business Visa (LTBV)' for applicants with a sound proposal to establish or acquire a business in New Zealand. Having a credible business plan is a necessary component of being approved through this category. The LTBV provides a pathway to residence through the Entrepreneur Category.

Structural changes to the NZIS were made to deliver the 1999 policy. These included the establishment of a Business Migration Branch (BMB) - dedicated to processing business applications - and a Business Migrant Liaison Unit (BMLU) to assist prospective and approved business migrants to access information about business and investment opportunities in New Zealand and to research their area of business interest.

1.2 Methodology

A number of quantitative and qualitative techniques were employed in the evaluation. These included:

- Analyses of Immigration databases;

- Studies of the files of approved applications, including: LTBV (403 files); Investor Category (423 files); EBR (24 files); Entrepreneur Category (47 files);
- A survey, that interviewed 25 Investor Category principal applicants and 59 LTBV principal applicants;
- Interviews with a range of key informants including immigration staff, consultants and business planners, KPMG and other significant stakeholders such as local government, and government agencies with some responsibility for business migration.

There are some limitations to the evaluation data, which should be noted. Some of the information gathered, such as the perceptions of key stakeholders, agents and the survey of Investor Category and LTBV principal applicants was qualitative and should be seen as indicative only. The file studies examined the records of LTBV and Investors approved between April 1999 and March 2001. Subsequent cohorts of business migrants may not have the same characteristics as those in the file study.

1.3 Trends in business migrant approvals

Since the inception of the Department of Labour's business immigration policy in 1978, successive changes to policy settings have resulted in marked swings in application approval numbers. The introduction of the new categories in 1999 led, after an initial gradual increase, to a significant increase in approved applications from early 2000, peaking in late 2001. Numbers of approved business migrants have been most significant in the Investor and LTBV categories.

Between the introduction of the 1999 business policy and March 2002, 12,491 people have been approved through 4,075 applications in the following categories:

- 2,167 applications through the LTBV temporary category (6,151 people);
- 1,822 applications through the Investor Category (6,216 people);
- 56 applications through the Entrepreneur Category (130 people); and
- 30 applications through the EBR (84 people).

In comparison, only 642 people were approved for the three financial year's 1996/97 to 1998/99 through the previous Business Investor Policy.

1.4 Characteristics of LTBV Migrants

Immigration database:

- Since its introduction in 1999, the number of LTBV Category applications has increased at a rate considerably higher than was originally anticipated. In total, 2,177 applications were approved through the LTBV Category between 1999 and March 2002, while the number of people approved amounted to 6,151.
- Half of the principal applicants had not visited New Zealand before being approved for an LTBV.
- China and South Korea have been the source of most of the LTBV applications approved.
- Since 1999, 72 percent of LTBV applications were approved while principal applicants were offshore and there has been a relatively high rate of declined applications (18 percent).

- About 70 percent of LTBV principal applicants were male, and over 80 percent were aged between 30 and 49 years. The average number of people per approved application was 2.8.
- Seventeen percent of LTBV migrants tended to be absent from the country at any one point in time and almost 6 percent were absent for more than six months. Principal applicants tended to be more absent on average than spouses who in turn were more absent on average than children.

File study of LTBV applicants:

- The most common research undertaken by the applicants in support of their application and business plan was 'general' research into the financial and business environment. Other research noted was that into competitors, the feasibility and viability of their business and into various laws, regulations and resource consents.
- The businesses they intended to establish or purchase tended to be in the industry groupings of Accommodation, Cafés and Restaurants (28 percent), Retail Trade (26 percent) and Wholesale Trade (14 percent). The range of business types was wide with import/export companies the most common business type, although the second to fifth largest groupings belonged in some way to food service, and included cafés, restaurants and dairies. Other business types included fishing charters, property development, hydroponics and IT education.
- The majority of the businesses being established required no special training to run them. Thirty-four percent of LTBV migrants had experience in the business type that they intended to set up, and 60 and 39 percent respectively had managed a business or staff, or owned a business.
- 70 percent of the applicants intended to establish a business in Auckland and 7 percent in Canterbury.

Survey of LTBV migrants:

- When asked if they had purchased an existing business or established a new one, of the respondents providing an answer, about half (25) had established a new business and half (23) had bought an existing business.
- Most businesses were in the Accommodation, Cafés and Restaurants category followed by Manufacturing and Personal Services. Most were established in Auckland.
- Of those who responded to the question of whether their business exported or imported goods, 20 respondents said that their business imported, 16 said they exported.
- Twenty respondents said their business had performed better than they had expected, while 13 respondents said that their business had performed worse than anticipated. Ten reported their business' success to be as they had expected.
- Over a third of respondents had invested more than \$250,000 in their business. In terms of total investments, the LTBV migrants interviewed were most likely to have invested between \$100,000 and \$500,000.
- Many LTBV migrants interviewed agreed that they applied for an LTBV because they were ineligible under other residence categories, although another more positive reason was that they had previous experience in running a business.

- Twenty-seven of the LTBV businesses employed from between 1 and more than 5 people, excluding the principal applicant.

1.5 Characteristics of Investor Category Migrants

Immigration database:

- There were 6,126 people approved for residence through this category between 1999 and March 2002. Ninety-three percent of applications were initiated offshore, and there was a 6 percent decline rate for the applications.
- China and Taiwan dominate the flow of migrants.
- The average age of the principal applicant was 40 years.
- The average application size was 3.4 people and 31 percent of principal applicants are female.
- People approved through this category tended to be absent from the country at a high level – 46 percent were absent at any one point and 26 percent were absent for more than six months. Fifty-five percent of the principal applicants were absent at any one time. Principal applicants were more absent than spouses who in turn were more absent on average than children. As with LTBV migrants, however, for people absent more than six months these differences between principal applicants, spouses and children were not apparent. Migrants from Taiwan made up a disproportionate number of those who had been absent for more than six months.

File study:

- Most reported that they derived their investment funds from bank accounts, term deposits or “savings”.
- Seventy-two percent of the principal applicants had previous business experience.
- In total, 411 Investor applicants were intending to transfer \$529.3M into New Zealand, an average of \$1.28 million per applicant.
- The large majority of Investor migrants stated that they would invest their money in a trading bank.

Survey:

- Actual investments were more diverse than suggested by the original intentions stated in the file study. Just over half of those interviewed (13 out of 25) owned a business.
- In general the respondents indicated that they planned to diversify their money, although four would remove their investment from New Zealand when they no longer had to keep it in the country.
- Investor migrants were generally positive about the rate of return of New Zealand investments. Most claimed to be actively involved in their investments.

1.6 Characteristics of Entrepreneur Category Migrants

- Of the 56 applications, China and Japan were the biggest contributors with 8 applications each.
- The most common category of businesses established was in the Accommodation, Cafés and Restaurants industry grouping (17 percent),

followed by Property and Business Services and the Wholesale Trade at 15 percent each. There were a variety of business types and these included a timber merchant, the manufacture and sale of lingerie, commercial embroidery companies, flowers for export and an animation production company.

- Just over half of the businesses were located in Auckland, only seven were located in the South Island.
- Half had turnovers of \$200,000 or more.
- Ten companies were involved with imports and 12 with exports. A number of businesses had international linkages in terms of being part of some type of multinational arrangement.

1.7 Characteristics of Employees of Relocating Businesses

- To date, 30 applications and 84 people have been approved through the Employees of Businesses Relocating Category. Twenty-four of the principal applicants were male and 6 female.
- Of the 11 source countries of the principal applicants, 9 were from China, 7 from Great Britain, 4 from South Africa, 2 from Japan and 2 from the United States of America.
- Principal applicants approved were experienced business people and in most cases they were considered key to the business being established in New Zealand because of their managerial experience.
- Half of the businesses were to be established in the same industry as the original owner and undertake the same business activities with expansion being the major reason for relocation. The activities of the remainder were in some way supporting the business operation of the parent company overseas.
- The businesses relocated included a diverse range of business types including: manufacturing medical consumables; exporting animal products; and computer software and hardware development.
- Auckland was the main destination.

1.8 Operation of Business Policy and Stakeholder Views

There were signs that many business migrants and in particular those with an LTBV - would stay in New Zealand long-term. The most common reason given by survey respondents for migrating was for the 'lifestyle'. Employment opportunities were not high on their list. Almost all of the LTBV migrants interviewed intended to apply for residence and two-thirds through the Entrepreneur Category.

Evidence from an analysis of business migrants' movements in and out of New Zealand showed that Investor Category migrants had a relatively high rate of absence compared with LTBV migrants. For example, as at 2 April 2002, 5 percent of LTBV principal applicants had been out of New Zealand for six months or more compared with 25 percent of Investor Category principal applicants.

The majority of LTBV applicants sought the assistance of others, such as agents, in preparing their business plans. The survey respondents were asked if they had used

an immigration agent and, of those who responded, at least two-thirds (52) said they had. The respondents had a low level of awareness of the existence of the BMLU.

Three-quarters of all the business migrants interviewed stated that it was their intention to live in New Zealand for more than 10 years. Only four of the migrants indicated that they planned to live in New Zealand for less than six years. The majority of respondents said that, after having experienced living in New Zealand for a period, they would still migrate here, knowing what they now know about the country. Only 2 respondents said that they would definitely not have migrated to New Zealand, although a further 6 said they probably would not have.

When asked about the challenges of doing business in New Zealand common themes included language and cultural difficulties, competition, attracting customers, and New Zealand's laws and regulations.

Agents tended to take a cynical view of the Investor Category, describing it as "buying residence". For migrants, the Investor Category tended to be chosen because it was a simple route to residence, or because it was the only category for which they were eligible. Agents and business planners considered the LTBV policy to be working well, but some minor changes were suggested, such as further shortening of processing times and having guidelines which would enable applicants to self-assess. Although the LTBV policy requires applicants to have sufficient maintenance funds no dollar amounts are specified. In addition to financial information, LTBV applications are assessed for their business outline, the applicant's business experience and their New Zealand market knowledge. Nevertheless, some immigration agents perceived the policy delivery as focussed more on money and less on the individuals' abilities and ideas.

Overall, Immigration agents, and interested agencies, spoke positively about the benefits to New Zealand of business migrants saying they had a high level of determination to succeed in New Zealand. Other benefits these stakeholders considered included commercial expertise, the introduction of new services and products, payment of tax, investment, the creation of jobs for New Zealanders and international experience and connections.

1.9 Is the policy meeting its objectives?

The business immigration policy was developed with the intent of contributing to per capita economic growth through the following three objectives.

Increasing New Zealand's level of human capital

Without a doubt the 1999 Business policy has been successful in increasing the number of business migrants entering New Zealand. The business migrants arrived with an array of business related skills. For example, 60 percent of the LTBV principal applicants had previously managed a business and/or staff, and four out of ten had previously owned a business. They had an average of 10.41 years business experience.

What is striking is the dominance of the flows of business migrants by only three North Asian countries: China; Taiwan; and South Korea. New Zealand is very reliant on business migrants from these countries. This dominance could imply that the policy is unsuccessful in attracting migrants from other markets. Thought should therefore be given to more actively marketing the policy in other countries, to diversify risk, and, more positively, to expand the range of business migrants arriving. On the whole, the major flows of business migrants come from countries with dissimilar cultures to New Zealand and from a non-English speaking background.

Militating against the business experience being brought into New Zealand was the evidence that a significant minority of Investor principal applicants were long-term absent from the country (six months or more). Even more surprising was the finding that on any given day, 55 percent of these principal applicants were absent from the country. This finding raises some doubt about the short-term commitment and benefit to New Zealand of some of these people.

Encouraging enterprise and innovation

The Business policy has successfully brought investment dollars into the country. Of the 411 Investor files examined, and that had the amount of funds to be invested, there was an average of \$1.283M per applicant. In addition, it was evident that LTBV applicants are also bringing substantial sums into the country. From the file study we saw that they were intending to invest an average of \$171,599 into a business and would also have an average of \$62,200 of working capital. Including maintenance funds, the average LTBV migrant would bring in the order of \$449,000 into the country. It should be noted that these were figures cited in the application for an LTBV and the transfer of funds into New Zealand was not always verified. Also, BMB records for the current calendar year suggest that on average LTBV migrants intended to bring into New Zealand about \$250,000 - considerably less the average in the file study.

Militating against the sums being invested was evidence from the file study that Investor migrants were overwhelmingly placing their money into a passive investment, that is, a savings account with a trading bank. This finding is similar to the situation with the 1991 Business Investment Category where most of the migrants were investing passively. There was some evidence from the interviews with the 25 Investor migrants that they were diversifying into establishing businesses, but the sample was small and may be unrepresentative.

A wide variety of businesses were established through the various policies. The Accommodation, Cafés and Restaurants industry grouping was the largest for the LTBV and Entrepreneur businesses and also those businesses being set up by the Investors interviewed. There was, however, also ample evidence that businesses were being established in a variety of industry categories and business types.

Auckland was the major recipient of the businesses either established or to be established by migrants across all the categories. Because Investors put their money into savings accounts, there was no 'location' of investment as such.

Fostering international linkages

Many of the businesses established by the business migrants were demonstrating linkages with overseas markets and countries. A significant proportion of the businesses were either importing or exporting. As an example, 12 of the 47 Entrepreneur Category businesses established to date were involved in exporting while most of the businesses in the Employees Relocating Category were maintaining linkages with parent companies overseas.

The nature of the current business immigration flows also mean that many of the new migrants have business and family links back into the emerging and dynamic markets of China, Taiwan and South Korea. These links would be advantageous to New Zealand over time, and in particular the migrants linguistic and cultural links with those markets could assist them exploit business opportunities that would also be beneficial to New Zealand.

Did the policy meet other objectives?

There were some encouraging signs from the survey that business migrants would stay in New Zealand long-term. The migrants interviewed generally felt settled in New Zealand. To date however, there has been a very low conversion to residence by LTBV migrants. This current conversion rate would be due to LTBV migrants receiving a three-year temporary permit and therefore most would not yet be due to apply for residence through the Entrepreneur Category.

The migrants will also have boosted consumption and will be paying tax. For the Investor migrants, the tax take may only be that paid on the interest received from the (average) investment of \$1.28M.

Strengths and possible areas for improvement in application processing

In terms of the perceived strengths of the operation of the policy, informants considered that the Business Migration Branch was operating well, and indeed had improved over time, although lengthy processing times were inevitably cited.

Two major areas for improvement were highlighted. First, there is currently no ability for LTBV applicants to self-assess the likelihood of the success of the application, which no doubt contributes to the high failure rate of applications. Second, the BMLU could be more effectively marketed to increase the uptake of the service, especially as the visibility of the service was low. It is noted that marketing now includes a mail out to all business migrants approved for residence.

Strengths and possible areas for improvement in the policy

Strengths of the policy include that it is attracting high numbers of business migrants with prior business experience, attracting a high level of investment money, and the numbers of new businesses established with additional jobs created. In regard to numbers, the policy is much more successful than the 1995 Business Investor Category it replaced.

It is still too early to know how successful the businesses of LTBV applicants will be. Since the survival rate of small and medium sized enterprises (SMEs) is known to be low, the “death” of LTBV applicants’ SMEs could become a major issue in the future. This could create problems, as residence through the Entrepreneur Category would be declined. A high conversion rate to the Entrepreneur Category would indicate that businesses are being successfully established. Conversely, a low conversion rate would be a cause for some concern. It is recommended that this conversion rate be closely monitored over the next 12 months.

Many businesses were being established in the ‘food’ industry – cafés, dairies, restaurants etc. These types of ‘service’ business are not necessarily a problem as they are still genuine business start-ups and for some migrants may be a way of familiarising themselves with the New Zealand business environment. However, it is an area worth monitoring to ensure that new businesses are not clumped into only a few sectors.

A number of different areas for improvement could be identified, but the following three are highlighted:

- the high absence rate of Investor Category migrants;
- encourage investments away from bank accounts;
- encourage business migration away from Auckland to spread the benefits.

Looking forward

This report does not provide policy recommendations, however there are ways in which the monitoring of business outcomes could be improved. One of the most important requirements is to collect regular and consistent information on the investments being made and on the businesses being established. Such information would enable the outcomes of the policy to be documented and also would allow policy settings to be regularly monitored.

It proved to be very difficult to locate and interview migrants for this study. Therefore any survey would need to be mandatory and could be tied to the achievement of particular policy criteria. Both Investor and LTBV migrants need to satisfy policy requirements at two and three years respectively and a survey could be tied in with these provisions. In this regard it is noted that Australia has a regular and mandatory survey of business migrants that reports a variety of information about their business performance.

PART A

**INTRODUCTION,
METHODOLOGY AND
BUSINESS MIGRATION TRENDS**

2. INTRODUCTION AND BACKGROUND

2.1 Introduction

This report describes an evaluation of the business immigration policy introduced in April 1999. It includes the background to the evaluation, a discussion of the evaluation and research methods used, and a description of key findings. The report concludes with a detailed assessment of whether the policy objectives are being met and a description of the strengths of the policy and possible areas for improvement.

Department of Labour researchers in the Policy, Research and Development Group of the New Zealand Immigration Service (NZIS) undertook the evaluation. A survey of business migrants was contracted to a market research company.

Ensuring business migration policy settings are optimal for migrants and New Zealand is an important aim of the Department of Labour and this evaluation helps contribute towards that goal. This report is as much about celebrating successes, as it is about identifying ways of improving the outcomes of the business policy.

New Zealand's immigration policy, along with New Zealand's trade and investment policies, are important factors determining the extent to which New Zealand interacts with, and is part of, the international economy. This in turn helps determine New Zealand's economic well-being. The objective of the 1999 business immigration policy is to contribute to economic growth (per capita rather than just the overall level of growth) through:

- increasing New Zealand's level of human capital - migrants with business skills and experience enhance New Zealand's skills base;
- encouraging enterprise and innovation - experienced business migrants and international business visitors stimulate business activity by contributing new ideas, technologies and processes, and investment capital to New Zealand; and
- fostering external linkages - international trade and investment are facilitated through knowledge of international markets, contacts and languages of business migrants and visitors. There are also positive spin-offs for tourism.¹

While business immigration flows have only a minor impact on overall levels of foreign direct investment, it is recognised that immigration policy settings can influence investment flows into New Zealand.

2.1.1 Aim of the evaluation

The aim of the evaluation was to broadly determine the extent to which the business immigration policy intent was being fulfilled. A mix of process and outcome evaluation techniques was employed. The scope of the evaluation was limited by the data sources available. Many facets of the policy were examined, and these included:

- how the policy was delivered;
- the roles of the Business Migration Specialists;

¹ BA1 Objective, BA Business Immigration Policy, NZ Immigration Operations Manual

- the functioning of the Business Migration Branch;
- services delivered by the Business Migrant Liaison Unit (BMLU);
- trends in approvals through the business policy;
- the characteristics of business migrants;
- the types of ventures and investments made by business migrants; and
- key internal and external stakeholders' perceptions of the business policy.

Detailed objectives can be found in Appendix A. Data for the evaluation were collected by:

- analysing NZIS records and databases;
- interviewing key informants; and
- surveying business migrants.

There were a number of limitations to the evaluation that must be taken into account when considering the findings presented in this report. Much of the information gathered - such as the perceptions of key stakeholders and the survey of business migrants - was qualitative and these should be seen as indicative. Another caution is that only some of the more immediate outcomes of the business policy, such as approval numbers and proposed business types, could be fully assessed. It was too early to provide information about longer-term outcomes, such as the success rates of new businesses established.

2.2 Recent Business Immigration Policy

This section briefly describes the history of the business policy, and outlines the main categories and criteria. The Department of Labour's first business policy was introduced in 1978. The policy made it "...possible for overseas entrepreneurs of proven ability wishing to invest in and establish businesses here to migrate to New Zealand irrespective of age, occupation or national origin provided that they met other immigration criteria and brought to New Zealand skills and capital of benefit to the country."² Following the 1986 review of immigration policy, the Business Immigration Scheme was established. The policy, unlike its predecessor, was actively promoted. The scheme allowed self-employed business people and investors with a good track record to be approved for residence if they had at least NZ\$150,000 in capital. The Investment Unit of the Department of Trade and Industry assessed applications through the scheme until 1990.

2.2.1 1991 Business Investment Category

In November 1991, the government introduced the Business Investment Category (BIC). The aim of this new policy was to attract migrants to New Zealand who would increase the level of human capital, with the objective of contributing to economic growth. The BIC required that an applicant transfer money through the trading bank system to New Zealand, and invest in the country for a minimum of two years. Three

² Burke, K, Review of Immigration Policy White Paper, August 1986, Government Printer, Wellington

types of investment were specified through which people could qualify for residence. These were:

- a passive investment³ of \$750,000 (for example, in a bank account, trust funds or listed stocks);
- an active⁴ investment of \$625,000 in either Auckland or Wellington; or
- an active investment of \$500,000 elsewhere in New Zealand.

Investment differentials were introduced to encourage people to invest actively rather than passively in the New Zealand economy, and to achieve a more even spread of investment throughout the country. Any one family member over the age of 17 (whether they were the principal applicant or a non-principal applicant) also had to meet the minimum level of English language to qualify for residence.⁵

2.2.2 1995 Business Investor Category

A review of New Zealand's immigration policy took place in 1995. This review found that most BIC investments were passive rather than active. (For example, in the 1994/1995 financial year, 85 percent of BIC approvals had opted for a passive investment). As a result of the policy review, in October 1995, the Business Investment Category was replaced by the Business Investor Category. The objectives of the new category related directly to the strategic objectives of New Zealand's immigration policy - to select business investor migrants who would increase New Zealand's level of human capital, enterprise and innovation, foster international linkages, settle well, and demonstrate a commitment to New Zealand. Under this new category, the primary focus for a successful application shifted from an evaluation of an applicant's personal assets to an assessment that focused on active investment levels and an applicant's personal attributes.

The application criteria was points based and included points for the following factors:

- business experience;
- qualifications;
- accumulated earning funds (between \$750,000 and \$3,000,000);
- direct investment funds between \$750,000 and \$3,000,000 (such funds were to be invested in New Zealand to acquire a significant influence in the

³ "Passive investment" included any form of bank investment or deposit, Government stocks or bonds, portfolio investment in stocks or shares of New Zealand listed companies, investments in any institutions authorised (in NZ) to raise capital on the open market where the underlying investment is predominantly in bank investments, or investment in commercial real estate where the applicant will not be directly involved in the ongoing management of the property.

⁴ "Active investment" included equity of unlisted NZ companies, partnerships or sole traders, substantial investment in a company listed on the NZ stock exchange where such an investment results in an element of control (20% shareholding or more), where the migrant has direct involvement in ongoing management of the enterprise in which they have invested, or any institution to raise capital on the open market where the underlying investment is predominantly in the equity of unlisted NZ companies, partnerships or sole traders.

⁵ "In the case of applicants for whom English is either a mother tongue or the language in which they were educated the declaration of English language ability should be supported by their educational record.

Where English is not the mother tongue or the language in which they were educated, or if the assessing officer has any doubts about the declared English ability, applicants must:

produce a certificate from an English language institution attesting to their ability to read and understand English to the policy standard and/or pass an NZIS English language test at an interview with an immigration or visa officer." Source: NZIS Manual, effective from 18 November 1991.

- management of an enterprise in New Zealand, and the investor must own 25 percent of the enterprise);
- age (people over 65 years of age were not eligible to apply); and
 - settlement factors (this included settlement funds, spousal human capital, New Zealand work experience and family sponsorship).

The points system was weighted in such a way that, for the same amount of money, applicants were awarded more points for direct investment funds than for accumulated earnings funds. Principal applicants also had to meet a minimum standard of English by passing the IELTS General Module to Level 5 (reduced to Level 4 in 1998). Non-principal applicants aged 16 years and over had to meet the same standard of English or pay a bond of \$20,000 (refundable if certain criteria were met).

2.2.3 1999 Business Immigration Policy

A comprehensive review of business immigration policy was undertaken in 1998. The review concluded that the 1995 policy was not maximising the opportunities available to New Zealand. For example, only 91 applications (259 people) had been approved for residence through the Business Investor Category between 1995 and June 1998. Key policy barriers were identified and addressed by a number of new policies and practices. In addition, a number of additional factors were identified that acted to limit New Zealand's attractiveness as a business destination. Some of the factors identified were the small size of the domestic market, the geographic distance of New Zealand from international markets and the economic situation in New Zealand⁶.

New business policies were developed to create simple and flexible immigration criteria that recognised the distinct markets for business migration rather than trying to develop a one size fits all approach. This was similar to the approach adopted by Australia and Canada. The policy, introduced in late March 1999, also acknowledged that business migrants are very mobile and have choices. For example, there was increasing global competition for business migrants with countries such as South Africa, Ireland and Singapore joining the traditional migrant receiving countries of the United States, Canada, Australia and New Zealand in encouraging business immigration. Being a smaller and geographically distant country, it was felt that New Zealand needed to offer a competitive business immigration policy if it was to attract more business migrants.

The policy now includes two main residence categories. There is an Entrepreneur Category for those who successfully establish a business in New Zealand and an Investor Category for those with capital to invest. Flexibility was also introduced to allow the Minister of Immigration to grant residence on a case by case basis to support efforts to encourage businesses to relocate to New Zealand. A temporary long-term business visa was introduced as a pathway to residence for entrepreneurs and others with a specific business proposal in New Zealand.

⁶ Experiences of Recent Business Migrants in New Zealand (September 1998). New Zealand Immigration Service.

This policy was a departure from its predecessors. For the first time there was a range of business residence categories - each targeting separate segments of the market. Also, the policy made an explicit link between temporary entry and residence. This was in the Entrepreneur Category, which encourages entrepreneurs to set up New Zealand businesses by a promise of a seamless transition to residence if they were successful. The temporary entry permit was the Long Term Business Visa.

Another innovative feature of the policy was the establishment of the Business Migrant Liaison Unit. The unit assists prospective and approved business migrants to find out where to go to access information about business and investment opportunities in New Zealand, and to research their area of business interest.⁷

2.2.4 Description of the 1999 Business Categories

The business categories are briefly described below:

Investor Category: Applicants applying through the Investor Category are assessed by a system based upon points for age, business experiences and investment funds. If applicants score less than a passmark, set by the Minister, their application will be declined. Applicants must have a minimum of NZ\$1 million to invest in New Zealand. People older than 65 years can migrate under this policy although negative points are scored between 65 and 84 years. People aged 85 years and over are ineligible. Applicants must keep their investment in New Zealand for a minimum of two years to retain their residence, and provide evidence that they have done this. An acceptable investment is deemed one, which, under normal circumstances, is capable of providing a commercial return. Bank deposits (a passive investment) are an acceptable investment under the policy. Residence is not confirmed until the satisfactory expiry of the two-year investment period.

Entrepreneur Category: This category was set up to grant residence to those people who have established a business in New Zealand successfully. Applicants are considered to have successfully established a business if:

- They have established or purchased, or made a substantial investment, in a business operating in New Zealand; and
- The business has been established for at least two years; and
- The applicant has been self-employed in New Zealand in that business for at least two years; and
- The business is benefiting New Zealand.

Long-term Business Visa (Temporary) (LTBV): A temporary visa (for a period of up to three years, and renewable for a further three year period) can be issued if the applicant:

- Has a satisfactory business plan; and
- Has, in addition to investment capital, sufficient funds for the maintenance and accommodation of themselves and any secondary applicants.

⁷ While this evaluation was underway the BMLU was expanded to provide employment information for all migrants in addition to information for business migrants. Reflecting this change in focus the BMLU is now known as the Business and Employment Referral Service.

A business plan is a proposal to establish a specific business in New Zealand. The business plan may be assessed by an outside agency such as KPMG for the NZIS. The plan is assessed against four criteria: business outline; financial information; business experience; and New Zealand market knowledge. The conditions of the LTBV are that the holder will be self-employed and not draw on the New Zealand welfare system. This category caters for business people who are interested in either applying for residence through the Entrepreneur Category, or establishing a business in New Zealand but without living permanently in New Zealand.

Employees of Businesses Relocating to New Zealand: To assist with the promotion of New Zealand as a place in which to invest and locate businesses, this category facilitates the granting of residence to employees of businesses relocating to New Zealand. Employees of relocating businesses who do not qualify under other categories may be granted residence on a case by case basis.

2.2.5 Generic residence requirements

In addition to meeting the specific policy requirements for residence, there are also generic requirements that apply. These include English language requirements, health, character, and security requirements. Very broadly, the health criteria include providing an acceptable medical certificate and X-ray, while character requirements include applicants providing police certificates. Business residence migrants also need to meet policy guidelines to receive an indefinite Returning Residents Visa.

2.3 Report Structure

The report is presented in six main parts. Following this introduction and the chapters on research methodology and overall trends in business migration, the remaining parts are:

- Part B – Operation of the business policy and views of key stakeholders
- Part C – Long Term Business Visa trends and outcomes
- Part D – Business residence categories trends and outcomes
- Part E – General aspects of LTBV and Investor settlement
- Part F – Conclusions
- Appendices

3. METHODOLOGY

3.1 Introduction

This chapter outlines the evaluation methods and includes a discussion of the limitations of the research and the ethical considerations taken into account.

Multiple research methods were used to source data for the evaluation. Both quantitative and qualitative methods were used. Discrepancies between the data gathered could be assessed against data drawn from other sources so that checks could be made of the accuracy of the data to ensure that conclusions were robust. This triangulation of sources increased confidence that the findings accurately reflected reality, that is, that the research was reliable and valid.

The research was designed to provide information that was useful for making decisions about enhancements to the current business policy and the way it was operationalised⁸. To this end, views of a number of stakeholders were sought, and these included the experiences of NZIS policy and operations staff, immigration consultants and allied professional service providers such as business planners and brokers. The research included a study of application files, an analysis of business residence trends, and a survey of business migrants.

The evaluation was conducted in close consultation with the Business Migrant Branch (BMB), the Business Migrant Liaison Unit, and with staff from the Policy, Research and Development Group to ensure it was correctly targeted and could meet the needs of these important internal stakeholders.

There was a range of stakeholders interested in the outcome of the evaluation. The most significant of these included:

- the government - and the Minister of Immigration in particular
- The General Manager of the NZIS
- Senior NZIS managers (including the Manager, Policy, Research and Development, the Chief Operating Officer and Market Managers)
- government agencies
- local government
- business migrants
- immigration consultants
- New Zealanders.

⁸ Detailed evaluation objectives can be found in the appendices.

3.2 Research methods

The following research methods were used in the research:

- Analyses of NZIS databases;
- A study of the files of approved business migrants;
- A survey of business migrants who were in New Zealand and whose application files had been part of the file study; and
- Interviews with key informants with experience of business migration processes.

3.2.1 Analysis of immigration databases

Information about the applicants for the new business categories (both successful and unsuccessful) was extracted from the immigration database. These extracts were then used to provide an overview of trends in applications and approvals through the new policies. The period covered was from the inception of the business policy in April 1999 to March 2002.

As well as including basic demographic information such as nationality, gender, and date of birth, these client records were also modified to include other information useful to the trend analysis, such as the year-quarter that a person was approved in, and their age band.

Additional fields were added to the client records to assess the post-residence completion movements of the Investor and LTBV migrants. Analyses of EBR and Entrepreneur Category applicant movements were not undertaken because of the low number of approvals. For the analysis of the movement information (to assess time in and out of New Zealand) Investor applicants were coded as belonging to one or more of the following groups:

- **Principal applicants** - as indicated by client record
- **Secondary applicants** - as indicated by client record
- **Imputed children** - assigned if the person was a secondary applicant, less than 24 years at date of approval, and at least 16 years younger than the principal applicant associated with their application. (It is possible that there could be some younger spouses or partners who would be mistakenly included in this category.)
- **Imputed spouses** - clients were assumed to be partners or spouses of a principal applicant if they were a secondary applicant, and they were not an imputed child.
- **Imputed school age children** - assigned to clients who were imputed children, and who were under 16 years of age.

The LTBV approvals could not be classified so precisely into family member types. Family groups were sometimes approved as part of two separate applications for administrative reasons and there was no convenient way to connect these application records. For this reason, LTBV applicants could only be classified as follows:

- **Principal applicants** - as indicated by client record
- **Secondary applicants** - as indicated by client record

- *Imputed school age children* - assigned to clients who were secondary applicants, and who were under 16 years of age.

3.2.2 File studies of LTBV, Investor, Entrepreneur and Employees of Relocating Businesses

Four separate file studies were completed on the application files of approved LTBV, Investor, Entrepreneur and Employees of Relocating Businesses principal applicants. The number of application files involved in this study were:

- LTBV - 403
- Investor - 423
- Entrepreneur - 47
- Employees of Relocating Businesses - 24

The LTBV and Investor files were selected at random from those approved from April 1999 to May 2001. This two-year period was chosen so the respondents' time in New Zealand would be sufficient for them to have started operating their proposed businesses or made investments. The plan was to match these records with the survey of business migrants to gauge the outcomes of business migrants.

3.2.3 Survey of business migrants

Principal applicants from the file studies of LTBV and Investor Category migrants were the basis of a sampling frame for a combined telephone and mail survey. This survey involved attempting to contact the 423 Investor applicants and 403 LTBV applicants to ask them questions about aspects of their migration to, and settlement in, New Zealand. As noted above, the respondents had been approved between 1999 and May 2001.

An initial pilot was conducted which suggested that many respondents would be difficult to contact, and that some would prefer to complete a paper questionnaire rather than participate in a telephone interview. Consequently, a dual telephone-mail survey methodology was used. Extensive attempts were made to trace respondents through a variety of sources, and the first of these sources was the phone number or postal address given with the application. Electronic data sources were also used to attempt to trace respondents⁹. Immigration agents were contacted and asked to assist with distributing questionnaires.

The self-completion mailed questionnaires were provided in English, Chinese and Korean languages, to allow respondents to answer the survey in their language of choice. Telephone interviews were conducted in mid-April 2002 from the Auckland premises of Phoenix Research Ltd. A group of Chinese (Cantonese and Mandarin speakers) and Korean interviewers were recruited and trained to locate the respondents and to conduct interviews. The interviewers' language skills and cultural sensibility minimised the barrier between the migrant and the interviewer and helped to enhance the quality of data collected. To maximise the possibility of including

⁹ Including the Companies Office website, the New Zealand Chamber of Commerce website, the UBD New Zealand business directory website, the Business New Zealand website, and the electronic versions of the White and Yellow pages.

each migrant in the survey, up to 20 calls were made to try and locate each business migrant. These calls were made on different days and at different times to increase the chances of contacting them. Mail questionnaires were sent to clients when requested, or were sent to the address for clients who could not be contacted by phone.

Many migrants could not be contacted or were absent from the country and therefore this survey achieved lower numbers than planned. The data should thus be considered to be of a qualitative nature.

3.2.3.1 Response rates

Overall, the response rates for the survey of business migrants were low. Out of 403 LTBV holders and 423 Investor Category potential respondents, a combined total of 84 interviews and questionnaires were completed. Fifty-nine of the respondents were LTBV principal applicants and 25 were Investor Category principal applicants.

A number of factors appear to have contributed to the low response rate. First, the addresses and phone numbers gathered from the paper files and the immigration database, tended not to be respondents' current New Zealand address - most contact information was either an overseas address and/or the address of an agent. Secondly, immigration agents were asked to pass on contact letters to respondents, but this contact method was less successful than anticipated.

There was also a high refusal rate. Over half of the respondents contacted by phone declined to participate in the survey, while two thirds of the mailed questionnaires were not returned. Some of reasons for mailed questionnaires not being returned may have included: respondents refusing to participate in the survey; questionnaires sent to incorrect addresses; agents not passing on questionnaires to their former clients; and the mobility, both in New Zealand and overseas, of migrants¹⁰.

3.2.3.2 Interpreting the survey findings

Numbers, as opposed to percentages, are used to present the findings of the survey. Because of the sample size the use of percentages would be misleading. Proportions, however, are used when the numbers are sufficient. For example, of the 84 respondents, two-thirds (52) used immigration agents.

Not every respondent participating in the survey answered every question. For example, 72 of 84 respondents answered the question about use of immigration agents. The responses of the other 12 are classified in this report as "unspecified", a category encompassing questions skipped in error, don't knows and refusals to respond.

¹⁰ There were also high rates of incorrect addresses or incorrect phone numbers for both sub-samples - 39.1% for the phone survey, and 30.4% for the self-completed questionnaire. The incorrect phone numbers can be partly explained by the difficulty we had in locating respondents who had very common ethnic surnames in the telephone white pages (or through other sources). In addition, some of the self-completed questionnaires sent out care of agent addresses may not have been passed on. In some cases, agents may not have passed the questionnaires on, and in other cases the agents may not have had a correct address for the migrant. Finally, the high mobility rate of business migrants, both nationally and internationally, may have contributed to these high rates of incorrect contact details.

3.2.4 Key informant interviews with external stakeholders

Face to face semi-structured interviews (two agencies answered a brief email questionnaire) were conducted with the following groups of external stakeholders:

- Immigration agents – 8 interviews (1 in Wellington and 7 in Auckland)
- Business planners – 3 interviews (all in Auckland)
- Agencies and local bodies – 6 interviews (4 in Auckland and 2 via email)

3.2.5 Key informant interviews with NZIS stakeholders

Face to face semi-structured interviews were held with the following internal stakeholders to provide background to the research.

Summary of NZIS staff interviewed

| | |
|--|------------------------------------|
| The General Manager | |
| Market Managers:(4) | New Zealand/Pacific |
| | Border and Investigations |
| | Europe, Africa and the Americas |
| | Asia and Middle East |
| | |
| Policy, Research and Development Group | Manager |
| | Policy analyst |
| | |
| Business Migration Branch | Manager |
| | Business Immigration Specialists |
| | |
| Business Migrant Liaison Unit | Business Migrant Referral Advisors |
| | |

3.3 Limitations

A consequence of the low number of interviews achieved with business migrants is that the survey findings need to be seen as indicative only. While the findings are valid for those interviewed, it is not possible to say how representative they are of the population of business migrants. The survey data can most usefully be interpreted as the findings of an extensive qualitative research project.

Cohorts of business migrants subsequent to those examined in the file studies may have different characteristics to those identified in the file study.

The interviews with other stakeholders, such as agents, were by design qualitative key informant interviews. Although the stakeholders were selected on the basis of their experience with business migrants and business migration, the findings represent the perceptions of those interviewed.

3.4 Ethical considerations

The evaluation conformed to the Australasian Evaluation Society's December 2000 Guidelines for the Ethical Conduct of Evaluations. A selection of the most relevant guidelines is reproduced below.

Identify purpose and commissioners. Evaluators identified themselves to informants and respondents and advised them of the purpose of the evaluation and the identity of the commissioners of the evaluation.

Obtain informed consent. Verbal informed consent of those directly providing information was obtained. They were advised as to what information would be sought, how the information would be recorded and used, and any risks and benefits arising from their participation in the evaluation. In all cases where the research design allowed it, respondents were assured of their anonymity.

Be sufficiently rigorous. The evaluation triangulated various information streams, was rigorous in design, data collection and analysis to the extent required by the intended use of the evaluation.

Report clearly and simply. Every attempt has been made to present the results of the evaluation clearly and simply so that stakeholders can easily understand the evaluation process and results.

4. BUSINESS MIGRATION CHARACTERISTICS AND TRENDS

4.1 Introduction

This chapter presents an analysis of key trends in business migration. It includes overall trends in the numbers of approved applications and also a brief synopsis of the economic conditions prevailing over the last few years to put the trends into an economic perspective. To provide further contextual information, a description of the characteristics of small and medium size enterprises (SMEs) is also provided.

4.2 Trends in business migration

The following two graphs provide an overview of the trends in business migration.

Figure 4.1 shows the numbers of people approved for residence between 1992/93 and 2000/01. It can be seen that with each major change to business policy settings, the magnitude of immigration flows has also changed considerably.

There was a marked growth in the number of people approved for residence through the business categories between 1992 and 1995/96, with numbers peaking at 2,196. After the introduction of the 1995 Business Investor Category there was a fall in the number of people approved, to a low of only 117 in 1997/98. A gradual increase became a dramatic growth with the introduction of the new 1999 business policy. Numbers grew to 2,540 people in 2000/2001, fuelled largely by the Investor Category.

Figure 4.2 shows the trends in business applications by quarter between 1999 and March 2002, and it includes LTBV applications. The Investor and LTBV categories have more or less matched each other in their pattern of growth, although more LTBV applications have been approved every quarter since the second quarter of 1999/2000. 'Other' business residence categories include the Entrepreneur and Employees of Relocating Business categories, which accounted for few of the total business approvals. A chart showing the number of people approved through the business categories, which exhibits a similar trend in approvals as that for applications approved, can be found in Appendix 1, Figure A1.1.

Overall, it can be seen from the graphs that the introduction of the new policy in early 1999 has had a large positive impact on the numbers being approved through the business policies. The numbers approved for residence in the 2000/01 financial year were the highest since business migration policies were introduced in 1978.

Of note is the rapid take-up of the new LTBV Category. A dip in approved people and applications was noticed in both the Investor and LTBV categories in the January to March 2001/02 quarter. This dip was attributed by the BMB to resourcing issues where several staff left and had to be replaced. Indeed applications over this period stayed high, and therefore the dip does not reflect any real decline in business migration.

Figure 4.1. Trends among all categories of Business residence approvals - by person – for Financial Years 1992/93 to 2000/01

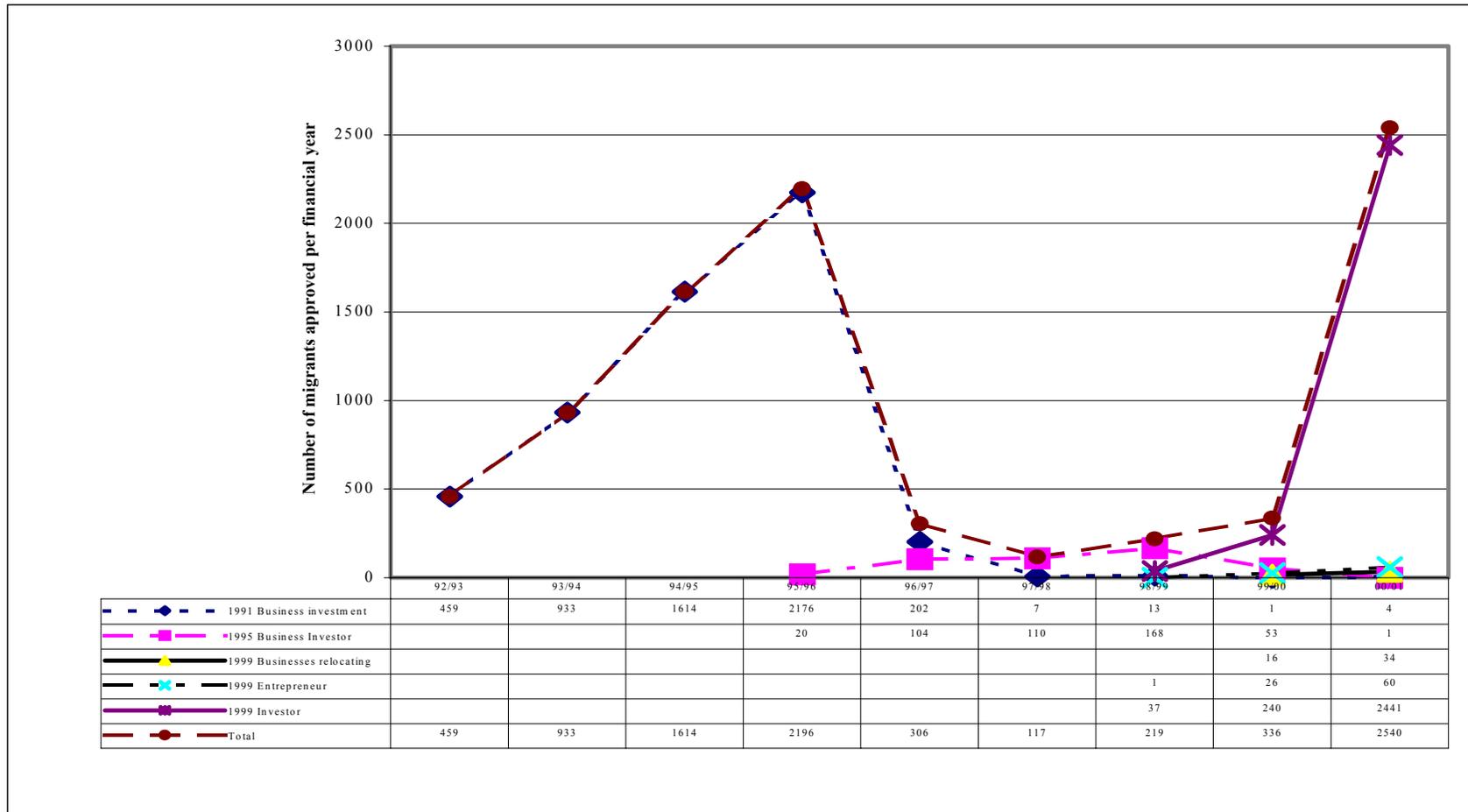
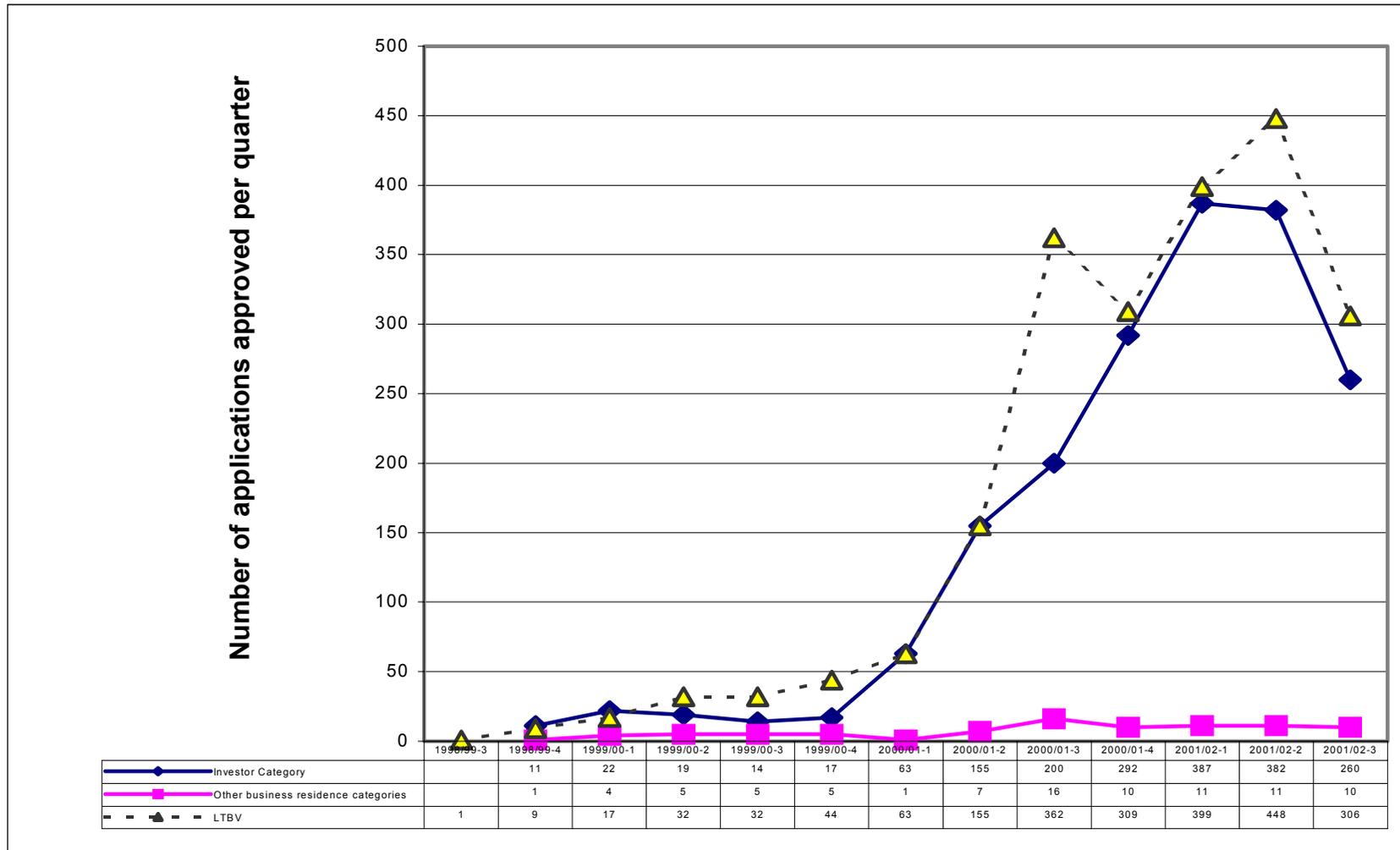


Figure 4.2. Trends among all categories of Business migrant approvals - by application, 1999 to March 2002



4.3 Economic conditions

When considering business immigration policy and indicators that may be used to assess its outcomes, such as growth or contraction in numbers arriving or the success or failure of businesses, it is useful to have some understanding of the underlying economic performance of New Zealand over the period in question.

The current policy was launched into an improving economic environment. Prior to the introduction of the policy economic growth in New Zealand had slowed from around 3 percent in 1996 to experience a two-quarter contraction in the middle of 1998. The contraction was caused by a number of factors with the primary drivers of the decline being the Asian economic crisis, a severe nation-wide drought and weak household spending. The Asian crisis began in July 1997, exacerbating the downturn in an already weakening economy. Because Asia accounted for 35 percent of New Zealand exports in the year to December 1997, the downturn undermined export prices and volume growth in 1998 and 1999. This Asian contraction may have been one, although of several contributors, towards the very low volume of business migration experienced between 1996 and early 1999, particularly as Asia is a major source of business migrants.

The New Zealand economy had begun to recover in the second half of 1998. Business and financial services and communications and transport were the best performing industries in the nine months to September 1998, while most other industries contracted. The economic recovery gained momentum over the second half of 1999 and among the contributors to this were low interest rates and increased household disposable incomes due to tax cuts and strong consumer confidence. The export sector also became more competitive due to a lower exchange rate. Employment responded quickly to the recovery and increased by 2.7 percent during 1999, with the unemployment rate falling to 6.3 percent in the 1999 December quarter.

Throughout most of 2000 and 2001 the New Zealand economy grew at just below its trend growth rate. Moderate growth in real Gross Domestic Product was recorded over this period. Strong growth in the world economy in 2000, following recovery from the Asian economic crisis, increased the demand for New Zealand's exports. The low exchange rate boosted returns to local producers and manufacturers and led to increased tourism, which supported domestic service industries. Low interest rates during most of 1999 supported residential construction and business investment in the early part of 2000.

While household spending was subdued during the year 2000, higher household incomes led to a recovery in private consumption in the first half of 2001. This contributed to the growth in wholesale and retail trade and some of the service sectors. The downturn in the world economy was not reflected in the performance of the New Zealand economy during most of 2001. The world-wide post September 11th economic downturn is not reflected in the application approvals seen in the preceding analysis, as there was a high number of applications yet to be processed.

4.4 Small and medium sized enterprises

One indicator useful for assessing the LTBV policy is the success of the businesses acquired or started by applicants. At this time it is too early to make such determinations. It is, however, important to note that the majority of LTBV business plans outlined businesses that would be defined as SMEs. It is generally accepted that SMEs in New Zealand and overseas have low survival rates.¹¹

It will be interesting in the future to compare the survival rates of LTBV SMEs with those of New Zealand residents. The Ministry of Economic Development (MED) monitors the nature of the SME sector in New Zealand. SME survival rates over time are one of the aspects examined by the ministry. In the MED's 2001 report *SMEs in New Zealand: Structure and Dynamics*, it reported that of those SMEs established in 1995, 75 percent survived the first year, 56 percent the second, 47 percent the third, 40 percent the fourth, and 35 percent the fifth year.¹² The report points out that because of the way business "births" and "deaths" are recorded by Statistics New Zealand - using GST registrations and de-registrations - the figures provide an under-count of survival rates.

4.5 Summary of main points

The main points in this chapter were:

- Changes to business policy settings over the last decade have resulted in dramatic rises and falls in the numbers of business applications and approvals.
- Since the introduction of the new categories in 1999, a gradual increase in approved applications has led to a marked increase from early 2000, peaking in late 2001. There has been a tail off since then, for Investors and LTBVs, although this decline appears to be due to specific resourcing issues in the BMB rather than an actual decline in demand.
- The approvals through the Entrepreneur and Employees of Relocating Business categories have remained low throughout the period 1999 to March 2002.
- The new policies were launched into an improving economy. The Asian crisis had hit in mid-1997 and may have contributed to the low level of business residence approvals seen at this time, although it is likely that the new 1995 Investor policy also contributed to the considerable decline witnessed.
- Businesses being established throughout most of 2000 and 2001 would have experienced an economy that was performing well, and growing at just below its long-term trend growth rate. A low exchange rate assisted exporters and also led to increased tourism, which supported domestic service industries.
- SMEs over time have a low survival rate, possibly about one-third survive after five years.

¹¹ Pinfeld, J,F (1999) *Founding a New Business - Expectations Versus Reality*, Working Paper Series No. 99.24, Department of Commerce, Massey University, Auckland

¹² *SMEs in New Zealand: Structure and Dynamics*, MED, June 2001

PART B

**OPERATION OF BUSINESS POLICY
AND
STAKEHOLDER VIEWS**

5. KEY PLAYERS AND THE OPERATION OF BUSINESS MIGRATION

5.1 Introduction

This chapter describes the key players in business immigration and their roles at the different stages of the immigration process. It includes the views of Investor and LTBV migrants and concludes with a summary of the key strengths and weaknesses of the current approach. The following chapter describes stakeholder views on the success of the policy.

5.2 Operationalisation of Business Policy

Within the NZIS, almost all business applications are processed by the BMB, which is based in Wellington. The situation is unique to business applications, and was introduced in recognition of the complexity of LTBV applications and to ensure consistency in policy interpretation and advice¹³.

Each of the key stakeholders involved in operationalising business migration policies is described briefly below.

5.2.1 The Business Migration Branch

Initially, the BMB was a "unit" based within the Wellington NZIS Branch. Increasing demand for business immigration led to a corresponding increase in staff numbers. After 12 months the unit was reviewed and its present structure as a separate branch was recommended. A service manager who reports to the New Zealand/Pacific Market Manager leads the BMB, and its major role is the operation of the business immigration policy.

Eighteen Business Immigration Specialists, two support officers and an administration officer currently staff the BMB. Tasks performed by the Specialists include marketing the business immigration policy, providing information and advice to potential applicants, and processing and determining the majority of business category applications.

The branch has also processed other types of applications by agreement with the Market Manager. For example, the BMB has, on occasion, processed applications for residence through the Family Category when entire families intended to accompany Investor Category migrants. From mid 2001 to early 2002, when it was forecast that the branch would have surplus capacity, the BMB assisted the Auckland Processing Centre with deciding General Skill's applications.

Business Immigration Specialists also regularly undertake marketing of the business policy onshore to groups such as the New Zealand Association for Migration and

¹³ The exception to processing Investor Category applications in the BMB is those lodged in Taiwan. These are processed in the Taipei branch.

Investment (the main grouping of immigration agents) as well as offshore, when the opportunity arises. For example, overseas-born staff members, on return to their country of origin on holiday, may give seminars to immigration consultants about New Zealand's business policy.

An exception to these general practices are those performed by the Taipei branch which processes from end to end all of the Taiwanese business applications lodged in Taiwan. The Market Manager responsible for Taipei made a case that it was more efficacious for Taipei to process its own business applications than to send them to Wellington.

A new role in the upcoming period will be the responsibility for administering Talent Visas. The scope of this extra work is still evolving, however key functions will include accrediting and verifying employers and their agents, and the maintenance of a Priority Occupation List. An Employer Accreditation Unit has been established within the branch and will undertake the extra work generated by the Talent Visa.

5.2.2 NZIS Branches

NZIS Branches promote the business policy, provide clients with basic information about the various categories, refer more complex queries to the BMB and assist the BMB with the verification of business applicants' documentation. Offshore branches also accept business applications for lodging, preliminary processing and forwarding to the BMB.

NZIS Market Managers have overall responsibility for a particular geographic market, such as Europe or Asia, or a particular task, as in overseeing New Zealand's borders in relation to immigration matters. Market Managers often work to promote the business policy.

The Market Manager for Europe, Africa and the Americas markets business policies via seminars held, most recently, in the United Kingdom and the Netherlands. The Market Manager tends to focus on high value individuals and acts as a circuit breaker sending applications for consideration directly to the Minister. This manager noted that there is generally more interest in the LTBV than Investor Category in Europe.

The Market Manager for New Zealand/Pacific has overall responsibility for the BMB and meets regularly with members of the New Zealand Association for Migration and Investment to provide updates on any policy changes. This manager also ensures that the BMB delivers customer focussed service and keeps the market informed of expected application turn around times.

The Market Manager for Asia and the Middle East attends numerous trade fairs and emigration shows. The Manager also provides training about the business policy for offshore agents and issues media releases.

The Border and Investigations Market Manager has responsibility for removing LTBV holders who do not meet the conditions of their permit and revoking the permits of business migrants found to have supplied false documentation.

5.2.3 Business Migrant Liaison Unit

The BMLU was established in 1999 to provide prospective and approved business migrants with information on business and investment in New Zealand. It is a referral service that assists business migrants to research and understand the New Zealand business environment and investment opportunities. It does this by providing business migrants with the names of appropriate industry organisations, contact people and websites.

The Unit was originally based at the National Contact Centre in Auckland, but was transferred to Wellington during April 2001. The transfer of services to Wellington coincided with the appointment of a dedicated Business Referral Advisor and was a first step toward greater alignment with the Business Migration Branch. BMLU is now part of the Settlement Branch and is staffed by two referral advisors.

Approximately 90 percent of enquiries received by the BMLU are via their web site www.business-migrants.govt.nz. The Unit also receives facsimile, telephone and direct email enquiries.

Since July 2001, BMLU actively contacts all migrants approved under the New Zealand Immigration Service's business categories.

5.2.4 KPMG

In the first instance KPMG was contracted to assist with the development of the LTBV Category and its assessment guide. KPMG is now contracted to work with the BMB in assessing the credibility of the financial sections of business plans received with LTBV applications, although this now happens less frequently. They provide a standard report and a rating of the likely success of individual business plans. However the scope of their contract is broad and they provide comment on other areas of the business plans or any other financial advice that the BMB may need. For example, KPMG have had some occasional ('about once a month') involvement in providing advice on Entrepreneur applications¹⁴. Another activity KPMG undertakes is providing financial training for Business Immigration Specialists. Three training sessions have been held.

The BMB refers applications to KPMG when they believe that the financial issues involved are beyond their competency. At least 80 applications have been evaluated by KPMG this calendar year. There has been a decline in the use of KPMG's services as financial assessment capabilities of BMB staff members have increased.

5.2.5 Agents and business planners

Immigration agents have a significant role in business migration. Recent research has shown that over 60 percent of business applicants used an agent to assist with their application in the 2000 calendar year.¹⁵

¹⁴ KPMG is involved infrequently, because few Entrepreneur Category applications have been lodged

¹⁵ The Immigration Consulting Industry in New Zealand (2001). New Zealand Immigration Service.

They play a varied role in the process of business migrants' applications, although commonly they help with the interface between the applicant and the BMB. Some agents do as little as check the details and lodge their clients' applications, while others created entire applications including, in the case of LTBV applications, business plans. "Business planner" is a generic term used in this report to denote people who assist primarily with the business plans being developed by principal applicants.

All the agents interviewed for this research had been immigration consultants for periods of between three and over ten years. Many of the agents were lawyers and all had assisted their clients with LTBVs and Investor Category applications. The business planners interviewed had been in business for between five and 20 years.

5.3 Importance of agents in decisions about which category to apply through

The 84 respondents in the survey of business migrants were asked if they had used an agent when making their business application. Seventy-two of the respondents answered the question: two-thirds (52) answered yes; one-quarter (20) answered no; and 12 respondents' answers were not specified. There was a higher incidence of agent use by LTBV applicants than by Investor Category applicants.

Nearly three quarters of the respondents said they had sought the advice of an immigration consultant in making the decision about which immigration category to apply through. Investors, again, made proportionally less use of agents than did LTBV respondents. Table 5.1, below, shows that, for a majority of the respondents, agents had an influence on applicants' choice of immigration category.

Table 5.1. The importance of inputs from agents to principal applicants' decision as to which category they applied through

| Category | Not at all important | A little important | Fairly important | Very important | Don't know | No immigration consultant used | Not answered / not specified |
|----------|----------------------|--------------------|------------------|----------------|------------|--------------------------------|------------------------------|
| Investor | 3 | 4 | 3 | 2 | 0 | 9 | 4 |
| LTBV | 4 | 4 | 11 | 20 | 1 | 11 | 8 |
| Total | 7 | 8 | 14 | 22 | 1 | 20 | 12 |

5.4 LTBV: The agents' perspective

5.4.1 Decision to apply for an LTBV

When agents were asked why their clients had chosen to apply for an LTBV instead of some other immigration category, a number of responses were given. Most frequently agents said that it was the only way their clients could, ultimately, get residence - having neither the points for the General Skills Category nor the money to qualify as an Investor. Other reasons reported included clients' desire to be self-employed, their lack of English skills and the flexibility to "look and see [to] find out will my ideas work?"

5.4.2 Factors influencing the decision to use immigration consultants

The agents interviewed thought that reassurance, in various forms, was a key determinant in applicants' decision to apply for a visa or permit using a consultant. Applicants believed that a consultant provided the reassurance and security of an experienced New Zealand based advocate familiar with the local business environment. Also, the agents noted that offshore there was a prevalent perception that lawyers needed to be involved in immigration applications - which perhaps explains why many agents were lawyers or affiliated with law firms. One agent said that business people knew that they were good at business, but realised their limitations and considered it was more efficient to "use [immigration] experts and not muck around" themselves.

5.4.3 Agents' perceptions of applicants' understanding of LTBV criteria

Agents were asked for their opinions on how easy it was for their clients to understand LTBV immigration policy. In general, agents said that applicants from English speaking countries could readily understand the policy. Applicants from non-English speaking backgrounds - and cultures quite different from New Zealand - had considerable difficulty. The business plan required for LTBV applications caused confusion, particularly for applicants from China and Korea.

5.4.4 Services provided by agents and business planners for LTBV applicants

Agents provided a range of services to LTBV applicants. Creating an acceptable business plan was the most commonly reported service that agents said they provided; however the extent of these services varied markedly. For example, one agent simply showed prospective applicants around New Zealand, while others provided more holistic services:

"We do market research for them, assess their ideas and circumstances and link them up with the appropriate professionals."

A similar approach was taken by another agent who said that he did not write "off the shelf" plans and that where possible he gets his clients to meet with advisors such as business planners, tax consultants, accountants etc. so that a plan most appropriate to the client could be created. One of the business planners in addition to working with LTBV applicants also acted as a business broker.

5.4.5 The LTBV processes that worked well and those that did not

The LTBV provisions were seen by most of the agents and business planners as "quite a good policy" that "works pretty well" and "gives the true entrepreneur a chance". As would be expected with any such procedure, application processing time was an issue, but it was acknowledged that processing speed had picked up for a time - although had recently decreased again. The BMB performance was continually improving most agents said. Letters sent to applicants specifying the time it would take for decisions to be made was mentioned by agents as a very useful service enhancement.

However, some agents considered the inability for applicants to self assess as a "major disadvantage" of the LTBV processes - unlike most other policies which are considered to be reasonably transparent. For example, the level of maintenance funds is not specified anywhere. One business planner said:

"... it would be useful to have 'marks in the sand' as to how much maintenance funds an LTBV applicant requires."

Another criticism of the LTBV policy was that it was too focussed on money, such as maintenance capital, rather than on the individuals' abilities.

Poor quality business plans created by certain agents were a problem that one business planner regularly encountered. These plans took little account of applicants' limited English proficiency and lack of knowledge of the New Zealand business environment and tended not to be "useable", for example, by omitting financial reporting systems, follow ups and mention of important aspects of doing business in New Zealand such as ACC levies and minimum wages.

5.5 LTBV: The migrants' perspective

5.5.1 Main reason for applying through the LTBV Category

The LTBV respondents were asked to give their main reasons for applying through the LTBV Category. Fifty-four out of 59 LTBV respondents provided answers to the question. The two most frequently cited reasons were first, that they were ineligible for any other category, and second, that they chose to apply for an LTBV because they wanted to start a business and had previous business experience. These answers support the views of agents mentioned earlier in section 5.4.1. Table 5.2, over, illustrates the main reasons and also the comments made by the migrants.

Table 5.2. Migrants' reasons for applying for LTBVs

| Reason | Comments |
|---|--|
| The category was the only one available to them (n=18) | "No family in NZ, over 55, no employment points, not enough money for entrepreneur" "This was the only one we qualified under" "The only one suitable for" "Lack of points to apply under general skills visa, business visa is more proper way in my case" "The only available one to me, no other choices at time" |
| Chose the category due to previous experience in running a business (n=16) | "Want to invest in business in NZ because self-employed overseas before so want to start again here. Don't want to be unemployed in NZ" "I have experience in businesses before arriving NZ" "Had business in South Africa before came to NZ so easy to set up business here rather than apply under other categories of visa" "Previous business experience (still running business overseas). Open extended branches" |
| Because of age concerns (n=5) | "Because of age" "The only category available due to my age" |
| The category was seen as easy and/or quick (n=4) | "We were told the business visa category was quicker" "Fast answers as well as easier to apply" "Easy to apply" |
| Advised to apply through this category by an immigration consultant or friend (n=4) | "Immigration consultant advice" "Immigration agent strongly suggested this category" "Friends told me about entrepreneur immigration category in NZ" |
| Looking for an opportunity in a new country (n=3) | "Looking for opportunity in a new country" |
| Wanted to invest in New Zealand (n=2) | "Just wanted to invest in NZ" "Want to invest in NZ" |
| Most suitable (n=2) | "Most appropriate category (i.e. establishing business in NZ)" "Suitable for myself" |
| Not specified (n=5) | |

5.5.2 The Business Plan

Forty-eight of the LTBV principal applicants interviewed answered questions about their business plan. Of these migrants, only 6 had prepared their business plan themselves, although many of the respondents did some work on their plan even if they did not do the preparation. For example, one-third (20) indicated that they spent over 30 days on their plan, although one quarter said that they did no work on the business plan themselves.

Table 5.3. The length of time LTBV principal applicants, themselves, spent on developing their business plan

| None | Less than one day | 1 to 2 days | 3 to 5 days | 6 to 10 days | 11 to 30 days | More than 30 days | Not specified |
|------|-------------------|-------------|-------------|--------------|---------------|-------------------|---------------|
| 12 | 1 | 1 | 3 | 4 | 7 | 20 | 11 |

Table 5.4 shows the different sources of advice and support for preparing their plan.

Table 5.4. Sources of advice LTBV principal applicants used in preparing their business plans

| Sources of advice - not mutually exclusive | Number |
|--|--------|
| Accountant/ Solicitor in New Zealand | 42 |
| Friends/ Relatives/ Business Partners | 32 |
| Immigration Agent | 25 |
| New Zealand Government Agency | 7 |
| A New Zealand Bank | 9 |
| New Zealand Territorial Authority | 9 |
| Other | 0 |
| Prepared myself | 9 |
| Not specified | 11 |

Forty-seven of the LTBV principal applicants responded to a question about how useful their business plan was in establishing their main business in New Zealand. Twenty-nine said that their plan was of some help, while 3 respondents said that their plan was not very helpful. The remaining migrants were unsure.

Table 5.5. The usefulness of business plan in establishing their business (n = 58)

| Usefulness | Number |
|--------------------|--------|
| Extremely helpful | 9 |
| Very helpful | 10 |
| A little help | 10 |
| Not very much help | 3 |
| Don't know | 10 |
| Not specified | 15 |

The principal applicants were also asked to rate the similarity of their established business to what was proposed in their business plan. While 17 respondents indicated that it was extremely similar to what they had planned, 15 said it was fairly similar. Eleven respondents in total reported that their business was different to that proposed.

Table 5.6. The similarity the business established to that planned (n = 58)

| Similarity to planned business | Number |
|--------------------------------|--------|
| Extremely Similar | 17 |
| Fairly similar | 15 |
| Not very similar | 4 |
| Very different | 7 |
| Not specified | 14 |

5.6 Investor Category: The agents' perspective

5.6.1 Decisions to apply through the Investor Category

Most agents took, as described by one, a "cynical view" as to why applicants applied for residence through the Investor Category as opposed to any other, aptly summarised by the quote below:

"...if you've got the money it's a great way to buy New Zealand residence, continue business activities in China and get a good education for the kids."

Almost all the agents interviewed mentioned the phrase “buying residence”. Other reasons agents mentioned for their clients applying through the Investor Category included:

"Because it leads to the immediate granting of residence and is more efficient and logical."

"Because it's easier, and doesn't require qualifications or English language skills and provides an indefinite returning residents visa."

5.6.2 The use of agents by Investor Category applicants

The main reason agents said Investor Category applicants used consultants was that Asians - the most numerous grouping of applicants - are accustomed to difficult, untrustworthy bureaucracies and prefer to have consultants deal with officials. A secondary factor was that Investor Category applicants wanted to be represented by someone with a good command of English.

In addition to preparing and lodging applications, agents provided Investors with a range of other services. These included assisting applicants in gathering documentation on how their funds were earned or acquired, setting up bank accounts, advising on investments and arranging accountants.

5.6.3 Investor Category applicants' understanding of the policy

Agents were divided in their views on the complexity of the policy for applicants. For example, one agent said the policy was ". . . easy to understand. Very few choices". While another said ". . . it was complex without assistance". Since New Zealand accounting practices are quite different to those employed in China or South Korea, much of the complexity related to the audit trails that applicants had to provide to show that their funds were obtained legally.

5.6.4 Aspects of the Investor Category that worked well and aspects that did not

Agents typically found the process of submitting Investor Category applications worked well and the flexibility of the BMB was appreciated. Most agents noted that providing appropriate verified documentation on the source of Chinese funds was difficult.

The major concern of agents with the Investor Category policy was that it was “not really investment in New Zealand”. Since the majority of Investors placed their money in banks, agents questioned the benefits to New Zealand of the Category. A number of agents contrasted the policy to that operating in Canada. For example one agent said:

“Canadian regional policy funds health, education and other things. With investors in New Zealand profit goes offshore. All of the banks are owned offshore. There is an opportunity for Kiwi Bank to divert investor’s money into areas of need such as IT and health.”

5.7 Investor Category: The migrants' perspective

Twenty-five principal applicants approved through the Investor Category between April 1999 and May 2001 were interviewed. They were asked to provide the main reason for applying through the Investor Category. About half of them said that either, it provides an easy route to residence, or that it was the only category they were eligible for. Table 5.7 illustrates the main reasons and also the comments made by the migrants.

Table 5.7. The main reasons for applying through the Investor Category

| Reason | Comments |
|--|--|
| Provides an easier route to residence (n=7) | "It is relatively easier to get approval under this category" "It's quicker and easier to apply" "Applying for an Investor visa has a high probability of approval" |
| Only category they were eligible for (n=5) | "Only qualified under Investor category" "This is the only category I am eligible for" "Would have been difficult for me to achieve the required points on the other scheme" |
| Had the money available (n=4) | "Had spare money to invest" "Had the funds to qualify, had choice of Canada/Australia but chose to come here instead" |
| Applied because of English language difficulties (n=3) | "Don't know English" "Had difficulties to take test for English" |
| Applied because of age concerns (n=2) | "Because I am over 50 years old" |
| Not Specified (n=4) | |

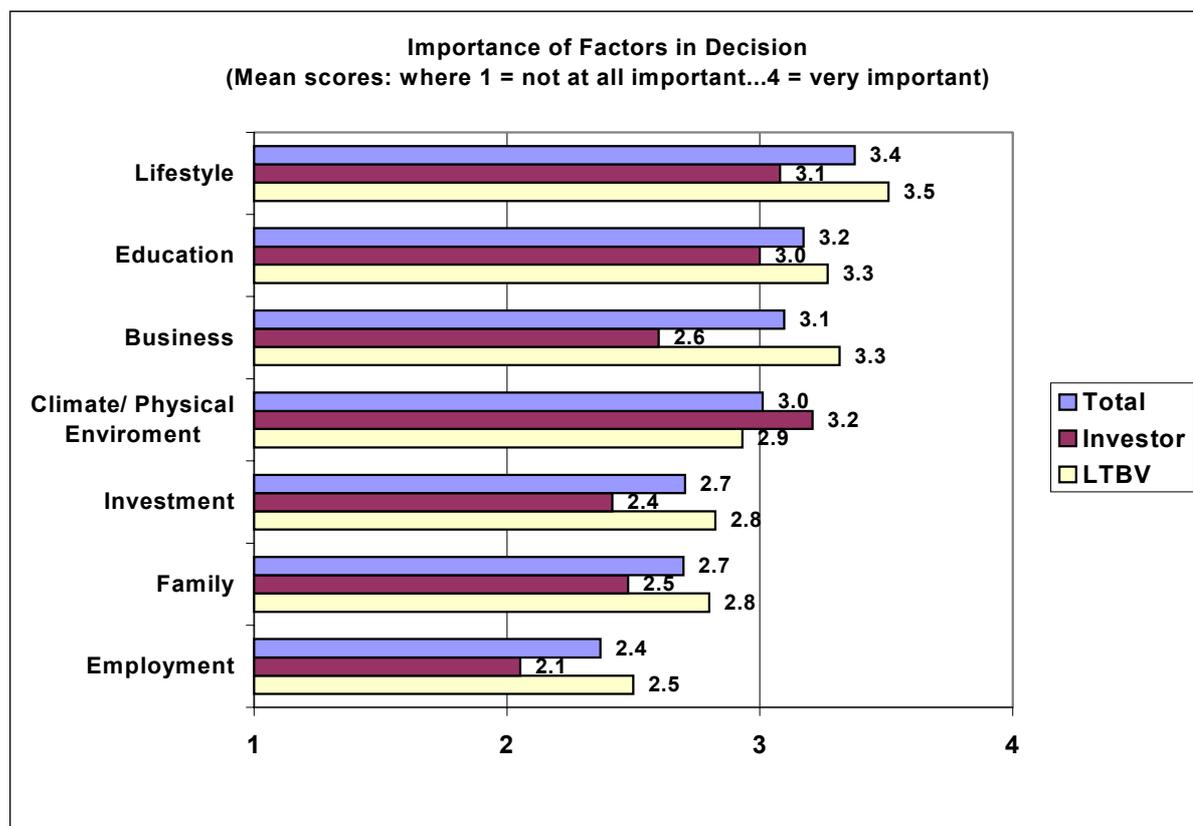
5.8 Migration decisions

This section briefly describes reasons for choosing New Zealand as a migration destination. Research undertaken in 1998 with 30 business migrants identified seven different reasons.¹⁶ Only one of those research participants mentioned the economic potential of New Zealand as a reason. Other reasons included the perception of a stress-free, laid back life, the clean and green environment, the relatively non-competitive education system, similarities to the home country, ease of immigration, and friends and family in New Zealand.

The above findings were replicated in the survey business migrants. The respondents were asked to rate the importance of a range of factors in making their decision to immigrate to New Zealand (see Figure 5.1 below). Again, lifestyle was the most important factor in making the decision to come to New Zealand. An employment opportunity was the least important consideration. The biggest difference between the Investor and LTBV migrants was that LTBV migrants were markedly more likely to see business opportunities as being an important factor in their decision to migrate, although Investors had lower ratings on almost all factors.

¹⁶ Experiences of Recent Business Migrants in New Zealand (September 1998). New Zealand Immigration Service.

Figure 5.1. Importance of factors in making the decision to migrate



Base total = 84, Investor = 25, LTBV = 59

5.9 Summary of main points

The main points in this chapter were:

- The 1999 policy is being implemented by a dedicated business branch, which processes all business applications and is supported by a business information and linking service. Taiwanese Investor Category applications are the exception as these are processed by the Taipei NZIS branch.
- At least two-thirds (52) of the respondents used an immigration agent and over three-quarters (72) of the business migrants interviewed sought the advice of an immigration agent when making a decision about the category to apply through. Agents felt that business migrants used their services for reassurance, and the security of having a New Zealand based advocate. Also, offshore, there was a perception that lawyers needed to be involved with immigration applications.
- Agents thought that people applied for an LTBV because it was the only way they could get residence. In general, agents felt that applicants from English speaking backgrounds could understand LTBV policy, but that other applicants had considerable difficulty. The business plan was considered to cause confusion, particularly for applicants from China and South Korea.
- Agents and business planners thought that the LTBV policy was working well, but some minor changes were suggested – processing times, inability of applicants to self-assess, and a perception of the policy being too focussed on money rather than the individuals' abilities.

- Many LTBV migrants interviewed agreed that they had applied because they were ineligible under other categories. Another reason cited was that they had previous experience in running a business. Only a minority did all the work in preparing their business plan, the majority employed others to prepare the plan.
- For migrants, the Investor Category tended to be chosen because it was a simple route to residence, or because it was the only category they were eligible for.
- For business migrants in general, lifestyle was the most frequently cited reason for coming to New Zealand.

6. VIEWS OF KEY STAKEHOLDERS

6.1 Introduction

This chapter describes the views of the various stakeholders about the success of the business policy, and for business migrants their intentions for the future.

6.2 Growth in the number of business applications

When asked for their opinions on why the number of business category applications had increased so much over the last year, agents identified a number of factors. First, the policy had now been in place for some three years and as a consequence was more widely known about - in particular in China and South Asia. Second, certain aspects of the policy were competitive internationally - for example, the less stringent conditions for investors. Third, once it was known that application-processing times had been reduced, confidence was introduced into the market. Finally, the agents noted that the private sector has marketed the business policy gaining it valuable exposure.

6.3 The benefits of business immigration to New Zealand

All the agents spoke positively about the benefits to New Zealand of LTBV migrants. These included the introduction of new services and products, investment, paying tax, creating jobs for New Zealanders and international business experience. One agent said, for example:

"[LTBV migrants] contribute very real things, look at my clients and the services they provide in business which New Zealand didn't have previously."

Another said:

"[LTBV migrants contribute] a tremendous lot. Business migrants have a high level of determination to succeed in New Zealand. New Zealand receives very highly qualified people, for example, high tech workers who may start off by buying a dairy and then go on to bigger things."

As noted earlier in the report, agents had some scepticism as to the real benefits to New Zealand of Investor Category migrants and their "investments" in banks. Some agents and business planners suggested that there was further scope for business migration to benefit New Zealand. Regional development and pooling investors' funds were possibilities raised by both agents and business planners.

6.4 Agencies

Representatives of a diverse selection of agencies with an interest in business migration were interviewed, or e-mailed, to ascertain views on the policy and its outcomes. Agencies included Investment New Zealand (part of TRADENZ), the

Local Government Association, the Wellington Regional Economic Development Agency, Nelson City Council and the Director of the New Zealand India Bilateral Business Council. All representatives said they believed business migration to be a good and useful process, however, most were too far removed from the actual mechanics to provide further useful comment. Nevertheless, using business migration as a regional economic development tool was a recurrent theme.

6.5 The Business Migrant Liaison Unit

Only a few agents and business planners interviewed were aware of the BMLU and none had used it or referred clients to it.

Awareness of the BMLU was also very low among the business migrants interviewed in the survey. Of the 77 Investor and LTBV migrants who answered questions about the BMLU, only six people were aware of the Unit, and of these only one had sought help from the Unit. This respondent was an LTBV principal applicant and said that the BMLU was “not very much help” in identifying appropriate organisations and contact people.

6.6 Business migrants

6.6.1 Knowing what they now do, would they still migrate?

The business migrants were asked whether knowing what they do now about business in New Zealand, would they still have chosen to move here. This was measured on a four point scale from “no, definitely not” through to “yes definitely”, and was answered by 77 respondents. As can be seen in Table 6.1, 51 of the respondents would definitely migrate to New Zealand, and a further 16 principal applicants would probably migrate. This indicates that most of the migrants would still come to New Zealand knowing what they do now about living and doing business in New Zealand.

Table 6.1. Whether business migrants would still migrate after having had New Zealand experience

| | Not sure | No, definitely not | No, probably not | Yes, probably | Yes, definitely | Not specified |
|--------------|----------|--------------------|------------------|---------------|-----------------|---------------|
| Investor | 1 | 1 | 2 | 4 | 15 | 2 |
| LTBV | 1 | 1 | 4 | 12 | 36 | 5 |
| TOTAL | 2 | 2 | 6 | 16 | 51 | 7 |

6.6.2 How settled do they feel?

The respondents were asked to rate how settled they felt living in New Zealand. A five-point scale was used ranging from “not at all settled” to “very settled”. As Table 6.2, over, shows, Three-quarters (66) of the principal applicants felt either “somewhat” or “very” settled in New Zealand.

Table 6.2. How settled business migrants felt about Living in New Zealand (n = 76, Investor = 22, LTBV = 54)

| Category | Not at all settled | Not very settled | Neither | Somewhat settled | Very settled | Not specified |
|--------------|--------------------|------------------|----------|------------------|--------------|---------------|
| Investor | | 1 | | 7 | 14 | 3 |
| LTBV | 1 | 3 | 5 | 16 | 29 | 5 |
| TOTAL | 1 | 4 | 5 | 23 | 43 | 8 |

6.6.3 Residence plans

The principal applicants were asked if they had plans to live in New Zealand only, or live in New Zealand and another country in the next two to three years. Three quarters of both Investor and LTBV migrants planned to live only in New Zealand.

Eighty-two of the business migrants indicated their intentions regarding where they intended to reside in the future. Three-quarters were intending to live in New Zealand for more than ten years. Only four of the migrants indicated that they planned to live in New Zealand for less than six years. These migrants were asked which country they planned to live in when they leave New Zealand. For the most part this was their country of birth. A number of reasons were put forward for leaving New Zealand within six years and these included:

"Depends - limited time of visa" (LTBV, Sri Lanka)

"Different mentality, different work ethics" (LTBV, Italy)

"My children may go to universities in Australia so I will move with them" (Investor, China)

6.7 LTBV - Applying for permanent residence in New Zealand.

Almost all (51) of the LTBV principal applicants planned to apply for residence in New Zealand. The three migrants who did not intend to apply made the following comments, with country of birth shown in brackets:

"Appropriate category not available" (USA)

"Clash of culture, difference in lifestyle, and problems in finding qualified staff" (Italy)

"Home-sick, hard to set up new life" (Korea)

Those who did intend to apply for residence were asked which category they would most likely apply through. Forty-two responded to the question. More than half (28) planned to apply through the Entrepreneur Category, 8 through the Investor Category, while 5 were intending to apply through the Family Category. One LTBV respondent said they would apply for residence through the General Skills Category.

6.8 Summary of main points

The main points in this chapter were:

- Agents identified a number of factors when asked for their views on causes of the marked increase in the number of business category applications lodged. The factors mentioned included: reductions in application processing time; increased marketing of the policy; the international competitiveness of the policy; and the targeting of the categories at distinct markets.
- Agents, and interested agencies, spoke positively about the value to New Zealand of business migration. Benefits mentioned by agents of LTBV applicants included the skills and expertise of migrants, applicants' determination to succeed and the introduction of new products and services. Under the current policy settings, agents believed that Investor Category applicants did not provide much benefit to New Zealand. However, they said that there was considerable scope for Investors to advance New Zealand's economy. For example, by using pooling investment funds or channelling funds into regional development.
- The level of awareness of the BMLU among business migrants was low.
- Two-thirds (51) of the respondents interviewed would still migrate to New Zealand if they had known what they know now about business in New Zealand. Two respondents said that they would not have migrated to New Zealand.
- Over three-quarters (66) of the respondents felt "somewhat" or "very" settled in New Zealand.
- Three-quarters of the business migrants interviewed stated that it was their intention to live in New Zealand for more than 10 years. Only four of the migrants indicated that they planned to live in New Zealand for less than six years.
- Almost all of the LTBV migrants interviewed intended to apply for residence, two-thirds through the Entrepreneur Category.

PART C

LONG TERM BUSINESS VISA

7. LTBV CATEGORY TRENDS

7.1 Introduction

This chapter examines trends in LTBV applications since the introduction of the category in April 1999. The chapter includes findings of a study of LTBV application files and an analysis of immigration databases. LTBV outcomes are discussed in chapter 8, while information on the business residence categories is in Part D.

An LTBV gives applicants, and certain of their family members, temporary residence in New Zealand. The permit allows an applicant three years, with the opportunity to extend the period for another three years, to establish a business in New Zealand. Once a business has been successfully established and continued in business for two years, the Entrepreneur Category provides a path through to residence.

7.2 Numbers of applications and people

In total, 2,177 applications were approved through the LTBV Category between 1999 and March 2002, while the number of people approved amounted to 6,151. More than half of the applications (1,153) were approved in the first three-quarters of the 2001/02 financial year.

7.3 Approvals versus declines

Between 1999 and March 2002, an average of 18 percent of LTBV applications have been declined. This decline rate is considerably higher than the overall rate of 8 percent for all residence applications¹⁷, and the 6 percent decline rate for the Investor Category. (See Table A1.1 in Appendix 2 for LTBV application approval and decline rates, by quarter, since 1999).

7.4 Trends by nationality

The following two charts illustrate trends in the nationality of, first, applications and, second, people approved with an LTBV between 1999 and March 2002.

As can be seen in Figure 7.1, there has generally been an upward trend in the number of applications being approved. For each of the last six quarters two countries have dominated flows in this category – South Korea and China.

The dominance of flows in the LTBV Category by China and South Korea could be considered a major risk factor. Indigenous events within one or both of these countries could result in markedly reduced numbers of approvals through the LTBV

¹⁷Trends in Residence Approvals 2000/2001, Volume 1 - NZIS

Category. Figure 7.2 shows approvals by the number of migrants rather than applications. The overall trend is very similar to the previous chart.

Figure 7.1. Trends in the nationality of LTBV approvals - by application - 1999 to March 2002

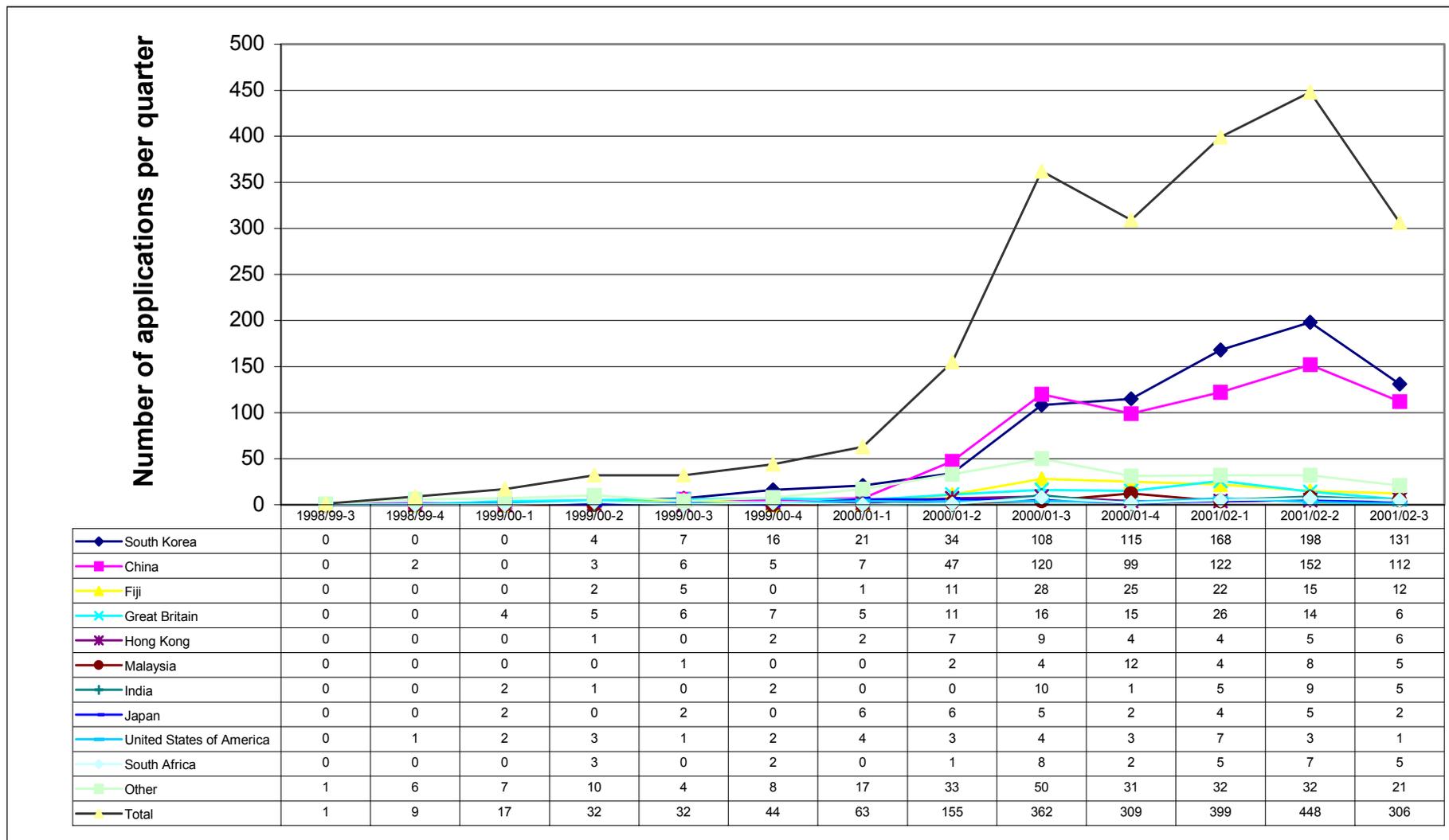
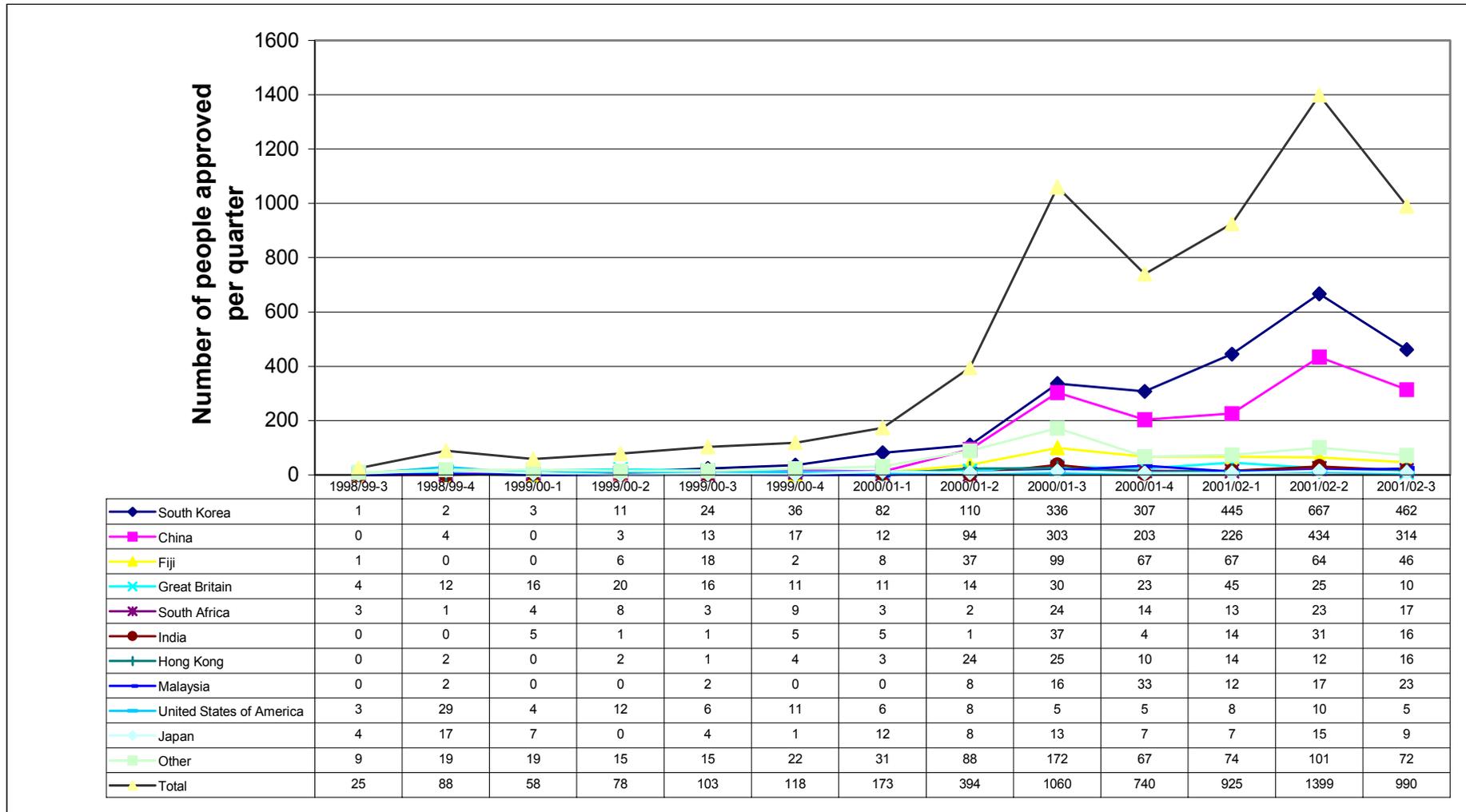


Figure 7.2. Trends in the nationality of LTBV approvals - by person - 1999 to March 2002



7.5 Location of applicants when approved

The majority of approved LTBV applications were made by applicants offshore, that is, they applied for a visa. Since 1999, 72 percent of all applications approved have been made by offshore applicants. This rate has varied over time, and when examined by quarter has fluctuated between 53 and 79 percent of applications made offshore. By comparison, between July 2001 and March 2002, only 53 percent of all residence applications were made offshore, while the comparable figure for Investor applications is 93 percent. (See Table A1.2 in Appendix 2 for LTBV application visa and permit rates, by quarter).

7.6 Gender

On average, over the period from 1999 to March 2002, 31 percent of LTBV principal applicants were female. This proportion is the same as seen for Investor Category migrants. (See Table A1.3 in Appendix 2 for the gender of LTBV principal applicants).

7.7 Age of principal applicants

Over 80 percent of LTBV principal applicants were aged between 30 and 49 years. (See Table A1.4 in Appendix 2 for the average age of LTBV Category principal applicants). Table 7.1, below, shows the age bands of LTBV principal applicants.

Table 7.1. Age bands of approved LTBV principal applicants – 1999 to March 2002

| Age at approval | Number | Percent |
|-----------------|--------------|-------------|
| Under 25 | 17 | 1% |
| 25-29 | 102 | 5% |
| 30-34 | 276 | 13% |
| 35-39 | 506 | 23% |
| 40-44 | 594 | 27% |
| 45-49 | 414 | 19% |
| 50-54 | 146 | 7% |
| 55-64 | 102 | 5% |
| 65-74 | 20 | 1% |
| TOTAL | 2,177 | 100% |

7.8 Application size

The size of LTBV applications approved between 1999 and March 2002 is shown in Table 7.2. The average size application was 2.8 people. By comparison, an average residence application in 2000/2001 had 2.0 people. There were 2.6 people per General Skill's application, and 3.4 people on average for Investor applications.

Table 7.2. LTBV application size - 1999 to March 2002

| Financial year | Average application size | Total applicants | Number of applications |
|-------------------------------------|--------------------------|------------------|------------------------|
| 1999/00 | 2.9 | 357 | 125 |
| 2000/01 | 2.7 | 2367 | 889 |
| 2001/02 (first three quarters only) | 2.9 | 3314 | 1153 |
| OVERALL | 2.8 | 6,038 | 2,167 |

Details of 10 applications were not included from the end of the 1998/99 financial year, as their application size could not be confirmed.

7.9 File study LTBVs

The study was of 403 randomly selected LTBV Category application files approved prior to May 2001. The purpose was to obtain further information about the characteristics of *principal applicants* and the types of business that they were proposing to acquire or establish. This section, first, describes certain characteristics of the principal applicants and then examines aspects of the business they intended to operate in New Zealand.

7.9.1 Demographic characteristics

A breakdown of the nationality of the 403 principal applicants in the LTBV file study who accounted for at least 1 percent of the sample can be seen in Table 7.3. North Asian countries dominate as source countries for these principal applicants, with smaller proportions coming from Fiji, Great Britain, and the United States. As can be seen by the final column in table 12, the proportion of nationalities represented in the file study was approximately equal to the proportions among all LTBV principal applicants, although South Korean applicants were under-represented.

Table 7.3. Nationality breakdown of LTBV file study

| Nationality | Number of file study LTBVs | Percent of file study LTBVs | Percent of all LTBV principal applicants |
|--------------------------|----------------------------|-----------------------------|--|
| China | 122 | 30% | 31% |
| South Korea | 113 | 28% | 37% |
| Fiji | 29 | 7% | 6% |
| Great Britain | 26 | 6% | 5% |
| Japan | 13 | 3% | 2% |
| United States of America | 12 | 3% | 2% |
| Hong Kong | 10 | 2% | 2% |
| Germany | 9 | 2% | 1% |
| India | 7 | 2% | 2% |
| South Africa | 7 | 2% | 2% |
| Malaysia | 6 | 1% | 2% |
| Russia | 5 | 1% | 1% |
| Thailand | 5 | 1% | 1% |
| Netherlands | 5 | 1% | 1% |
| Zimbabwe | 4 | 1% | 1% |
| Indonesia | 4 | 1% | 0% |
| Other | 26 | 6% | 7% |
| TOTAL | 403 | 100% | 100% |

The "Other" classification in the above table includes: Pakistan, Switzerland, Taiwan, France, Italy, Sri Lanka, Ireland, Israel, Belgium, Macedonia, Philippines, Singapore, Czech Republic, Canada, Cambodia, Bulgaria, and Lebanon.

The demographic characteristics of the LTBV file study principal applicants were comparable to all LTBV principal applicants in other ways. Of the 361 applicants in the LTBV file study for whom gender was known, 28 percent were female, and this compares to a figure of 31 percent for all LTBV principal applicants. The age breakdowns of the file study applicants was also very close to those of the total number of LTBV principal applicants approved since the inception of the policy, although file study applicants in the 40-44 age band were somewhat underrepresented (See Table A1.5 in Appendix 1).

Of the applications for which location of the application was known, 70 percent (253) were offshore visa applications.

7.9.2 Time spent visiting New Zealand

While principal applicants are not required to visit New Zealand before applying for an LTBV, they are assessed for their knowledge of the New Zealand business environment. It is then disappointing that only half of the principal applicants in the sample had taken the opportunity to learn about doing business in New Zealand by visiting before lodging their LTBV application. The number of days each principal applicant had spent in New Zealand prior to making his or her application was calculated using information from the immigration database. As can be seen from Table 8.6, half of the applicants noted they had spent no time in New Zealand prior to applying for an LTBV. Another 27 percent had spent 30 days or less.

Table 7.4. Number of days spent visiting NZ prior to applying for an LTBV

| Number of days spent visiting | Number | Percentage |
|-------------------------------|------------|-------------|
| No days | 203 | 50% |
| 1-10 days | 68 | 17% |
| 11-30 days | 39 | 10% |
| 31-60 days | 37 | 9% |
| 61-90 days | 9 | 2% |
| 91 days or more | 43 | 11% |
| Unknown | 4 | 1% |
| TOTAL | 403 | 100% |

7.9.3 Type of research for the business application

Principal applicants stated, in their applications, the types of research about doing business in New Zealand they had undertaken. A variety of, non-mutually exclusive, types of research were undertaken and these are reported in Table 7.5. Twenty-one applicants reported doing no research, while data was missing for another 21 applicants.

The most common type of research was ‘general’ research into the financial and business environment, at 35 percent of those with a response to the question. Another 27 percent had previous experience of New Zealand, 19 percent had researched competitors, and 13 percent had researched the feasibility of their business.

Table 7.5. Types of research undertaken by LTBV applicants (n=361)

| Type of research | Number | Percent |
|--|--------|---------|
| General research into financial and business environment | 125 | 35% |
| Previous experience in NZ, and/or visit | 98 | 27% |
| Research into competitors | 68 | 19% |
| Research into feasibility/viability of business | 48 | 13% |
| Research into Regulations, laws, resource consents, trade barriers | 33 | 9% |
| Contacted local suppliers | 30 | 8% |
| Researched prospective Applicants, conducted market research | 27 | 7% |
| Research conducted through partners or consultants in NZ | 27 | 7% |
| Research into location | 19 | 5% |
| Internet research | 13 | 4% |
| Research conducted through family | 15 | 4% |
| Trade associations | 2 | 1% |
| Other | 95 | 26% |

People could give more than one type of research, so percentages do not sum to 100%. 361 applicants had information on their files.

The "other" category included a wide range of specific types of research such as: seminar attendance, research into overseas markets, research into current fashions, research on weather conditions and living costs, consultation with specific ethnic communities, pricing strategies, franchises, industry benchmarks, and volunteer work.

7.9.4 BMLU contact

Sixteen percent (or 66) of the LTBV principal applicants had contacted the BMLU, while the remaining 84 percent (337) had not. Of those who had contacted the BMLU it was not stated what assistance applicants received.

7.9.5 Sources of advice about doing business in New Zealand

Two hundred and forty eight principal applicants had listed a source for information about doing business in New Zealand. The main sources are shown below in Table 7.6. The most frequently mentioned source of advice was consultants cited by 36 percent (or 90) of the principal applicants. Next most common source of advice was Industry Group or Chambers of Commerce, followed by existing companies.

Table 7.6. Sources of advice used by LTBV principal applicants

| Sources of advice | Number | Percent |
|------------------------------------|--------|---------|
| Consultant (not further specified) | 90 | 36% |
| Industry group/Chamber of commerce | 68 | 27% |
| Existing companies | 59 | 24% |
| Family | 47 | 19% |
| Accountant | 43 | 17% |
| Immigration consultant | 29 | 12% |
| Lawyer | 27 | 11% |
| Trade NZ | 15 | 6% |
| Statistics NZ | 4 | 2% |
| Other | 39 | 16% |

Respondents could give more than one type of organisation, so percentages do not sum to 100%. Based on 248 applicants.

The "other" sources cited included: local residents, market researchers, city councils, universities, banking officials, local ethnic communities, friends, a franchiser, MAF, Kiwihost, Ministry of Commerce, and tourist information centres.

7.10 Summary of main points

The main points in this chapter were:

- Since its introduction in 1999, the number of LTBV Category applications increased at a rate considerably higher than was originally anticipated. In total, 2,177 applications were approved through the LTBV Category between 1999 and March 2002. The total number of applicants approved during the same period amounted to 6,151.
- Substantial growth in application approvals began in the first quarter of 2001/02. Over half (1,153) of all LTBV approvals were made in the first three-quarters of 2001/02.
- Half of all principal applicants had not visited New Zealand before being approved for an LTBV. The proportion of LTBV applications made offshore - 72 percent on average - was large. This raises issues of how well principal applicants understand the New Zealand business environment.
- File study:
 - One half of the applicants had spent no time in New Zealand prior to making their application. Another 27 percent had spent between one and 30 days in the country.
 - The most common research undertaken by the applicants in support of their application and business plan was 'general' research into the financial and business environment. Other research noted was that into competitors, into the feasibility/viability of their business and into regulations, laws, and resource consents.
 - The most frequently cited organisation or person giving advice was 'consultant' not further defined. Other sources included industry groups and Chambers of Commerce, existing companies, family, and accountants.
 - Sixteen percent of the applicants had contact with the BMLU. It is not clear as to the type of, if any, assistance they received.

8. LTBV CATEGORY OUTCOMES

8.1 Introduction

This chapter focuses on the outcomes of the LTBV policy. First, information about the time that LTBV migrants spent in and out of New Zealand, derived from immigration databases, is presented. Secondly, an analysis of data from a file study of 403 applications is provided. Finally, information from interviews with 59 principal applicants who had been in New Zealand for at least nine months at the time of their interview is discussed.

8.2 LTBV movements

This section describes the proportion of time people approved through the LTBV Category spent in New Zealand. It could be said that one measure of success of the LTBV policy is to assess the proportions of time people spend in New Zealand, the more time in the country, the more opportunity to develop their business. An important exception is the proprietors of enterprises importing or exporting, who would be expected to spend periods out of New Zealand.

The analysis was of LTBV migrants who were approved and, for those approved off shore, had arrived to take up residence between 1 April 1999 and 1 October 2001. Both principal and secondary applicants are included. Because of issues to do with the way applications are approved and recorded in the immigration database, the breakdowns that could be constructed are not as detailed as they are for the Investor Category (Chapter 10).

Table 8.1 (over page) shows the absences from the country as at 2nd April 2002. Overall, 17.5 percent of all LTBV migrants were absent as at 2nd April. This compares with a 45.7 percent absence rate for Investor migrants (see Chapter 10, Table 10.10). Figure 8.1 provides a graphical representation of the data.

One-fifth (227 of 1,089) of the principal applicants were absent from the country on the 2nd of April, compared with almost 16 percent of all secondary applicants and almost 12 percent of school age children. Around 6 percent of all those approved had been absent for six months or more as at 2nd April 2002. Generally the proportion absent for six months or more was the same across all LTBV applicants. This is a low rate although the proportion absent for six months may grow over time – for example a further 5 percent (155) have already been absent for between two and six months. For most time periods over which the analysis was undertaken principal applicants had a higher incidence of absence than secondary applicants, although differences were small.

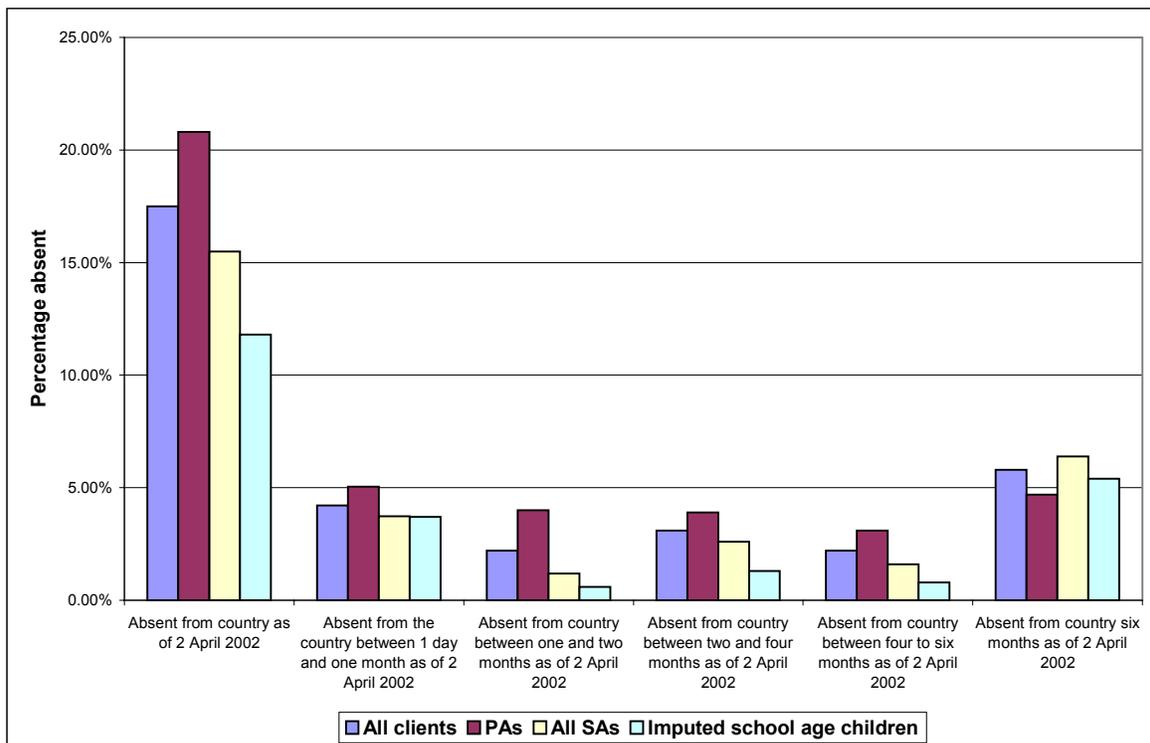
Analysis of the long term absent people (six months or more) was undertaken to determine if there were any patterns in regard to migrant characteristics. That analysis is reported in Appendix 1, Table A1.6. In very general terms the analysis showed that

Chinese migrants tended to be out of New Zealand in greater proportions than South Koreans.

Table 8.1. LTBV movement history for those arriving to take up their permit between 1 April 1999 to 1 Oct 2001

| | All applicants | Principal applicants | All Secondary applicants | Imputed school age children (under 16 yrs) |
|--|-----------------|----------------------|--------------------------|--|
| Number who had taken up residence in the period | 2935 | 1089 | 1846 | 971 |
| Number with movements listed after they had taken up residence | 1442 (49.1%) | 676 (62.1%) | 766 (41.5%) | 316 (32.5%) |
| Absent from country as of 2 April 2002 | 514 (17.5%) | 227 (20.8%) | 287 (15.5%) | 115 (11.8%) |
| Absent from the country between 1 day and one month as of 2 April 2002 | 124 (4.2%) | 55 (5.1%) | 69 (3.7%) | 36 (3.7%) |
| Absent from country between one and two months as of 2 April 2002 | 66 (2.2%) | 44 (4.0%) | 22 (1.2%) | 6 (0.6%) |
| Absent from country between two and four months as of 2 April 2002 | 91 (3.1%) | 43 (3.9%) | 48 (2.6%) | 13 (1.3%) |
| Absent from country between four to six months as of 2 April 2002 | 64 (2.2%) | 34 (3.1%) | 30 (1.6%) | 8 (0.8%) |
| Absent from country six months as of 2 April 2002 | 169 (5.8%) | 51 (4.7%) | 118 (6.4%) | 52 (5.4%) |

Figure 8.1. LTBV movement history for those who have arrived to take up their permits between 1 April 1999 to 1 Oct 2001



8.3 File study LTBVs – the outcomes

Information from 403 LTBV application files was analysed and is presented in this section.

8.3.1 Previous experience in business type

Of the LTBV principal applicants in the file study, 34 percent had experience in the business type that they planned to set up, while the remaining 66 percent did not.

8.3.2 Percentage of the business owned by the migrants

The percentage of the proposed business that would be owned by the migrant was supplied as part of their application. Table 8.2 shows that almost nine out of ten of the principal applicants intended to own three-quarters or more of their business.

Table 8.2. Percent of business to be owned by LTBV applicants

| Percent of business owned by migrant | Number | Percent |
|--------------------------------------|------------|-------------|
| Less than 25 percent | 2 | 1% |
| 25 to 50 percent | 19 | 5% |
| 50 to 75 percent | 27 | 7% |
| 75 to 100 percent | 343 | 88% |
| TOTAL | 391 | 100% |

12 applications were missing this information.

8.3.3 Initial amount to be invested

Principal applicants also stated in their application documentation the amount of money they would spend on setting up their business. One person gave no figure, and 12 gave \$0, the remainder (390) were intending to invest a total of \$68,928,155. Of the applicants who gave either a zero or a dollar amount, the average amount of initial investment per migrant was \$171,463.

8.3.4 Working capital

The migrants gave the amount of working capital they would use to initially run the business. One person gave no figure, and 148 said \$0. The total among those who gave an amount was \$24,993,924. Of the applicants who gave either a zero or a dollar amount, the average amount of working capital per migrant was \$62,174.

8.3.5 Maintenance funds

Applicants also noted how much they had as maintenance funds. These are funds to spend on basic living expenses like rent and food. Of the 399 applicants with information, 78 applicants had a value of zero dollars recorded against their name. In total, the 399 applicants had total maintenance funds of \$85,955,172, giving an average of \$215,427 for the average principal applicant.

In total, including the average amount to be invested, the average working capital and maintenance funds, each principal applicant was bringing in the order of \$449,000 into New Zealand. These figures should be treated with a degree of caution, as there is often no verification of whether the money has actually been transferred to New Zealand.

8.3.6 Industry classification of intended business

Table 8.3, below, shows the industry of the proposed businesses. Over half of the LTBV applicants were planning to establish a business in the accommodation, cafes and restaurants industry or the retail trade – 28 and 26 percent respectively. Fourteen percent of the applicants were intending to establish a business in the wholesale trade industry.

Table 8.3. Intended industry of LTBV businesses

| ANZSIC96 Classification of industry | Number | Percent |
|--|---------------|----------------|
| Accommodation, Cafes & Restaurants | 113 | 28% |
| Retail Trade | 104 | 26% |
| Wholesale Trade | 57 | 14% |
| Agriculture, Forestry & Fishing | 25 | 6% |
| Property & Business Services | 23 | 6% |
| Manufacturing | 22 | 5% |
| Personal & Other Services | 20 | 5% |
| Cultural & Recreational Services | 14 | 3% |
| Education | 7 | 2% |
| Health & Community Services | 6 | 1% |
| Construction | 5 | 1% |
| Communications Services | 4 | 1% |
| Transport & Storage | 3 | 1% |
| TOTAL | 403 | 100% |

Table A1.7 in Appendix 1 provides a detailed breakdown of the types of business that the applicants intended to start or purchase in New Zealand. The range of business type was wide and specific examples include: internet cafes; fishing boat charters; builders; film distribution; information technology education; food manufacturing; hair and beauty business; property development; gift and flower shops; and hydroponics. In total there was a minimum of 99 different business types. The six most numerous business types are shown in Table 8.4. As can be seen, the second to fifth largest groupings could loosely be described as belonging to the ‘food service’ industry.

Table 8.4. Top six intended business types of LTBV migrants

| Specific business types | Number | Percent |
|-------------------------|------------|-------------|
| Import/Export company | 49 | 12% |
| Restaurant | 42 | 10% |
| Café | 28 | 7% |
| Dairy/Superette | 23 | 6% |
| Takeaway | 19 | 5% |
| Automotive | 19 | 5% |
| Other | 223 | 55% |
| TOTAL | 403 | 100% |

8.3.7 Main customers

Reflecting the range of business proposed, principal applicants identified a variety of customers for their businesses. As can be seen in Table 8.5, below, the general New Zealand public comprise more than half of the customers the applicants were intending to target. One fifth were going to focus on other businesses in New Zealand as their customers, while a smaller number were to be targeting tourists. Around one tenth of the sample were intending to trade with overseas consumers or retailers, and a similar number cited certain ethnic communities in New Zealand as a target.

Table 8.5. Intended customers of LTBV businesses

| Type of customer | Number | Percent |
|--|--------|---------|
| All/anyone/general public in NZ | 170 | 55% |
| Other businesses in NZ | 59 | 19% |
| Tourists coming through NZ | 50 | 16% |
| Overseas consumers | 37 | 12% |
| Certain ethnic community/communities in NZ | 34 | 11% |

Respondents could give more than one customer type, so percentages do not sum to 100%.

8.3.8 Links with overseas companies

Applicants for an LTBV are asked whether their business will "have any links with other overseas businesses". Among the file study LTBVs, 73 (or 18 percent) of the applicants indicated there would be links with overseas companies, and 330 (or 82 percent) did not indicate any links.

8.3.9 Level of skill required

The level of skill needed by principal applicants to operate their intended New Zealand businesses was recorded in applications. As can be seen in Table 8.6, four-fifths of the intended businesses required no formal training on the part of the applicant to operate them.

Table 8.6. Level of skill required to run the LTBV businesses

| Level of skill needed | Number | Percent |
|-----------------------------|------------|-------------|
| Degree, Trade Qualification | 13 | 3% |
| Training | 54 | 14% |
| No Formal Training | 320 | 83% |
| TOTAL | 387 | 100% |

16 people were missing level of skill.

8.3.10 New skills or technology used

Only 8 applicants (or 2 percent) claimed that their business would be introducing "any new skills or technology . . . into New Zealand."

8.3.11 Number of employees

Applicants had to nominate the number of employees they intended to employ. The most common responses were either no employees or two employees. The maximum was 21 employees, nominated by one applicant. In total, 911 people, or an average of 2.3 employees per application, were intended to be employed.

Table 8.7. Intended number of employees of LTBV businesses

| Number of employees | Number | Percent |
|---------------------|------------|-------------|
| No employees | 91 | 23% |
| 1 employee | 76 | 19% |
| 2 employees | 91 | 23% |
| 3 employees | 68 | 17% |
| 4 employees | 24 | 6% |
| 5 to 10 employees | 41 | 10% |
| Over 10 employees | 5 | 1% |
| TOTAL | 396 | 100% |

7 applications were missing this information.

The number of planned part-time employees was also noted. The majority of applicants did not intend to employ part-time staff. One applicant intended to employ 13. In total, 259 people, or an average of 0.65 part-time employees per application, were intended to be employed on a part-time basis.

Table 8.8. Intended number of part-time employees of LTBV businesses

| Number of part-time employees | Number | Percent |
|-------------------------------|------------|-------------|
| No employees | 284 | 71% |
| 1 employee | 52 | 13% |
| 2 employees | 30 | 8% |
| 3 employees | 18 | 5% |
| 4 employees | 8 | 2% |
| 5 employees | 2 | 1% |
| Over 5 employees | 6 | 2% |
| TOTAL | 400 | 100% |

3 applications were missing this information.

8.3.12 Region the business would be established in

The businesses were to be established in a wide variety of areas in New Zealand. Seven-tenths of the sample, however, intended to establish their business in Auckland. Canterbury was the second most popular region with 7 percent of the applicants intending to establish their business in that region. See Table 8.9 below for a breakdown of the regions.

Table 8.9. Region LTBV businesses will be established in

| Region | Number | Percent |
|--------------------|------------|-------------|
| Auckland | 284 | 70% |
| Canterbury | 27 | 7% |
| Bay of Plenty | 15 | 4% |
| Waikato | 11 | 3% |
| Northland | 10 | 2% |
| Tasman/Marlborough | 8 | 2% |
| Wellington region | 7 | 2% |
| Manawatu/Wanganui | 6 | 1% |
| Otago | 5 | 1% |
| Hawke's Bay | 5 | 1% |
| West Coast | 1 | 0% |
| Taranaki | 1 | 0% |
| Gisborne | 1 | 0% |
| UNKNOWN | 22 | 5% |
| TOTAL | 403 | 100% |

8.3.13 Previous business experience

Of the 403 files studied, 389 principal applicants had previous business experience. There were 184 types of former positions listed and these were re-coded into the four types seen in Table 8.10. Note that applicants, who were “managing-directors”, were coded as both manager and director. Overall, 60 percent of the applicants had previous experience managing a business or staff, and four out of ten had previously owned or partially owned a business.

Table 8.10. Previous types of experience of LTBV applicants (n=389)

| Type of experience | Number | Percent |
|------------------------------|--------|---------|
| Managed a business or staff | 233 | 60% |
| Owned business/partial owner | 152 | 39% |
| Employee | 71 | 18% |
| Director | 68 | 17% |
| Other | 1 | 0% |
| Unclear | 16 | 4% |

People could give more than one type of experience, so percentages do not sum to 100%.

In total, the principal applicants had an average length of prior business experience of 10.41 years, although this varied from no previous experience through to 31 years. Table 8.11 below shows the total years of prior business experience by different year bands. Some applicants may have cited concurrent years of business experience where they owned multiple businesses at the same time.

Table 8.11. Total number of years business experience for LTBV applicants

| Total number of years business experience* | Number | Percent |
|--|------------|-------------|
| No experience | 17 | 4% |
| 1 to 5 years | 86 | 21% |
| 6 to 10 years | 146 | 36% |
| 11 to 20 years | 114 | 28% |
| 21 to 30 years | 35 | 9% |
| 31 or more years | 5 | 1% |
| TOTAL | 403 | 100% |

8.4 LTBV survey findings

This section describes the experiences of LTBV principal applicants in New Zealand, based on interviews with 59 respondents in this category. As mentioned earlier in the limitations section, data from the survey may not represent the whole population of LTBV migrants and should be treated as ‘indicative’ of the types of results that LTBV migrants can achieve.

Breakdowns of the age and country of origin of the migrants in the sample can be seen in Appendix Two.

The characteristics of those interviewed were compared to the overall cohort of LTBV migrants approved since the policy began. The survey group had a similar spread across age groups and countries of birth to the overall cohort of LTBV migrants. However, the survey participants did tend to be a little older. In addition, although numbers in the survey were small, China, Korea, and Fiji appeared to be somewhat under-represented, and migrants from South Africa, the United Kingdom, and Germany were a little over-represented.

8.4.1 Businesses owned in New Zealand

Almost all (96 percent) of the respondents said they currently owned a business in New Zealand. This result is not surprising considering the LTBV requirement that a business be set up. Only one LTBV respondent was yet to establish their business while a second said they did not plan to establish a business. The latter migrant had been in New Zealand longer than six months. Close to four-fifths (78 percent) of the migrants owned one business and the remaining one-fifth (22 percent) owned either 2 or 3 businesses in New Zealand.

8.4.2 How the businesses were established

The respondents were asked to indicate how their main business in New Zealand was established. All subsequent responses refer to their ‘main’ business. Ten people chose not to answer the question. Fifty-three percent established a new business and 47 percent purchased an existing one. Over two-thirds (68 percent) established a business in partnership with others.

8.4.3 Industry and type of business established

Almost four out of ten businesses established were in the accommodation, café and restaurant industry classification. Seven of the respondents were running a manufacturing business while five were in Personal services.

Table 8.12. Industry of businesses established

| Industry of business established | Number | Percent |
|---|---------------|----------------|
| Accommodation/Café/Restaurant | 18 | 36% |
| Manufacturing | 7 | 14% |
| Personal Services | 5 | 10% |
| Agriculture/Horticulture/Forestry/Fishing | 4 | 8% |
| Business Services | 3 | 6% |
| Construction | 3 | 6% |
| Retail | 3 | 6% |
| Wholesale | 3 | 6% |
| Health/Community service | 2 | 4% |
| Cultural/Recreational services | 1 | 2% |
| Education | 1 | 2% |
| TOTAL | 50 | 100% |

Nine respondents did not provide an answer to this question.

The respondents were asked what the main product or service of their business was. Some examples of the products and services the businesses were producing are shown under the relevant industry categories below. Aside from the food related activities there was a range of products and services being developed, such as avocados, health products, and thrown porcelain.

Table 8.13. Business type of LTBV businesses

| Industry | Business Type |
|---|--|
| Accommodation/café/ restaurant | "Restaurant" "Café" "Franchised café" "Hospitality industry" "Sushi" "Takeaway" |
| Manufacturing | "Chinese Dim Sum, e.g. dumplings etc" "Healthy food processing" "Leather hats for tourists and export" "Thrown porcelain" "New furniture" "Stereo, home entertainment products" |
| Personal services | "Motor repair" "Panel beater" "Piano service" "Motor vehicle repairs, wheel alignment and sale of tyres" |
| Agriculture/horticulture/ forestry/fishing | "Avocados" "Dairy farm, milk, cheese, meat" "Dairy products, milk" |
| Wholesale | "Export company/hardware" "Health products" "Trading for seafood" |
| Retail | "Bookshop, selling stationery, books, magazine and cards etc" "Used vehicle sales" |
| Construction | "Building products" "Property, architecture" |
| Business services | "Agency service that helps Asians notice NZ" "Sign writing and writing billboards" |

8.4.4 Whether the business is similar to those previously involved with

Nearly two thirds (62 percent) of the respondents were involved in the same business type as they were before they moved to New Zealand. Most of the respondents pursuing a different business type were involved in a business area or product in which they had some previous experience. Nine people did not provide an answer to this question. Two respondents entered a new business type because the new business was seen as a 'safe' investment. The following comments were made:

"Less risky to establish food business"

"Most safe form of investment in a new country"

8.4.5 Comparison between the businesses developed and those proposed

The respondents were asked to rate the similarity of their established business in New Zealand to what was proposed in their business plan. Fourteen LTBV migrants did not answer this question. In most cases the business established was at least fairly similar to that set out in the business plan (35 percent fairly similar, 40 percent extremely similar). One quarter indicated that it was not similar to their business plan (9 percent not very similar, 16 percent very different).

Respondents who said that their business had changed more than a little were asked for comments under a range of headings in order to prompt them to think about why their business had changed. Eight chose not to provide an answer. Of those who did answer, 8 people indicated that they had changed their business activity for the following reasons:

"Cannot run as planned, due to restriction of conditions and cannot recruit personnel etc"

"Domestic market and international market are having changes"

"Changed from video shop to restaurant"

"Licences, duty, regulations are different from India"

"Main products have changed" "New products and competitors"

"The market is not suitable for our type of business"

"The operations and progress are too slow"

"We wanted to go into chartering but decided to go into the food industry"

Even for those migrants establishing very similar businesses, the main reason for changes to their actual business established was that the market in New Zealand was not what the migrant had expected. Usually the market was smaller than expected or the business environment was quite different to their personal experience.

8.4.6 Turnover of businesses established

The respondents were asked to select from a list the range best describing the current annual turnover of their main business in New Zealand. The modal annual turnover figure was between \$1 and \$50,000. Thirteen respondents indicated a turnover of in excess of \$200,000.

Table 8.14. Annual turnover of the LTBV businesses

| Annual turnover | Number | Percent of people responding |
|------------------------|--------|------------------------------|
| \$0 | 1 | 3% |
| \$1 to \$50,000 | 11 | 31% |
| \$50,001 to \$100,000 | 3 | 8% |
| \$100,001 to \$150,000 | 1 | 3% |
| \$150,001 to \$200,000 | 7 | 19% |
| \$200,001 to \$499,000 | 8 | 22% |
| Over \$500,000 | 5 | 14% |
| Not Specified | 23 | |
| TOTAL | 36 | 100% |

23 migrants did not respond to this question.

8.4.7 Business location in New Zealand

Four-fifths (36 of 47) of the respondents established one business site in New Zealand. Nearly one-in-ten had two business sites, while 2 (out of 47) had three business sites. One respondent had 4 business sites. Two reported not having a physical location for their main business, due to the service nature of these particular businesses. Twelve respondents did not answer this question.

As expected, most of the businesses were established in Auckland (n=22). Four were based in Christchurch, 3 in the Bay of Plenty and 2 in Wanganui. There were also a diverse range of other locations mentioned and these were: Ashburton, Hamilton, Hastings/Hawkes Bay, Palmerston North, Queenstown, Rai Valley, South Island, Taranaki, Taupo, Wellington, Whangarei, and Whitianga.

The respondents were asked for reasons for choosing the location. Responses ranged from 'they liked the area' – which was the most common response (made by 21 percent of those who offered a reason) to 'it was where they lived' (12 percent), 'price of the location and business' (12 percent), and the 'large size' of the local population (12 percent).

8.4.8 Employing others

On average, each of the respondents employed three full-time employees. Six out of ten said their business employed from one to three full-time workers. Nine percent of the respondents employed from four to six full-time employees, and 9 percent more than seven. Fifteen percent had no full-time employees.

In regard to part-time employees, slightly under half employed one to three part-time workers. One quarter employed four to six, while 2 respondents had more than 20 part-time staff in their business. Nearly one fifth did not employ any part-time staff.

The respondents were also asked about employing family members. Twenty-two people chose not to answer the question. Of the remainder, close to eight-in-ten (78 percent)

employed at least one of their family members full-time in their business. The remaining 22 percent did not employ any family members. (See Tables 8.15 to 8.17 below)

Table 8.15. Number of people employed full-time by LTBVs in addition to themselves

| Number of full-time employees in addition to the LTBV principal applicant | Number |
|---|-----------|
| 0 | 5 |
| 1 | 7 |
| 2 | 8 |
| 3 | 6 |
| 4 | 2 |
| 5 | 1 |
| More than 5 | 3 |
| Not specified | 27 |
| TOTAL | 59 |

Table 8.16. Number of people employed part-time by LTBVs in addition to themselves

| Number of part-time employees in addition to the LTBV principal applicant | Number |
|---|-----------|
| 0 | 5 |
| 1 | 5 |
| 2 | 6 |
| 3 | 2 |
| 4 | 3 |
| 5 | 4 |
| More than 5 | 1 |
| Not specified | 33 |
| TOTAL | 59 |

Table 8.17. Full-time family members by LTBVs

| Number of full-time family employees in addition to the LTBV principal applicant | Number |
|--|-----------|
| 0 | 5 |
| 1 | 10 |
| 2 | 7 |
| 7 | 1 |
| Not specified | 22 |
| Skipped the question | 14 |
| TOTAL | 59 |

8.4.9 Import and export activities

Imports. Forty-two percent of the respondents' businesses imported goods or services from overseas. Table 8.18 shows the main countries, or regions, imported from were China (5 people), Europe (3 people), South Korea (3 people) and Japan (3 people).

Table 8.18. Businesses importing goods or services by country/area imported from

| Country or region imported from* | Number |
|---|-----------|
| China | 5 |
| Europe | 3 |
| South Korea | 3 |
| Japan | 3 |
| Australia | 2 |
| Fiji | 2 |
| Malaysia | 2 |
| Thailand | 2 |
| <i>Total number of businesses importing</i> | <i>20</i> |
| <i>Number of businesses Not importing</i> | <i>27</i> |
| <i>Not specified</i> | <i>12</i> |
| Total | 59 |

*More than one country or region could be specified.

Exports. Thirty-five percent or 16 of the businesses run by LTBV migrants were involved in exporting goods or services overseas. The main countries they exported to were Australia and Japan (3 respondents respectively). Two people each said that the main countries exported to were the United States, China, and South Korea. Finally, a number of people named a region instead of a country.

Table 8.19. Businesses exporting by main countries exported to

| Country or region exported to* | Number |
|---|-----------|
| Australia | 3 |
| Japan | 3 |
| China | 2 |
| South Korea | 2 |
| United States of America | 2 |
| Asia | 3 |
| Europe | 2 |
| Pacific | 2 |
| <i>Total number of businesses exporting</i> | <i>16</i> |
| <i>Number of businesses Not exporting</i> | <i>32</i> |
| <i>Not specified</i> | <i>11</i> |
| Total | 59 |

*More than one country or region could be specified.

LTBV business owners were asked to select from a list the range that best described their current annual level of exports from their business in New Zealand. Nine people did not answer this question. Of the 49 who did, the following levels of exports was specified:

- \$1 to \$20,000 – 5 businesses
- \$20,001 to \$40,000 – 1 business
- \$40,000 to \$60,000 – 1 business
- \$60,000 and over – 7 businesses.

8.4.10 Perception of business success

Respondents were asked how their business had performed in New Zealand. Table 8.20 shows that almost half (47 percent) said their business had performed better than expected. However, a significant number, 30 percent, indicated that their business had performed a little or a lot worse than expected.

Table 8.20. LTBV migrants perception of their business success

| How well has business done | Number | Percent |
|------------------------------|-----------|-------------|
| A lot worse than expected | 4 | 9% |
| A little worse than expected | 9 | 21% |
| Same as expected | 10 | 23% |
| A little better | 11 | 26% |
| A lot better | 9 | 21% |
| TOTAL | 43 | 100% |

16 people did not respond to this question.

8.4.11 Amount of current and future investment in businesses

Respondents were asked for the total amount of investment in their New Zealand business. One, who owns a business, stated that they had yet to invest in their business, which is surprising given they had purchased a new business outright. Table 8.21 shows the responses. Sixteen respondents invested \$250,000 or over.

Table 8.21. Amount invested by LTBV migrants in current main business

| Investment amount | Number | Percent |
|-----------------------|-----------|-------------|
| None | 1 | 3% |
| <\$50,000 | 3 | 7% |
| \$50,001- \$75,000 | 4 | 10% |
| \$75,001- \$100,000 | 6 | 15% |
| \$100,001 - \$150,000 | 5 | 12% |
| \$150,001 - \$200,000 | 3 | 7% |
| \$200,001 - \$250,000 | 3 | 7% |
| Above \$250,000 | 16 | 39% |
| TOTAL | 41 | 100% |

16 did not answer this question, while two respondents were routed past the question.

8.4.12 Overall investments in New Zealand

The respondents were also asked for their investment intentions. Table 8.22 shows that 15 of the respondents were intending to invest over \$250,000.

Table 8.22. Investment intentions of LTBV migrants

| Investment amount | Number | Percent |
|-----------------------|-----------|-------------|
| None | 3 | 9% |
| <\$50,000 | 6 | 20% |
| \$75,000 - \$50,001 | 1 | 3% |
| \$100,000 - \$75,001 | 2 | 6% |
| \$150,000 - \$100,001 | 3 | 9% |
| 200,000 - \$150,001 | 1 | 3% |
| 250,000 - \$200,001 | 1 | 3% |
| Above \$250,000 | 15 | 47% |
| TOTAL | 32 | 100% |

25 respondents did not answer this question and two were routed past the question.

The respondents were asked to list the main types of investments they held in New Zealand. Six people did not answer this question. Table 8.23 shows that, unsurprisingly, they were most likely to have investments in the form of a business. Nineteen of the respondents indicated that they had invested in residential property. It is possible that some of these people may be using the property for their personal use. Six migrants did not answer this question. People could give more than one type of investment, so percentages do not sum to 100 percent.

Table 8.23. Main types of investment of LTBV migrants

| Main type of investment | Number | Percent |
|---------------------------------|--------|---------|
| Investment in a business | 40 | 76% |
| Savings account | 26 | 49% |
| Residential property investment | 19 | 36% |
| Stocks and shares | 5 | 9% |
| Commercial property investment | 4 | 8% |
| Others | 3 | 6% |

The respondents were also asked for the total amount they had invested in New Zealand. Table 8.24 shows that the LTBV migrants were most likely to have invested between \$NZ100,001 and \$NZ500,000 in New Zealand. Eleven migrants had invested under \$100,000 while seven had invested over \$500,000.

Table 8.24. Total amount invested by LTBV migrants

| Amount invested: | Number | Percent |
|-----------------------------|-----------|-------------|
| Up to \$NZ10,000 | 1 | 2% |
| \$NZ10,001 - \$NZ50,000 | 6 | 14% |
| \$NZ50,001 - \$NZ100,000 | 4 | 10% |
| \$NZ100,001 - \$NZ250,000 | 11 | 26% |
| \$NZ250,001 - \$NZ500,000 | 11 | 26% |
| \$NZ500,001 - \$NZ1,000,000 | 7 | 17% |
| Over \$NZ1,000,000 | 2 | 5% |
| Total | 42 | 100% |

17 respondents did not answer this question.

8.5 LTBV conversions to residence

This section briefly describes the proportions of people who have moved from an LTBV permit to residence. Over the period March 1999 until March 2002, 19 LTBV principal applicants had been approved for residence through the Entrepreneur Category, and 37 people in total. In total, 368 people – 84 principal applicants – on an LTBV had become a resident through a variety of residence categories. Table 8.24 shows the categories and numbers of the people who now have residence, the majority through the General Skills and Investor categories.

Table 8.25. Residence categories of LTBV approvals between 1999 and March 2002.

| Residence Category | Number of LTBV applicants who had been approved for residence | Number of LTBV principal applicants who had been approved for residence |
|-------------------------|---|---|
| General skills | 172 | 31 |
| Investor Category | 118 | 23 |
| Entrepreneur Category | 37 | 19 |
| Humanitarian | 13 | 3 |
| Ministerial direction | 12 | 2 |
| Family sibling | 4 | 1 |
| Family parent | 4 | 2 |
| Employees of businesses | 3 | 1 |
| Family marriage | 3 | 1 |
| Family child adult | 1 | 1 |
| Business investor | 1 | 0 |
| Total | 368 | 84 |

8.6 Summary of main points

The main points in this chapter were:

- Seventeen percent of LTBV migrants were absent from the country at any one point, and 5.8 percent had been absent for more than six months. Principal applicants tended to be more absent on average than spouses, who in turn were more absent on average than children. But the differences were small and for people who were absent more than six months these differences were not apparent.
- File study:
 - One third of LTBV applicants had experience in the business type they intended to set up.
 - Almost nine out of ten of the applicants intended to own three-quarters or more of their business.
 - Three hundred and ninety applicants were to invest a total of \$68.928 M in their businesses, an average of \$171,500 for each business. They would also, on average, use \$62,200 in working capital and an average of \$215,400 in maintenance funds. In total, the average migrant was bringing in the order of \$449,000 into the country. It should be noted that BMB records for the current calendar year show that on average the amount each principal

- applicants intended to bring into New Zealand was about \$250,000 - considerably less than the figures identified in the file study.
- Over half of the applicants were planning to establish a business in the accommodation, cafés and restaurants industry or the retail trade (28 and 26 percent respectively). The range of business types overall was wide. Import/export companies were the most common business type, although the second to fifth largest groupings belonged to the 'food service' industry and included cafés, restaurants and dairies. Other business types included fishing charters, property development, hydroponics and IT education.
 - The majority of the businesses being established required no special training to run them.
 - On average, each applicant was planning to employ 2.3 full-time employees in their business, and 0.65 part-time workers.
 - As expected, 70 percent of the applicants were intending to establish a business in Auckland, followed by Canterbury at 7 percent.
 - Sixty percent and 39 percent respectively had managed a business or staff, or had owned a business before. There was an average of 10.4 years of prior business experience among the LTBV applicants.
- In the survey of LTBV migrants:
- Around half of the migrants interviewed had purchased an existing business, and the other half had set up a new one. Four-fifths owned one business, and the remainder more than one.
 - The most common industry was the Accommodation, Cafes and Restaurants with 36 percent of the respondents having their main business in this area. This was followed by Manufacturing and Personal Services. Two-thirds were involved in the same business type as they were overseas. In most cases the business established was at least fairly similar to that proposed in their business plan.
 - Most businesses were established in Auckland while on average each respondent employed three full-time employees. The modal annual turnover was between \$1 and \$50,000.
 - Forty-four percent of the businesses imported goods from overseas and 35 percent exported.
 - Almost half thought their business had performed better than expected, although 30 percent thought it had performed worse than expected.
 - Over a third of the respondents had invested more than \$250,000 in their business. In terms of total investments, the respondents were most likely to have invested between \$100,000 and \$500,000.

PART D

**BUSINESS RESIDENCE
CATEGORIES**

9. BUSINESS RESIDENCE TRENDS

9.1 Introduction

This chapter examines trends in the business residence categories. Three categories are discussed although most analysis is of the Investor Category, due to the small number of approvals, to date, through the Employees of Relocating Business and Entrepreneur categories. Chapter 10 discusses the outcomes being achieved through these policies.

9.2 Employees of relocating businesses

Since its introduction in late March 1999 there have been 30 applications approved for residence through this category, comprising 84 people in total. This residence category is for applicants who do not qualify through any other residence category and where, upon application, the Minister of Immigration decides on residence on a case by case basis.

Table 9.1. Employees of Relocating Business approvals, 1999 to March 2002

| Financial year | Number of approved applications | Number of applicants |
|-------------------------------------|---------------------------------|----------------------|
| 1999/00 | 5 | 16 |
| 2000/01 | 14 | 34 |
| 2001/02 (first three quarters only) | 11 | 34 |
| OVERALL | 30 | 84 |

Of the principal applicants approved through this category, 24 were male and six were female. Table 9.2 shows the nationality of the principal applicants. China has been the largest source country and aside from Great Britain and South Africa the remainder are spread evenly over a variety of countries.

Table 9.2. Nationality of principal applicants in the Employees of Relocating Category

| Nationality | Number |
|---------------|-----------|
| China | 9 |
| Great Britain | 7 |
| South Africa | 4 |
| USA | 2 |
| Japan | 2 |
| Fiji | 1 |
| India | 1 |
| Netherlands | 1 |
| Canada | 1 |
| Hong Kong | 1 |
| Malaysia | 1 |
| Total | 30 |

9.3 Entrepreneur Category

The number of people approved through the Entrepreneur Category to date is also low. Since March 1999 there have been 56 approved applications, comprising 130 people. Very few of the people approved through LTBV policy would yet be applying for residence through the Entrepreneur Category as they have a three-year permit. Increasing numbers could be expected from July this year – around three years after the first LTBVs were issued.

Table 9.3. Entrepreneur Category approvals, 1999 to March 2002

| Financial year | Number of approved applications | Number of applicants |
|-------------------------------------|---------------------------------|----------------------|
| 1998/99 | 1 | 1 |
| 1999/00 | 14 | 28 |
| 2000/01 | 20 | 60 |
| 2001/02 (first three quarters only) | 21 | 41 |
| OVERALL | 56 | 130 |

Of the principal applicants approved through this category, 40 were male and 16 were female. Table 9.4 shows the nationality of the principal applicant. Currently, the largest source countries are China, Japan, Great Britain and South Korea.

Table 9.4. Nationality of applications through the Entrepreneur Category

| Nationality | Number |
|---------------|-----------|
| China | 8 |
| Japan | 8 |
| Great Britain | 7 |
| South Korea | 6 |
| USA | 3 |
| Fiji | 3 |
| Pakistan | 2 |
| Singapore | 2 |
| Turkey | 2 |
| Germany | 2 |
| Thai | 2 |
| Taiwan | 2 |
| Other | 9 |
| Total | 56 |

9.4 Investor Category trends

This section discusses the characteristics of Investor applicants, their trends over time, and provides information from a file study of 423 applications. The following outcomes chapter provides information on investment amounts.

9.4.1 Approvals versus declines

Overall, between 1999 and March 2002 only 6 percent (123 out of 1,945) of Investor applications were declined, which is slightly lower than the overall proportion for all declined residence applications¹⁸. (See Table A1.8 in Appendix 2 for Investor application approval and decline rates, by quarter, since 1999).

9.4.2 Location of applications

Unlike other types of residence applications, the majority of Investor applications were made offshore, that is, they applied for a visa. Since 1999, 93 percent of all applications approved have been made offshore. This rate has been consistent over time, and over the last seven quarters has fluctuated with between 87 and 96 percent of applications made offshore. By comparison, between July 2001 and March 2002, only 53 percent of all residence applications approved were made offshore. (See Table A1.9 in Appendix 2 for Investor application visa and permit rates, by quarter, since July 1997).

9.4.3 Trends by nationality

Trends in the nationality of applications and people approved through the Investor Category from 1999 to March 2002 can be seen in Figures 9.1 and 9.2 (over page). There have been 6,126 people (1,822 of whom were principal applicants) approved for residence from March 1999 to March 2002.

The first chart shows that people of Chinese ethnicity dominate the flow of applications. In particular, people from China and Taiwan made up the largest proportion of approved applications, although a small recent decline can be seen in approvals from Taiwan. As an example, in the first nine months of 2001/2002, China alone has made up 69 percent of all approved applications, while, combined with Taiwan, 82 percent of Investor applications came from only these two countries.

China has been the dominant nationality since the first quarter of 2000/2001, so much so, that the Investor Category could be seen to be relatively unsuccessful in attracting substantial numbers of migrants from any other country. If the Chinese market collapsed for any reason, then the Investor Category would show a sharp decline in numbers approved. Nevertheless, the number of approved applications, excluding China and Taiwan, are still higher than they were under the previous Investor policy.

¹⁸ In the 2000/2001 financial year, 8 percent of all applications for residence were declined. (Trends in Residence Approvals 2000/2001, Volume 1 - NZIS)

Figure 9.1. Trends in the nationality of Investor Category approvals, by application, 1999 to March 2002

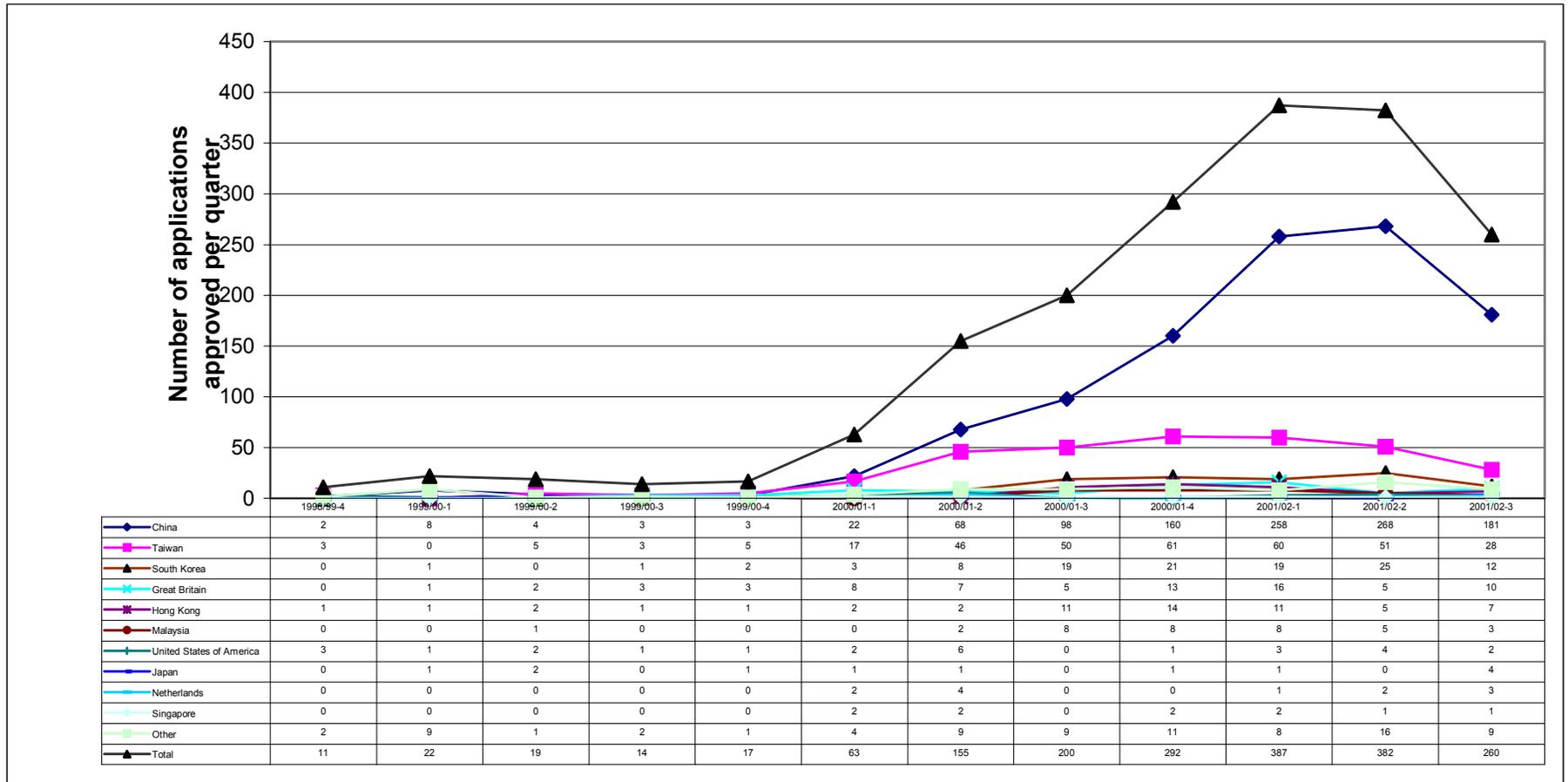
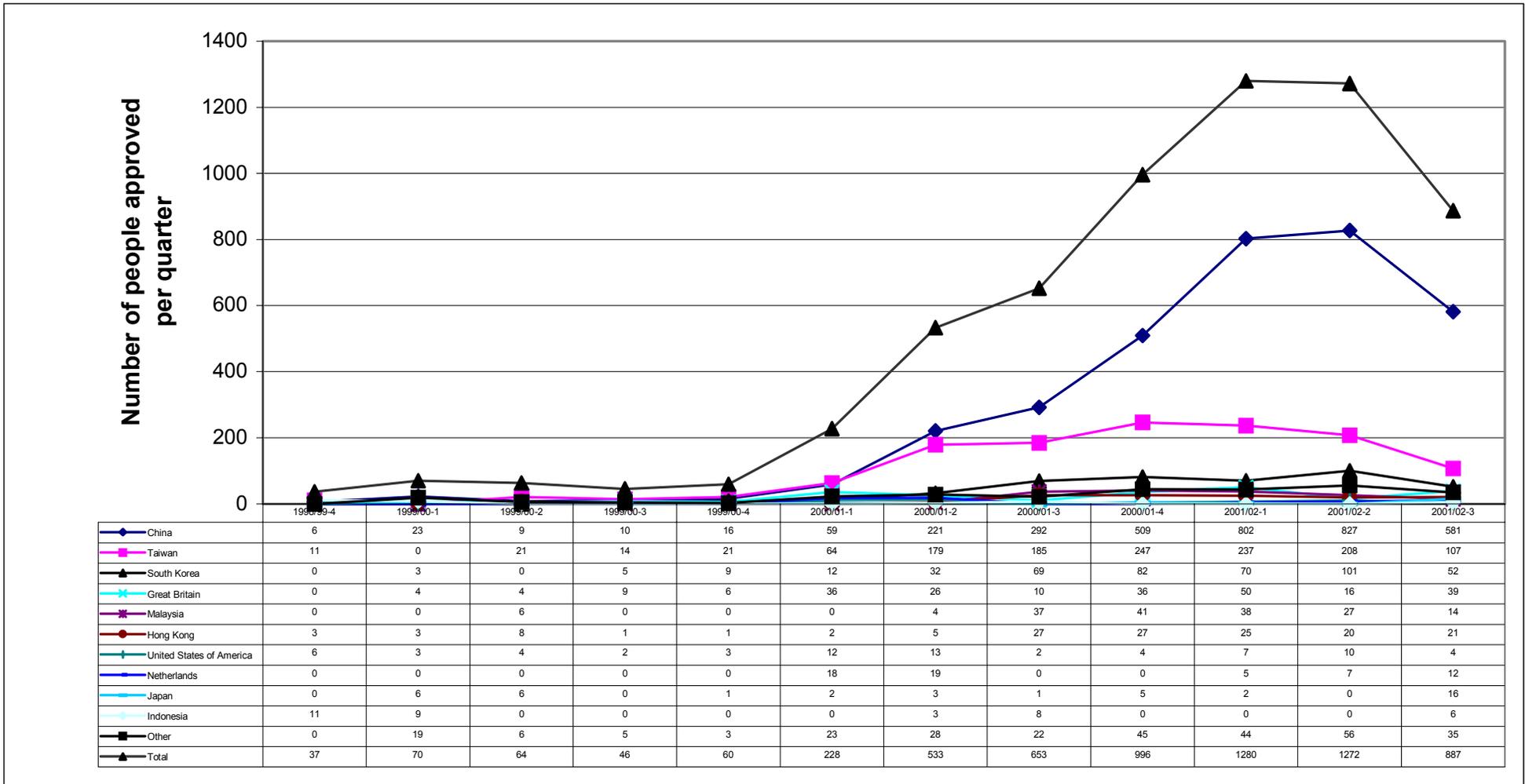


Figure 9.2. Trends in the nationality of Investor Category approvals, by person, 1999 to March 2002



9.4.4 Application Size

The average size of Investor applications approved between 1999 and March 2002 is shown in Table 9.5. The average size application had 3.4 people, which is a considerably higher average than other types of residence application. For example, it compares with an average of 2.0 people for all types of residence applications or 2.6 people per General Skills application in 2000/2001.

Table 9.5. Investor Category application size – 1999 to March 2002

| Financial year | Average of application size | Number of applications |
|-------------------------------------|-----------------------------|------------------------|
| 1998/99 | 3.4 | 11 |
| 1999/00 | 3.3 | 72 |
| 2000/01 | 3.4 | 710 |
| 2001/02 (first three quarters only) | 3.3 | 1029 |
| OVERALL | 3.4 | 1822 |

9.4.5 Gender

On average, over the period from 1999 to March 2002, 31 percent of Investor Category principal applicants were female. (See Table A1.10 in Appendix 2 for the gender of Investor Category principal applicants since 1999).

9.4.6 Average Age

The average age of Investor principal applicants is currently 40 years, although this has declined over time from a high of 42.6 years in 1998/99 to 39.5 years in the first three-quarters of 2001/02.

Table 9.6. Average age of Investor Category applicants – 1999 to March 2002

| Financial year | Average of Principal Applicant age | Number of approved applications |
|-------------------------------------|------------------------------------|---------------------------------|
| 1998/99 | 42.6 | 11 |
| 1999/00 | 41.2 | 72 |
| 2000/01 | 40.0 | 710 |
| 2001/02 (first three quarters only) | 39.5 | 1029 |
| OVERALL | 39.8 | 1822 |

9.5 File study Investors

A study was undertaken of Investor Category application files to obtain more information about applicants' characteristics and the types of investments being made. There were 423 applications included in this study. The date of decision for these applications ranged from May 1999 to May 2001.

9.5.1 Demographic characteristics

A breakdown of the nationality of the 415 clients in the Investor file study who had valid nationality data can be seen in Table 9.7. As with Investor Category migrants overall, North Asian countries dominate as source countries. Demographically the migrants in the Investor file study were similar to all Investor migrants. The proportion of nationalities represented in the file study was approximately in keeping with all Investor Category migrants, although Chinese migrants were somewhat underrepresented (46 percent of the file study versus 59 percent of all Investors).

Table 9.7. Nationality breakdown of investor file study applicants

| Nationality | Number of file study Investors | Percentage of file study Investors | Percentage of all Investor PAs |
|--------------------------|--------------------------------|------------------------------------|--------------------------------|
| China | 190 | 46% | 59% |
| Taiwan | 90 | 22% | 18% |
| South Korea | 33 | 8% | 6% |
| Great Britain | 25 | 6% | 4% |
| Hong Kong | 15 | 4% | 3% |
| United States of America | 12 | 3% | 1% |
| Indonesia | 6 | 1% | 0% |
| Malaysia | 6 | 1% | 2% |
| Netherlands | 5 | 1% | 1% |
| Japan | 4 | 1% | 1% |
| Other* | 29* | 7% | 5% |
| TOTAL | 415 | 100% | 100% |

*This classification includes: France; South Africa; Fiji; Germany; Switzerland; Thailand; Greece; Canada; Brunei Darussalam; Belgium; Grenada; India; Jordan; Nauru; Pakistan; Singapore; Sri Lanka; Sweden; Tonga; and Ireland.

The average age of the file study migrants was 40.5 years of age at date of decision, very close to the figure of 39.8 years for all migrants approved in this category since 1999 (See table A1.11 in Appendix 1). In terms of gender, the percentage of female principal applicants in the file study (28 percent female) was also very close to the gender breakdown of all migrants approved. Of the applications for which location of application was known, 65 percent (or 272) were visa applications lodged offshore, and 35 percent (143) were permit applications lodged onshore.

9.5.2 Business experience

The number of businesses that the Investor applicants had previous management experience in was coded from the files, and the total number of businesses can be seen in Table 9.8. Seventy-two percent of the applicants had previous management experience.

Table 9.8. Total number of businesses the principal applicant was cited as having experience in

| Number of businesses | Number | Percentage |
|----------------------|------------|-------------|
| None | 119 | 28% |
| One only | 167 | 39% |
| Two only | 89 | 21% |
| Three only | 33 | 8% |
| Four only | 15 | 4% |
| TOTAL | 423 | 100% |

In terms of the number of total years of management experience in all companies, a total of 3,186 years of experience was cited, or 7.53 years on average. However, included in these figures were 119 applicants who listed no previous experience.

9.5.3 Investment funds

Investor applicants are asked to name the sources of the funds they would be investing in New Zealand. The file study coded for up to four named sources, and these classifications are found in Table 9.9 below. There was some ambiguity in responses, as "savings" is a very broad definition of the source of funds.

The table shows that 46 percent of the applicants sourced their investment funds from bank accounts or term deposits. A further 25 percent of the applicants nominated "savings", with no further detail about where the money came from. The next most common source of funds was real estate or property at 22 percent followed by shares and stocks at 18 percent.

Table 9.9. Source of Investor funds (n = 418)

| Source of investment funds | Number of sample citing this source | Percentage of sample citing this source |
|-------------------------------------|-------------------------------------|---|
| Bank account/term deposit | 194 | 46% |
| Savings | 103 | 25% |
| Real estate/property | 93 | 22% |
| Shares/stocks/shares in a business | 76 | 18% |
| Profits/earnings | 30 | 7% |
| Gift/will money/marriage settlement | 11 | 3% |
| Other | 46 | 11% |

People could give more than one source type, so percentages do not sum to 100%

9.6 Summary of main points

The main points in this chapter were:

- Thirty applications, involving 84 people, had been approved through the Employees of Relocating Businesses Category since 1999, with China being the biggest contributor (9 applications).

- Fifty-six applications, involving 130 people, had been approved through the Entrepreneur Category since 1999, with China and Japan being the biggest contributors (8 applications each).
- Investor migrant trends were examined. Between March 1999 and March 2002, 6,126 people were approved for residence. Only 6 percent of applications had been declined and 93 percent of the applications are made offshore, which is a very high proportion. People from China and Taiwan dominate flows. The average application size is 3.4 people, while 31 percent of the principal applicants were female. The average age of a principal applicant was 40 years.
- File study Investors:
 - 72 percent of the principal applicants had previous business experience, with an average 7.5 years experience on average across all the principal applicants.
 - There were a variety of reported sources of their investment funds. Many cited bank accounts, terms deposits, or "savings".

10. BUSINESS RESIDENCE CATEGORY OUTCOMES

10.1 Introduction

This chapter discusses the outcomes being achieved by the new business residence categories. It includes analysis of outcomes for the Employees of Relocating Businesses, Entrepreneur and Investor Categories. Information is summarised from file studies of application files for each category and, for the Investor Category, interviews with recent migrants. The time spent in and out of New Zealand for Investor migrants is also discussed.

10.2 Employees of Relocating Business outcomes

A study of 24 of the 30 completed application files was undertaken. The applications approved involved 24 principal applicants for 18 separate businesses.

10.2.1 Industry and business type

Table A1.12 in Appendix 2 provides information on the industry and activities of the original business and the proposed relocated business in New Zealand from 1999 to March 2001. For most of the businesses approved under this policy an overseas parent company (and in one case a New Zealand parent company) was intending to continue its operation. Only four of the businesses were intending to close down their business overseas and then establish the same type of business in New Zealand. In one case five separate applications, for different applicants, were approved for one of the manufacturing businesses which was closing down its overseas operation to relocate to New Zealand.

Half of the businesses relocating were intending to work in the same industry and undertake the same activities as the original business. The activities undertaken by eight of the businesses, while quite similar to those undertaken by the original business and involving the same types of products or services, were in some way supporting the business operation of the parent company. For example, companies importing and exporting goods to and from the parent company. The remaining business established in New Zealand, a hotel, was quite different from the original business of the parent company (a pawnbroker and jeweller).

Business types relocated and established in New Zealand were a diverse range including: manufacturing medical consumables, exporting animal products, growing barley and malt production in New Zealand, a post-production company in the video and film industry, computer software and hardware development, and bending acrylic for New Zealand and overseas aquariums.

10.2.2 Location of relocated businesses

Table 10.1 shows the location of the businesses relocated to New Zealand. Auckland was the major recipient, followed by Canterbury.

Table 10.1. Regional location of relocating businesses

| Region | Number |
|-----------------------------------|-----------|
| Auckland | 10 |
| Canterbury | 3 |
| Manawatu-Wanganui | 2 |
| Waikato | 1 |
| Wellington | 1 |
| Otago | 1 |
| Total number of businesses | 18 |

10.2.3 Reason for business relocation

The majority of businesses were intending to set up business in New Zealand in order to expand. Three of the businesses were relocating for lifestyle reasons - two of these were family businesses, where the applicants wanted to leave South Africa.

10.2.4 Applicants' role in business and why they were considered a key employee

All of the applicants approved were intending to have a managerial role in the business, in most cases as a manager or director. Other roles in the businesses included a financial controller, an administration consultant, a marketing sales consultant and a lead engineer.

The principal applicant was generally considered as a key employee due to their previous experience in, and knowledge of the business. These elements were seen as being crucial to the success of the relocated business.

10.3 Entrepreneur Category outcomes

Fifty-six applications through the Entrepreneur Category had been approved between 1999 and March 2002. Of these applications, 47 of the files were located and accessed for the following analysis – which is 84 percent of the applications approved to date.

10.3.1 Industry and business type

Table 10.2 provides information on the industry of the 47 approved applications. Industry is determined by the main activity of the business. While the Accommodation, Cafés, and Restaurants sector was the most common, generally the businesses were spread across a wide range of industrial sectors.

Table 10.2. Intended industry of Entrepreneur Category businesses

| ANZSIC96 Classification of industry | Number | Percentage |
|-------------------------------------|-----------|-------------|
| Accommodation, Cafés & Restaurants | 8 | 17% |
| Property & Business Services | 7 | 15% |
| Wholesale Trade | 7 | 15% |
| Retail Trade | 6 | 13% |
| Manufacturing | 5 | 11% |
| Cultural & Recreational Services | 5 | 11% |
| Agriculture, Forestry & Fishing | 3 | 6% |
| Transport & Storage | 2 | 4% |
| Education | 1 | 2% |
| Health & Community Services | 1 | 2% |
| Construction | 1 | 2% |
| Communications Services | 1 | 2% |
| Personal & Other Services | 0 | 0 |
| TOTAL | 47 | 100% |

There was a wide range and diversity of business types evident. The full list of business types is provided in Table A1.13 in Appendix 2. Business types included: a timber merchant producing wood for export, the manufacture and sale of lingerie, two commercial embroidery companies, a company growing flowers for export, an animation production company, installation of fire sprinkler systems, wool exporting companies, a company importing and selling used car parts, seven restaurants, tourism businesses, and a television production company.

10.3.2 Location of the businesses

As expected, the large majority of businesses were established in Auckland. However, 46 percent were located outside Auckland, but, of these, only 7 were in the South Island.

Table 10.3. Location of the Entrepreneur Category businesses

| Region | Number* |
|-------------------|-----------|
| Auckland | 26 |
| Northland | 5 |
| Canterbury | 4 |
| Manawatu-Wanganui | 3 |
| Wellington | 3 |
| Otago | 3 |
| Bay of Plenty | 2 |
| Gisborne | 1 |
| Hawkes Bay | 1 |
| Total | 48 |

*One of the businesses approved in this category had two locations, therefore the total number of locations is higher than expected.

10.3.3 Number of employees

It was difficult to assess the number of employees from the files. Several of the businesses employed staff on contract for particular projects as and when needed. Six of the businesses reported that a family member (or members) was employed by the business. Of the remainder, 8 employed only the principal applicant while 14 employed five or more workers.

Table 10.4. Number of employees of Entrepreneur Category businesses

| Number of employees | Businesses |
|------------------------------|------------|
| Principal applicant only | 8 |
| 1 | 6 |
| 2 | 8 |
| 3 | 0 |
| 4 | 3 |
| 5 to 10 | 7 |
| Over 10 | 7 |
| Seasonal or contract workers | 8 |
| Total | 47 |

10.3.4 Business turnover

Table 10.5 shows the reported turnover of the Entrepreneur businesses. The years for which sales figures were given varied from the year ended March 1998 to the year ended March 2002. Most of the sales figures provided were for the year ended March 2001 (18 of the businesses) or for the year ended March 1999 (14 out of the 47 businesses).

Table 10.5. Turnover of Entrepreneur Category businesses

| Total turnover of business | Number |
|----------------------------|-----------|
| 0 - \$50,000 | 6 |
| \$51,000 - \$100,000 | 5 |
| \$100,001 - \$200,000 | 8 |
| \$200,001 - \$500,000 | 13 |
| \$500,001 - \$1,000,000 | 7 |
| \$1,000,000 - \$5,000,000 | 5 |
| Over \$5,000,000 | 3 |
| Total | 47 |

Eleven businesses had turnovers of \$100,000 or less, while the median was a turnover of between \$200,001 and \$500,000. The two highest earning businesses in terms of sales had turnovers of \$11.3 million (this sales figure was only for the nine months ended September 1999) and \$14.5 million. One of the businesses on file had not made any sales during the last financial year.

10.3.5 Business profit

The profit figures in Table 10.6 are in most cases after tax and after shareholder remuneration and directors' salaries. There were a few cases where it was difficult to establish whether shareholder remuneration had been taken out.

As above, the years for which profit figures were available varied from the year ended March 1998 to the year ended March 2002. The two businesses not included in this table reported profit figures before shareholder remuneration. The profit for both of these businesses was between \$45,000 and \$70,000. Overall, the majority of the businesses were making a loss or small (\$25,000 or under) profit. It is, however, worth bearing in mind that these businesses are new and it could be expected that new businesses would take time to show a profit.

Table 10.6. Business profit for Entrepreneur Category businesses

| Net profit or loss after tax | Number |
|-------------------------------------|---------------|
| Loss | 15 |
| \$0 - \$25,000 | 19 |
| \$25,001 - \$50,000 | 4 |
| \$50,001 - \$100,000 | 2 |
| \$100,001 - \$200,000 | 3 |
| \$200,001 - \$500,000 | 1 |
| Over \$500,000 | 1 |
| Total | 45 |

10.3.6 Customers

There were a variety of customers identified for the Entrepreneur businesses. Seventeen of the applicants identified the general public in New Zealand while 12 identified other New Zealand businesses as their customers. Twelve applicants identified people overseas as their main customers.

Table 10.7. Identified customers of the Entrepreneur Category businesses

| Customer base | Number |
|---------------------------------------|---------------|
| General public in NZ | 17 |
| Businesses in NZ | 12 |
| Tourists - domestic and international | 6 |
| Overseas | 12 |
| Total | 47 |

10.3.7 Business ownership

Information on the number of shares owned in the business was available for 41 of the businesses. In around a quarter of these businesses (10 out of 41), it was reported that a spouse or another family member was the other shareholder in the business. In 35 of the 41 businesses the principal applicant held 50 percent or more of the shares.

Table 10.8. Proportion of business owned by the principal applicant

| Proportion of shares | Number |
|----------------------|-----------|
| 25% - 49.9% | 6 |
| 50% - 74.9% | 21 |
| 75% - 100% | 14 |
| Total | 41 |

10.3.8 Imports and exports

Table 10.9 shows the companies importing and exporting. Ten of the 47 Entrepreneur businesses were involved with imports and twelve with exports. Four of the businesses were involved with both import and export activities. Many of the identified countries for export and import were from North Asia, although in a number of cases the companies were trading with a range of different overseas companies.

Table 10.9: Imports and exports for Entrepreneur Category businesses

| Regions imported from | Number of businesses |
|--------------------------------|----------------------|
| North Asia | 5 |
| Europe | 1 |
| Unspecified | 2 |
| A range of overseas countries | 2 |
| Number of businesses importing | 10 |
| Regions exported to | |
| North Asia | 4 |
| A range of overseas countries | 7 |
| Unspecified | 1 |
| Number of businesses exporting | 12 |

10.3.9 International linkages

Nine of the businesses approved through the Entrepreneur Category to date had international linkages through either being partly owned by a parent company in another country, owning an overseas business themselves or being part of an international group of companies.

10.4 Investor Category outcomes

This section describes the outcomes of the Investor Category. It includes analysis of their movements in and out of New Zealand, the results of a file study and also interviews with Investor principal applicants.

10.4.1 Investor movements

One indicator of success of the category is the propensity of the Investor migrants to spend time in New Zealand developing business-related interests. The following analysis was completed on Investor migrants who were approved and, for those approved off

shore, had arrived to take up residence between 1 April 1999 and 1 October 2001. The analysis included various groups such as principal and secondary applicants, imputed partners and spouses, and imputed children.

As can be seen in Table 10.10, the findings from the analysis were interesting, showing that people approved through the Investor Category had a high incidence of being absent from New Zealand. As at a single point in time - in this case 2 April 2002 when these tests were performed - 46 percent of all people approved through the Investor Category were absent from the country. When restricting the analysis only to principal applicants, those absent from the country increased to 55 percent. Overall, 42 percent of secondary applicants were absent from the country on the 2nd of April 2002.

Just over one quarter of all those approved had been absent for six months or more, and this figure increased to around 30 percent for school age children. One quarter of all approved principal applicants had been absent for six months or more. This finding suggests that many of the approved applicants were leaving shortly after they had arrived to take up their residence.

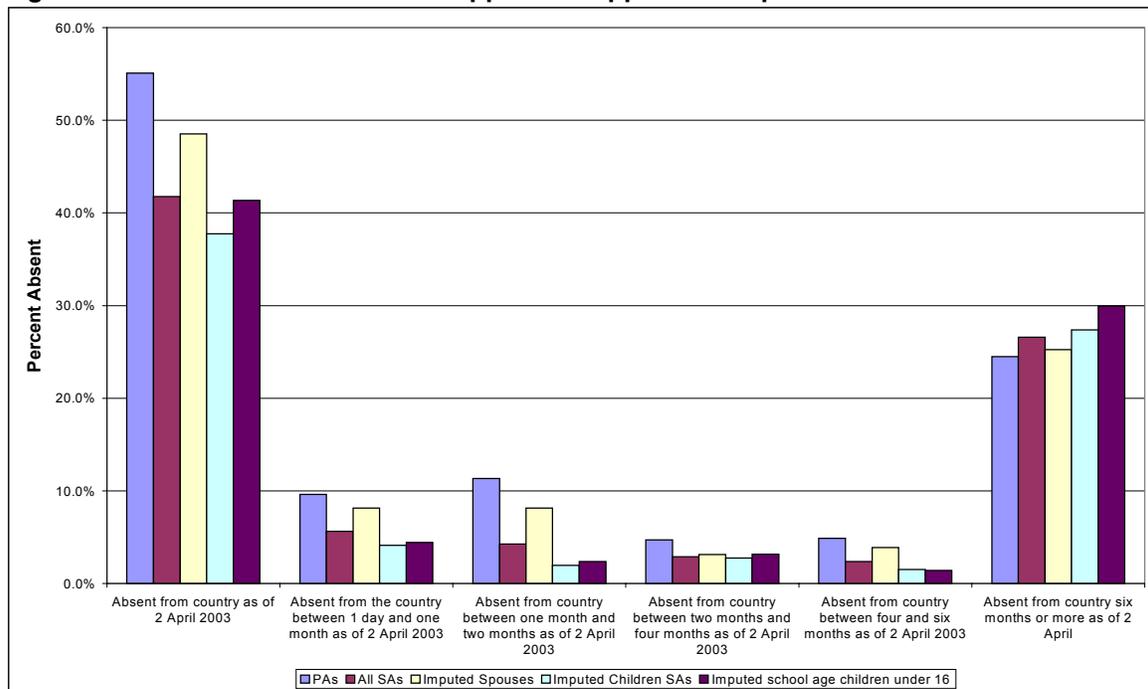
Spouses were less absent on average than principal applicants, at a given point in time, and children even less so. However, these results only hold up for absences from the country up to two months in length. For absences from the country of two months or longer, school age children are just as likely to be absent as parents, and at six months are in fact more likely to be absent. However, there has been no attempt to analyse this data for the absent parent, or 'astronaut' phenomenon.

Table 10.1. Investor Category movement history for those who have taken up residence between 1 April 1999 to 1 October 2001

| | All applicants | Principal applicants | All Secondary applicants | Imputed Spouses | Imputed Children SAs | Imputed school age children under 16 |
|--|----------------|----------------------|--------------------------|-----------------|----------------------|--------------------------------------|
| Number who had taken up their permit in the period | 1976 | 592 | 1384 | 515 | 869 | 631 |
| Number with movements listed after they had taken up their permit | 1577 | 520 | 1057 | 429 | 628 | 455 |
| Absent from country as of 2 April 2002 | 904 (45.7%) | 326 (55.1%) | 578 (41.8%) | 250 (48.5%) | 328 (37.7%) | 261 (41.4%) |
| Absent from the country between 1 day and one month as of 2 April 2002 | 135 (6.8%) | 57 (9.6%) | 78 (5.6%) | 42 (8.2%) | 36 (4.1%) | 28 (4.4%) |
| Absent from country between one and two months as of 2 April 2002 | 126 (6.4%) | 67 (11.3%) | 59 (4.3%) | 42 (8.2%) | 17 (2.0%) | 15 (2.4%) |
| Absent from country between two and four months as of 2 April 2002 | 68 (3.4%) | 28 (4.7%) | 40 (2.9%) | 16 (3.1%) | 24 (2.8%) | 20 (3.2%) |
| Absent from country between four to six months as of 2 April 2002 | 62 (3.1%) | 29 (4.9%) | 33 (2.4%) | 20 (3.9%) | 13 (1.5%) | 9 (1.4%) |
| Absent from country six months as of 2 April 2002 | 513 (26.0%) | 145 (24.5%) | 368 (26.6%) | 130 (25.2%) | 238 (27.4%) | 189 (30.0%) |

Figure 10.1 is a representation of the data presented in the above table. Around a quarter of the people approved have been absent for six months or more, however, many more would not yet have had the opportunity to be absent for this length of time.

Figure 10.1. Movements of Investor applicants approved 1 April 1999 to 1 October 2001



Additional analysis was completed to see if the characteristics of Investor migrants who were long-term absentees from the country were different from the characteristics of Investor migrants in general. The results can be seen in Table A1.14 in Appendix 2 and show that long-term absent Investor migrants – six months or more – do not differ much from all Investor migrants on characteristics such as the gender and age of the principal applicant. The application size was only slightly larger for those long-term absent. They did, however, differ markedly on nationality, and the most notable nationality was Taiwan. Taiwanese migrants make up 26 percent of migrants in the Investor cohort, but 58 percent of those with long-term absences.

Taiwanese applications tend to have more secondary applicants than applications from other countries, which could partly explain why the application unit size of long-term absent migrants is larger on average.

10.5 File study Investors – the outcomes

Information from 423 approved Investor application files was analysed and is presented in this section.

10.5.1 Businesses owned

One measure of the experience that Investor migrants bring to the country is their previous involvement in business. Part of the application determination process undertaken by the BMB is to prepare a summary of the businesses owned by the applicant. This material is included on the application file and was retrieved in the file

study. Table 10.11 shows that 60 percent of applicants were recorded as not owning or partly owning a business. Forty percent of the applicants owned or partly owned at least one business, with 8 percent more than one.

Table 10.11. Total number of businesses Investors have ownership in

| Number of businesses | Number | Percentage |
|----------------------|------------|-------------|
| None | 255 | 60% |
| One only | 134 | 32% |
| Two only | 27 | 6% |
| Three only | 4 | 1% |
| Four only | 3 | 1% |
| TOTAL | 423 | 100% |

Principal applicants were also asked the proportion of each of these businesses they owned. Of the 140 people who owned at least one business, and for whom the ownership percentage was known, more than half owned between 76 and 100 percent of their first business. (See Table A1.15 in Appendix 2).

Applicants had owned their first business for 8.25 years on average, and for those applicants who owned a second business they had done so for 5.71 years on average.

10.5.2 Funds to be invested in New Zealand

How Investors intended to invest their money in New Zealand was examined. As shown in Table 10.12., the overwhelming majority of Investor principal applicants (98 percent) intended to invest their money in a trading bank, and very few anywhere else.

Table 10.12. Type of investment to be made by the Investor Category migrants

| Type of investment | Number proposing to invest in this way | Percent proposing to invest in this way |
|--------------------|--|---|
| Trading bank | 405 | 98% |
| Property | 14 | 3% |
| Shares/bonds | 7 | 2% |
| Investment trust | 4 | 1% |
| Business | 2 | 0% |
| Other | 5 | 1% |

Respondents could give more than one investment type, so percentages do not sum to 100%.

Applicants also provided information on where in New Zealand they would be investing their money. However, the majority of applicants were simply investing in national trading banks, and the location given was in most instances simply the bank branch they were investing through.

The total amount of funds invested by these migrants was summed from up to three separate amounts noted on the application files. There was good information available for 411 of the 423 applicants. In total, these 411 applicants specified \$527,293,554 to be invested, an average of \$1,282,953 per application.

Table 10.13 gives a breakdown of the amounts to be invested in New Zealand. As can be seen, just over half of the applicants intended to invest the minimum amount of \$1,000,000 needed to qualify for consideration through the policy. Ten applicants were intending to invest \$4 million or over.

Table 10.13. Amounts invested in New Zealand through the Investor Category.

| Amount | Number | Percent |
|-------------------------------------|------------|-------------|
| \$1,000,000 exactly | 208 | 51% |
| Between \$1,000,000 and \$1,999,999 | 157 | 38% |
| Between \$2,000,000 and \$2,999,999 | 24 | 6% |
| Between \$3,000,000 and \$3,999,999 | 12 | 3% |
| \$4,000,000 and over | 10 | 2% |
| Missing | 12 | - |
| TOTAL | 423 | 100% |

10.6 Investor survey findings

This section looks at the experience of Investor migrants in New Zealand, as revealed through interviews with migrants in this category. These findings cannot be generalised to the whole population of Investor migrants, as only 25 of the Investor migrants participated in the survey.

Breakdowns of the age and country of origin of the migrants in the sample can be found in Appendix Three. The Investor migrants were similar in terms of age breakdown and country of birth to the overall cohort of Investor migrants approved since 1999. The survey migrants were a little older than the overall cohort. In terms of nationality, Taiwanese and Chinese migrants were somewhat under-represented.

10.6.1 Type and amount of current investments in New Zealand

The respondents were asked how they currently held their investment in New Zealand. The most popular type of investment was a savings account and 19 out of 24 Investors had investments held this way. Investing in a business (n=11) or residential property (n=9) were also popular choices. Investors were less likely to hold investments in stocks and shares (n=4) or commercial property (n=3). One Investor chose not to answer this question.

The respondents were asked for the proportion of their total investment they held in each type of their investment. Between one and eight of the respondents chose not to answer this series of questions. Six of the eleven Investors with investments in savings accounts, and who responded to the question, held more than half their investments in this way, although only one Investor held all of their funds in savings accounts. This person made the following comment as to why he chose to invest in savings only: *"To be flexible and it's the easiest way to invest"*.

Three of the nine respondents with an investment in business held more than half their investment in this form. Just one of the eight respondents with a residential property

investment had more than half their investment in this form. None of the Investors with stock and shares or a commercial property investment held more than half of their total investment in this form. These results tend to suggest that those interviewed preferred to diversify their funds when looking for investments in New Zealand.

The Investors were asked, in total, how much they currently had invested. Eight Investors chose not to answer this question. The large majority of Investors (16 out of 17) had invested \$NZ1,000,000 or more in New Zealand. One Investor indicated that they had invested less than \$NZ1,000,000 in New Zealand, which is less than the amount of investment required to qualify for the Investor Category. The amount invested included the following:

- \$1,000,000 (7 respondents)
- \$1,000,000 to \$2,000,000 (4 respondents)
- \$2,000,000 to \$3,000,000 (3 respondents)
- \$3,500,000 (1 respondent).

10.6.2 Future Investment Plans

Investors were asked about their investment plans over the next five years. Between one and four Investors chose not to provide answers to the series of questions. Fifteen Investors said that they planned to diversify their investments within the next five years. It is of note that four of the Investors interviewed intended to move some or all of their money out of New Zealand once they were no longer required to keep it here.

The Investors interviewed also rated four statements about investing in New Zealand. Results are shown in Table 10.14. They were neutral to positive about New Zealand investments offering a good return while 17 of the 24 agreed that if they had funds available they would invest more in New Zealand. The Investors were mostly neutral or disagreed with the statement that immigration requirements prevented them from putting their money into more speculative investments. They were also actively involved with their investments.

Table 10.14. Investors involvement with investments

| | Disagree strongly | Disagree slightly | Neither agree nor disagree | Agree slightly | Agree strongly | Total Number |
|--|-------------------|-------------------|----------------------------|----------------|----------------|--------------|
| Investment in NZ offers a good return on capital | 2 | 1 | 9 | 7 | 4 | 23 |
| I am actively involved with my investments so that I can maximise my return | 1 | 1 | 1 | 6 | 12 | 21 |
| If I had funds available I would invest more money in NZ | 1 | 2 | 4 | 9 | 8 | 24 |
| Immigration investment requirements prevented me from putting my money in more speculative investments | 5 | 4 | 6 | 5 | 1 | 21 |

Between 1 and 4 people did not answer these questions.

10.6.3 Business ownership in New Zealand

The respondents interviewed were asked whether they currently own, or plan to own, a business in New Zealand. The following section summarises findings in relation to the Investors' main business activities in New Zealand.

Between one and three Investors chose not to answer questions regarding business ownership in New Zealand. Just over half (13 out of 25) owned or partly owned a business in New Zealand, while a further third (n=8) planned to establish or buy into a business. Among those who owned a business, 10 had one business and 3 had more than one business. Four Investors had no plans to establish a business.

10.6.4 Types of business established by Investors

Investors who owned a business in New Zealand were asked which industry category most reflected their business activity. Four Investors did not answer this question. There were a range of industries and these included the agriculture/horticulture/forestry and fishing sector with 3 businesses, retail with 2, and 1 each in the construction, health/community service, personal service, transport/storage, wholesale, and accommodation/café/restaurant sectors.

10.6.5 Whether Investor businesses are of a similar type to those run overseas

Investors were asked whether their business is the same business type as their overseas business. Just under half (n=6) of respondents were in the same line of business as they were before they moved here. Of those with a different business type, the most common response was that they entered a new field because it represented a good opportunity.

10.6.6 New or existing business bought

Seven Investors bought an existing business, five in partnership with others. Six established a new business, five of these in partnership with others.

10.6.7 Import and export activities

Only one business owner was involved in importing. This company imported goods and services from Japan. Five businesses exported goods or services, with exports going to a range of countries or regions including the United States of America, Asia, Fiji, the United Kingdom, Australia, Europe, China, Malaysia and Thailand. In most cases, Investors were exporting to their country of birth.

Respondents who were involved in exporting, and who gave a figure, reported the following level of exports per year:

- \$NZ1 to \$NZ10,000 (n=1)
- \$NZ10,001 to \$NZ20,000 (n=1)
- \$NZ200,001 or more (n=2)

10.6.8 Current annual turnover

Under half of the respondents had an annual turnover above \$NZ150,000 (n=5) for their main business, while 3 had an annual turnover below \$NZ150,000. The remaining respondents either didn't know or refused to indicate the annual turnover of their businesses.

10.6.9 Sites of Investor businesses in New Zealand

The respondents were asked where their business was located. Auckland was the most popular location for a business, with 6 respondents. Other locations mentioned by respondents were Taumaranui, "South Island", "New Plymouth", "Culverden".

10.6.10 Employing others

Ten respondents employed someone in their business. The average number of employees was 4 full-time employees and 4 part-time employees. On average one of each was a family member.

10.6.11 Overall business performance

Five Investors who had a business in New Zealand indicated their business was performing better than expected ("a little better" n=4, "a lot better than expected" n=1). However, three people said their business was performing worse than expected ("a little worse" n=2, "a lot worse" n=1). Four people felt their business was performing about the

same as expected before coming to New Zealand. One person declined to answer the question.

10.6.12 Attitudes towards investing in New Zealand

The Investors were asked to rate the importance of minimising risk associated with investments and maximising yield on investments made in New Zealand. Five Investors chose not to answer this series of questions.

The majority of Investors thought it was more important ("fairly important" n=8, "very important" n=10) to minimise the risk associated with their investments, even if they received a lower return.

10.7 Summary of main points

The main points in this chapter were:

- The Employees of Relocating Businesses file study revealed that half the businesses were going to do work in the same industry and undertake the same business activities as the original business, which was continuing to operate overseas. The activities of most of the remainder were in some way supporting the business operation of the parent company. Auckland was the major recipient of relocating businesses, and business expansion was the most common reason for relocation.
- The Entrepreneur Category file study revealed that the Accommodation, Cafes and Restaurants industry grouping was the largest single industry that the businesses were being established in, although there was a wide spread of industries and business types. Just over half were located in Auckland, and more than half had a business turnover of \$200,000 or more. Ten of the companies were involved with imports, and 12 with exports. A number of the businesses had international linkages in terms of being part of some type of multinational arrangement.
- Investor Category migrants tended to be absent from the country at a high level – 45.7 percent were absent at any one point, and 26 percent had been absent for more than six months. Principal applicants had the highest rate of absence at any one point at 55 percent. They were also more absent than spouses, who in turn were more absent on average than children. These differences were not evident at six months or more. Migrants from Taiwan made up a disproportionate number of those who had been absent for more than six months.
- File study Investors:
 - In total, 411 Investor applicants were intending to transfer \$527.294M into New Zealand. An overwhelming majority (98 percent) of these Investor migrants stated that they would invest their money in a trading bank. The average amount, per applicant, was \$1.28 million.
 - Forty percent of the successful applicants owned or partly owned at least one business before migration. This was a similar proportion to the LTBV migrants.

- Survey of Investors:
 - The actual investments made by the Investors interviewed were more diverse than suggested by the original intentions stated in the file study. Just over half of these migrants (13 out of 25) owned a business.
 - In general the respondents indicated that they planned to diversify their investments in the future, although four would remove their investment from New Zealand when they no longer had to keep it in the country.
 - The respondents were generally positive about the rate of return of New Zealand investments.

PART E

GENERAL ASPECTS OF INVESTOR AND LTBV SETTLEMENT

11. GENERAL ASPECTS OF INVESTOR AND LTBV SETTLEMENT

11.1 Introduction

This chapter summarises some of the more generic findings from the survey of Investor and LTBV migrants. The following data is described: the employment of the migrants, whether they have family members with them in New Zealand, their household income, the countries they have travelled to on business in the last twelve months and, finally, the challenges they have had starting a business in New Zealand.

11.2 Employment

The business migrants interviewed were asked to describe their main employment activity in New Zealand. Table 11.1 shows that four-fifths of the LTBV migrants interviewed were in paid work and none were actually looking for work. Interestingly two considered that they were retired, which would seem to be a finding at odds with the purpose of the LTBV policy. Four of the Investor migrants were looking for work.

Table 11.1. Main activity of the business migrants interviewed

| Main activity | Investor | | LTBV | | Total | |
|------------------|-----------|-------------|-----------|-------------|-----------|-------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Paid work | 9 | 53% | 43 | 82% | 52 | 75% |
| Unpaid work | 2 | 12% | 4 | 8% | 6 | 9% |
| Casual work | 1 | 6% | 1 | 2% | 2 | 3% |
| Looking for work | 4 | 23% | 0 | 0% | 4 | 6% |
| Retired | 0 | 0% | 2 | 4% | 2 | 3% |
| Other | 1 | 6% | 2 | 4% | 3 | 4% |
| TOTAL | 17 | 100% | 52 | 100% | 69 | 100% |

8 Investor and 7 LTBV migrants did not answer this question.

11.2.1 Status in Employment

Those in paid or unpaid work were asked for the status of their employment, that is, if they were a paid employee, an employer, self employed without employees, or an unpaid family worker. Almost 90 percent of the business migrants were either employers or self employed. Five were paid employees.

Table 11.2. Status in employment of the business migrants

| Employment status in New Zealand | Investor | | LTBV | | Total | |
|----------------------------------|----------|-------------|-----------|-------------|-----------|-------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Employer | 6 | 67% | 30 | 68% | 36 | 68% |
| Self-employed without employee | 1 | 11% | 10 | 23% | 11 | 21% |
| Paid employee | 1 | 11% | 4 | 9% | 5 | 9% |
| Unpaid family worker | 1 | 11% | 0 | 0% | 1 | 2% |
| TOTAL | 9 | 100% | 44 | 100% | 53 | 100% |

11 Investors and 11 LTBV migrants did not answer while 9 respondents were routed past the question.

11.2.2 Part time and full time

Those in paid or unpaid work were asked if they were employed in a full or part time capacity. The majority of principal applicants were in full time employment – 52 out of 53.

11.3 Household income

This section describes the joint annual household income of the respondents. LTBV migrants seemed more likely than Investors to have a household income of less than \$NZ30,000 per year. Due to the low base size for Investors (n=12) these differences are indicative only. Overall there was a wide spread of income with forty percent earning over \$50,000 and 36 percent earning under \$30,000.

Table 11.3. Joint annual household income

| Annual income of household | Investor | | LTBV | | Total | |
|----------------------------|-----------|-------------|-----------|-------------|-----------|-------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than \$NZ10,000 | 0 | 0% | 3 | 8% | 3 | 5% |
| \$NZ10,001 to \$NZ20,000 | 2 | 12% | 6 | 16% | 8 | 15% |
| \$NZ20,001 to \$NZ30,000 | 1 | 5.50% | 8 | 21% | 9 | 16% |
| \$NZ30,001 to \$NZ40,000 | 4 | 24% | 6 | 16% | 10 | 18% |
| \$NZ40,001 to \$NZ50,000 | 1 | 5.50% | 2 | 5% | 3 | 5% |
| \$NZ50,001 to \$NZ70,000 | 4 | 24% | 7 | 18% | 11 | 20% |
| More than \$NZ100,000 | 5 | 29% | 6 | 16% | 11 | 20% |
| TOTAL | 17 | 100% | 38 | 100% | 55 | 100% |

29 respondents (8 Investors and 21 LTBV migrants) either refused or didn't know.

11.4 Countries travelled to on business in previous twelve months

Hong Kong, China and Australia are the countries most likely to have been visited by these business migrants in the past 12 months. In many cases the respondents were travelling to their home countries on business (for example, 9 of the 13 people who travelled to China were born there). If not actually born in the country travelled to, business migrants are very likely to have been born in the region (for example, of the 15

people who travelled to Hong Kong on business, all but 2 were born in either Hong Kong itself, China or Malaysia).

11.5 Challenges of starting a business in New Zealand

The respondents running a business were asked for the biggest challenges they faced in doing business in New Zealand. The answers were unprompted. Table 11.4 shows the main challenges they faced. Somewhat predictably language and cultural differences came out on top. Other challenges were the competition in New Zealand, difficulty attracting customers, learning laws and regulations, the New Zealand business culture, and difficulties with employees.

Table 11.4. Challenges starting a New Zealand business

| Difficulties faced | Number | Comments |
|--|---------------|--|
| Language and cultural differences | 11 | <i>"English language difficulty"</i> <i>"English language problem"</i> |
| The competition in New Zealand | 6 | <i>"Tense competition"</i> |
| The business laws and regulations in New Zealand | 6 | <i>"Complex business and law systems - not as reliable as in Switzerland"</i> <i>"Government law for small business"</i> <i>"Regulations of city council"</i> |
| Difficulty attracting customers to their business | 6 | <i>"Establishing network with customers"</i> <i>"Customers' understanding of the difference between good quality Italian food from junk food"</i> |
| The business and industrial culture in New Zealand | 5 | <i>"Understanding ways of doing business in NZ"</i> <i>"Differences in business culture"</i> <i>"Learning the kiwi attitude, never on time or correct"</i> <i>"Slightly different way of running business"</i> <i>"Industrial foundation of NZ - lack of supply and demand, lack of information flows and transport for trading with the world, lower level of technical support and goods flow"</i> |
| Difficulties in dealing with employees | 2 | <i>"To get understanding of how employees think as their work ethic is of a very, very poor standard. At times it feels it's non-existent"</i> |
| Need to have good product knowledge | 2 | <i>"Product knowledge more important"</i> |

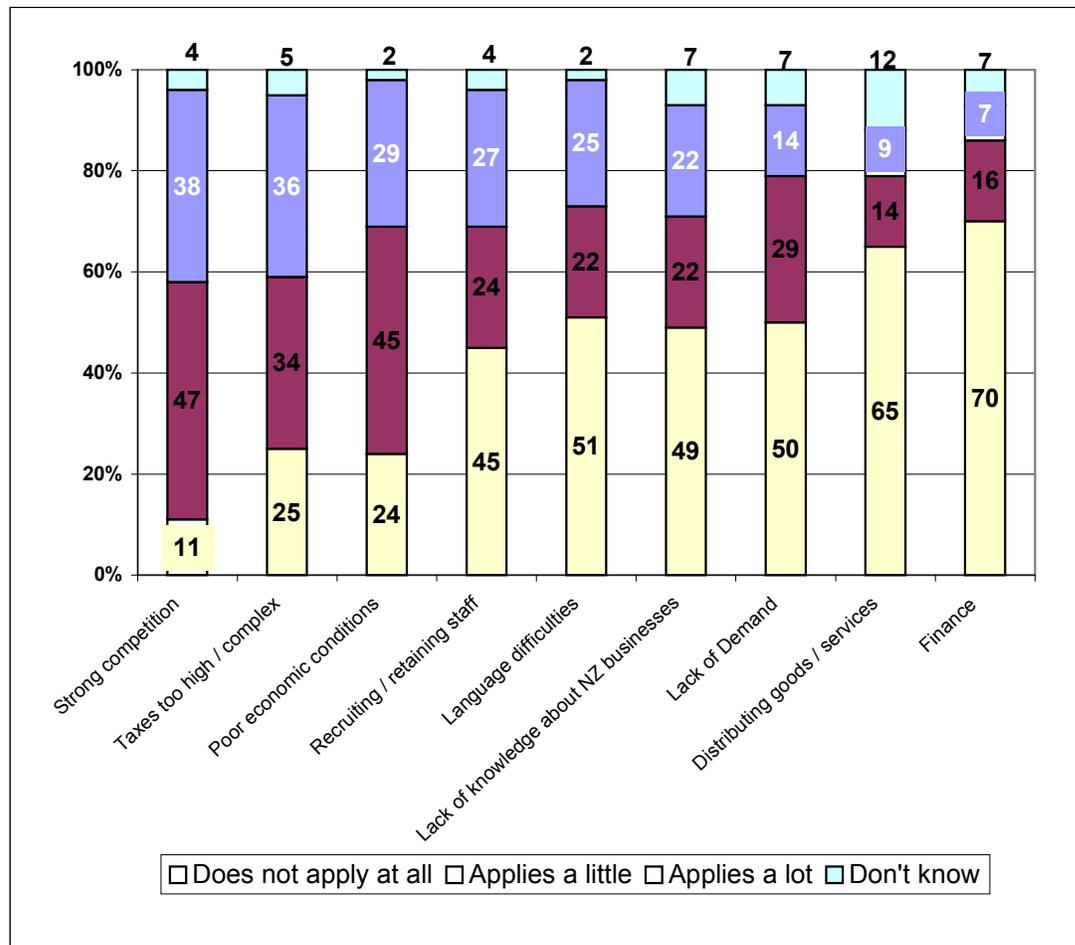
15 respondents did not answer this question.

A wide range of other comments were made. These often referred to difficulties with the New Zealand climate and also for one person the difficulty finding goods and products to sell in New Zealand.

LTBV Migrants were also presented with a list of potential challenges to starting a business in New Zealand and asked how much each challenge applied to them. As Figure 11.2 shows, four-fifths (85 percent) of LTBV migrants found the strong competition in New Zealand to be the most challenging aspect of starting a business here.

They were least likely to say they had problems with finance or distributing their goods and services in New Zealand.

Figure 11.1. Challenges faced by LTBV migrants starting a business in New Zealand



Between 12 and 13 people chose not to answer these questions.

11.6 Immediate family members

The respondents were asked if they had any immediate family members living with them in New Zealand. Over four-fifths (84 percent) of the business migrants had immediate family members living with them. Nine people (3 Investors and 6 LTBV Migrants) did not answer this question.

The average number of adult family members living with the respondents in New Zealand was two. On average, the business migrants interviewed had one child aged 11 to 17 years and one aged under 11 years living with them. Between 14 and 29 people did not answer this series of questions.

11.7 Summary of main points

The main points in this chapter were:

- Seventy-five percent of the Investor and LTBV migrants interviewed were in paid work of some sort. Two-thirds in each category indicated they were an employer and another quarter were self-employed without employees.
- Hong Kong, China, and Australia were the most popular destinations for Investor or LTBV migrants who have travelled overseas for business in the past 12 months.
- When asked about the challenges of doing business in NZ, common themes were language and cultural difficulties, competition, attracting customers, and the laws and regulations of New Zealand.

PART F

CONCLUSIONS

12. OVERVIEW AND CONCLUSIONS

12.1 Introduction

Business immigration policy aims to increase New Zealand's level of human capital, encourage enterprise and innovation, and foster external linkages. In one way or another, New Zealand has had policies to attract entrepreneurs and investors since 1978. The current policy, introduced in late March 1999, is more multifaceted than previous policies and recognises that a 'one size fits all approach' to business immigration is no longer appropriate. In an approach similar to that adopted by Australia and Canada, distinct markets are being targeted by different policies.

This evaluation was an opportunity to source information that would assist with optimising the policy, where appropriate. The researchers gathered information from interviews with Investor and LTBV migrants; a study of individual application files; analyses of data from immigration computer databases; and interviews with key informants including NZIS policy and operations staff, immigration consultants, business planners, and other significant stakeholders such as local government, KPMG, and government agencies with some responsibility for business migration.

This chapter presents the conclusions of the evaluation. It seeks to answer the following questions: Is the policy meeting its objectives? Did the policy meet other objectives? What are the strengths and possible areas for improvement in the operation of the policy? What are the strengths and possible areas for improvement in the policy?

12.2 Is the policy meeting its objectives?

The business immigration policy was developed with the intent of contributing to per capita economic growth through the following three objectives.

12.2.1 Increasing New Zealand's level of human capital

Without a doubt the 1999 Business policy has been very successful in increasing the number of business migrants entering New Zealand. From early 1999 to March 2002, 12,491 people have been approved through the various business policies – 6,126 through the Investor Category (in 1,822 applications), 6,151 through the LTBV policy (in 2,167 applications) and 214 people through the Entrepreneur and Employees of Relocating Businesses Categories. In comparison, from 1996/1997 to 1998/1999, only 642 people were approved through the previous business policy.

The migrants arrived with an array of business related skills. From the LTBV file study we learnt that 60 percent of the principal applicants had previously managed a business and/or staff, and that four out of ten had previously owned a business. They had an average of 10.41 years business experience. The Investor migrants seemed less experienced with 7.53 years of average prior business experience, and one in three

appeared to have no prior experience. The proportion previously owning a business was the same as for the LTBV migrants. Principal applicants approved through the Relocating Business Category were also experienced business people. In most cases they were considered key to the business being established in New Zealand for their managerial experience.

On the face of it, the business skills and experience being brought to the country is enhancing New Zealand's skill base. The Investor Category in particular was thought by immigration agents to be "competitive" internationally – due to the simplicity of the policy criteria and ease with which people could gain residence through this category.

What is also striking is the dominance of the flows of business migrants by only three North Asian countries, China, Taiwan and South Korea. New Zealand is very reliant on business migrants from these three countries. As noted previously, this dominance could imply that the policy is unsuccessful in attracting migrants from other markets. Thought should be given to more actively marketing the policy in other countries, to diversify risk, and more positively to expand the range of business migrants arriving. On the whole, the major flows of business migrants are from a non-English speaking background and from countries with dissimilar cultures to New Zealand.

Business migrants do not need to meet stringent English language requirements and therefore somewhat predictably those interviewed cited language and cultural differences as the biggest business challenge they faced to starting a business in New Zealand. This challenge would appear to be an impediment to their successfully and quickly establishing themselves in New Zealand. Their ultimate success could therefore turn to a degree on their ability to overcome these particular challenges. Investor migrants either meet IELTS at a minimum level of band 4 (limited user – basic competence is limited to familiar situations) or can pre-purchase English language tuition. LTBV migrants have no English requirement they must meet.

Militating against the business experience being brought into New Zealand was the evidence that a significant minority of Investor principal applicants were long-term absent from the country (six months or more). Even more surprising was the finding that on any given day, 55 percent of these principal applicants were absent from the country. One-fifth of the LTBV migrants were also absent on a given day, although only 5 percent were long-term absent. Therefore the behavioural patterns of these two groups are quite different in this regard. These findings, especially for the Investor migrants, raise some doubt about the short and medium-term commitment and benefit to New Zealand of some of these people. Quite simply, if they are not in the country and are investing passively, then New Zealand may not be reaping much in the way of short-term benefit from these migrants. Unfortunately we have no information about what the principal applicants are doing while they are overseas.

The evidence from the interviews with LTBV and Investor migrants suggests that few principal applicants in these categories are likely to be unemployed, although this result

was based on a qualitative study and is therefore indicative. Seventy-five percent of those interviewed were in paid work.

12.2.2 Encouraging enterprise and innovation

A wide variety of businesses were established through the various policies. The Accommodation, Cafés and Restaurants industry grouping was the largest for the LTBV and Entrepreneur businesses and also those businesses being set up by the Investors interviewed. Despite this, there was also ample evidence that businesses were being established in a variety of industry categories and also a variety of business types. From the interviews with 59 LTBV migrants, we learnt that around one half brought an existing business while the other half established a new one. The Employees of Relocating Businesses Category also appears to be successfully assisting a variety of new businesses to establish in New Zealand. The extent to which the migrants' individual businesses were involved with innovative processes is less clear, although some of the business types being established suggest that new ideas and processes would be introduced.

Evidence from the interviews and the file study indicates that the businesses established would employ on average between one and three full-time people, some substantially more. Immediate family members would take some of these places.

Auckland was the major recipient of the businesses either established or to be established by migrants through all the categories. For example, for the LTBV intended business start-ups (from the file study), Auckland was to receive around 70 percent of the investment, employment opportunities and other benefits. Generally Canterbury was the second largest recipient, although a long way behind the dominant Auckland. Because Investors put their money into savings accounts, there was no 'location' of investment as such.

Evidence from the LTBV interviews tends to suggest that at least one-quarter of the businesses established would differ substantially from that proposed in the business plan. Around one-half of the LTBV migrants interviewed indicated that their plan was not a great help in establishing their business. Indeed, many of these migrants had the business plans prepared for them. Generally, the LTBV businesses established did not require any special training to run them, nor would they be introducing new skills or technology.

Again there is little doubt that the 1999 Business policy has successfully brought investment dollars into the country and that this money has the potential to promote enterprise and innovation. Of the 411 Investor files examined, and that had the amount of funds to be invested, there was a total of \$527.3M to be invested in New Zealand, or an average of \$1.283M per applicant. In addition, it is evident that LTBV applicants are also bringing substantial sums into the country. From the file study we saw that they were intending to invest an average of \$171,599 into a business and would also have an average of \$62,200 of working capital. Including maintenance funds, the average LTBV migrant would bring in the order of \$449,000 into the country. It should be noted that these were figures cited in the application for an LTBV and the transfer of funds was not

always verified. There is also some suggestion that the amounts have declined (BMB cite an average of \$250,000 for the current calendar year).

Militating against the sums being invested was evidence from the file study that Investor migrants were overwhelmingly placing their money into a passive investment, that is, a savings account with a trading bank. This finding is similar to the situation with the 1991 Business Investment Category where most of the migrants were investing passively. There was some evidence from the interviews with the 25 Investor migrants that they were diversifying into establishing businesses, but the sample was small and may be unrepresentative. They also indicated that they were risk adverse, not a surprising finding when people come to a new and foreign country. Four of the Investors interviewed indicated they would take their money out of New Zealand once they no longer needed to keep it here. Indeed, immigration agents interviewed had a cynical view of Investor migrants and saw the category as one through which a person could “buy residence”.

12.2.3 Fostering international linkages

Many of the businesses established by the business migrants, and also the migrants themselves, were demonstrating linkages with overseas markets and countries. A large proportion of the businesses were either importing or exporting. As an example, 12 of the 47 Entrepreneur Category businesses established to date were involved in exporting while many of the businesses in the Employees Relocating Category were maintaining linkages with parent companies overseas.

The nature of the current business immigration flows also mean that many of the new migrants have business and family links back into the emerging and dynamic markets of China, Taiwan and South Korea. These links would be advantageous to New Zealand over time, and in particular the migrants linguistic and cultural links with those markets could assist them exploit business opportunities that would also be beneficial to New Zealand.

12.3 Did the policy meet other objectives?

The business policy also assists with meeting the immigration approval programme, which specifies the types and numbers of migrants New Zealand will receive.

There were some encouraging signs from the survey that business migrants would stay and contribute to New Zealand long-term. The most common reason for migrating given by the business migrants interviewed was for the ‘lifestyle’. The survey respondents generally felt settled in New Zealand, while 87 percent indicated that they would either ‘probably’ or ‘definitely’ still migrate to New Zealand if they had known what they do now about doing business in New Zealand. Almost all of the LTBV migrants interviewed intended to apply for residence, two-thirds through the Entrepreneur Category. To date however, there has been a very low conversion to residence by LTBV migrants. This current conversion rate would be due to LTBV migrants receiving a three-

year temporary permit and therefore most would not yet meet the criteria for residence through the Entrepreneur Category.

The migrants will also have boosted consumption and will be paying tax. For the Investor migrants, the tax take may only be that paid on the interest received from the (average) investment of \$1.28 million.

12.4 Strengths and possible areas for improvement in the operation of the policy

In terms of the perceived strengths of the operation of the policy, informants considered that the BMB was operating well, and indeed had improved over time, although lengthy processing times were inevitably cited.

Two major areas for improvement were highlighted. First, there is currently no ability for LTBV applicants to self-assess the likelihood of the success of the application, which no doubt contributes to the high failure rate of applications. It would be useful if some form of transparency could be introduced to allow the applicants more certainty of the outcome of their application. Second, the BMLU could be more effectively marketed to increase the usefulness and uptake of the service, especially as the visibility of the service was low. It is noted that marketing now includes a mail out to all business migrants approved for residence.

12.5 Strengths and possible areas for improvement in the policy

Strengths of the policy include that it is attracting high numbers of business migrants with prior business experience, attracting a high level of investment money, and the numbers of new businesses established with additional jobs created. In regard to numbers, the policy is much more successful than the 1995 Business Investor Category it replaced.

The LTBV Category has also had a high uptake although the true success of this category is not yet known. A high conversion rate to the Entrepreneur Category would indicate that businesses are being successfully established. Conversely, a low conversion rate would be a cause for some concern and may indicate the migrants are having difficulty establishing businesses. It is recommended that this conversion rate be closely monitored over the next 12 to 24 months.

There were also many businesses being established in the 'food' industry – cafés, dairies, restaurants etc. These types of 'service' businesses are not necessarily a problem as they are still genuine businesses and for some migrants may be a way of familiarising themselves with the New Zealand business environment. However, it is an area worth monitoring to ensure that new businesses are not clumped into only a few industrial sectors.

A number of different areas for improvement could be identified, but the following three are highlighted:

- the high absence rate of Investor Category migrants. The current Returning Residence Visa policy does not require them to spend time in the country;
- encourage investments away from bank accounts. This move would help to address the perception that Investor migrants are ‘buying residence’. This is not an easy issue to resolve as an active investment policy was not successful when introduced in 1995 and a proportion of Investors would diversify their investments anyway, especially as they gained confidence in New Zealand;
- encouraging business migration away from Auckland. Regional migration pilots are currently underway in Wellington and Southland and there could be mechanisms that encourage business migrants to look at other locations in which to establish their businesses. This would help ensure benefits are spread more evenly. Again, it should be noted that previous policy had provisions to encourage regional diversity and these may not have been successful.

12.6 Looking forward

This report has not provided policy recommendations. However, it does recommend that the monitoring of business outcomes be improved. One of the most important requirements is to collect regular and consistent information on the investments being made and on the businesses being established. Such information would enable the outcomes of the policy to be documented and also would allow policy settings to be regularly monitored.

It proved to be very difficult to locate and interview migrants for this study. Therefore any survey would need to be mandatory and could be tied to the achievement of particular policy criteria. Both Investor and LTBV migrants need to satisfy policy requirements at two and three years respectively and a survey could be tied in with these provisions. In this regard it is noted that Australia has a regular and mandatory survey of business migrants that reports a variety of information about their business performance.

APPENDICES

APPENDIX 1: THE EVALUATION OBJECTIVES

The following were the specific objectives of the evaluation:

1. To describe the roles of the BMB, the BMLU, Market Managers, branches and other key NZIS people or branches with some responsibility for business migration, including any strengths and weaknesses of the implementation approach adopted.
2. To describe the application process undertaken by business migrants, separately for each category, and to identify what works well and what does not work so well.
3. To assess the trends in business applications and approvals, including declined applications and LTBV renewals.
4. To assess the views of business migrants on factors that inhibit or enhance successful involvement in investment and business in New Zealand, including a description of the usefulness of the settlement support they currently receive.
5. To describe the business experience of migrants prior to coming to New Zealand, their reasons for migrating, and their expectations and intentions regarding investment and business in New Zealand.
6. To identify, for Investor and Entrepreneur migrants, the types of investments being made by business migrants, the investment amounts, and the types of business started or purchased.
7. To identify for Long-term Business Visa migrants' information about the types of business they were establishing.
8. To describe for the category 'Employees of Businesses Relocating to New Zealand' the types of business that have been relocated to New Zealand, including an assessment of any wider benefits to New Zealand.
9. To describe the marketing of the business policy and of the BMLU, any successes or failures, including an assessment of the views of key stakeholders.
10. To identify the level of awareness that business migrants, and potential migrants, have of the services provided by the BMLU, and whether there are suggestions for improvement.
11. To assess the relationships established between the NZIS and other key agencies promoting business migration such as TRADENZ and the immigration consulting industry.
12. To assess the various stake holder views of the success of the business policy.
13. To assess the success of the business policy against the policy objectives set.

APPENDIX 2: DETAILED DATA TABLES

Table A1.1. Trends in LTBV approved versus declined applications, 1999 to March 2001

| Financial year | Quarter | Applications approved | Percentage | Applications declined | Percentage | TOTAL |
|----------------|---------|-----------------------|------------|-----------------------|------------|-------------|
| 1998/99 | Third | 1 | 100% | 0 | 0% | 1 |
| | Fourth | 9 | 90% | 1 | 10% | 10 |
| 1999/00 | First | 17 | 74% | 6 | 26% | 23 |
| | Second | 32 | 78% | 9 | 22% | 41 |
| | Third | 32 | 70% | 14 | 30% | 46 |
| | Fourth | 44 | 77% | 13 | 23% | 57 |
| 2000/01 | First | 63 | 71% | 26 | 29% | 89 |
| | Second | 155 | 71% | 62 | 29% | 217 |
| | Third | 362 | 79% | 99 | 21% | 461 |
| | Fourth | 309 | 88% | 44 | 12% | 353 |
| 2001/02 | First | 399 | 92% | 34 | 8% | 433 |
| | Second | 448 | 84% | 84 | 16% | 532 |
| | Third | 306 | 81% | 70 | 19% | 376 |
| OVERALL | | 2177 | 82% | 462 | 18% | 2639 |

Table A1.2. Approved LTBV by application - visa permit over time

| Financial year | Quarter | Permit application | Percentage | Visa application | Percentage | TOTAL |
|----------------|---------|--------------------|------------|------------------|------------|-------------|
| 1998/99 | Third | 0 | 0% | 1 | 100% | 1 |
| | Fourth | 2 | 22% | 7 | 78% | 9 |
| 1999/00 | First | 6 | 35% | 11 | 65% | 17 |
| | Second | 15 | 47% | 17 | 53% | 32 |
| | Third | 10 | 31% | 22 | 69% | 32 |
| | Fourth | 16 | 36% | 28 | 64% | 44 |
| 2000/01 | First | 22 | 35% | 41 | 65% | 63 |
| | Second | 49 | 32% | 106 | 68% | 155 |
| | Third | 98 | 27% | 264 | 73% | 362 |
| | Fourth | 65 | 21% | 244 | 79% | 309 |
| 2001/02 | First | 109 | 27% | 290 | 73% | 399 |
| | Second | 139 | 31% | 309 | 69% | 448 |
| | Third | 87 | 28% | 219 | 72% | 306 |
| OVERALL | | 618 | 28% | 1559 | 72% | 2177 |

Figure A1.1. Trends among all categories of Business migrants - by people approved - 1999 to March 2002

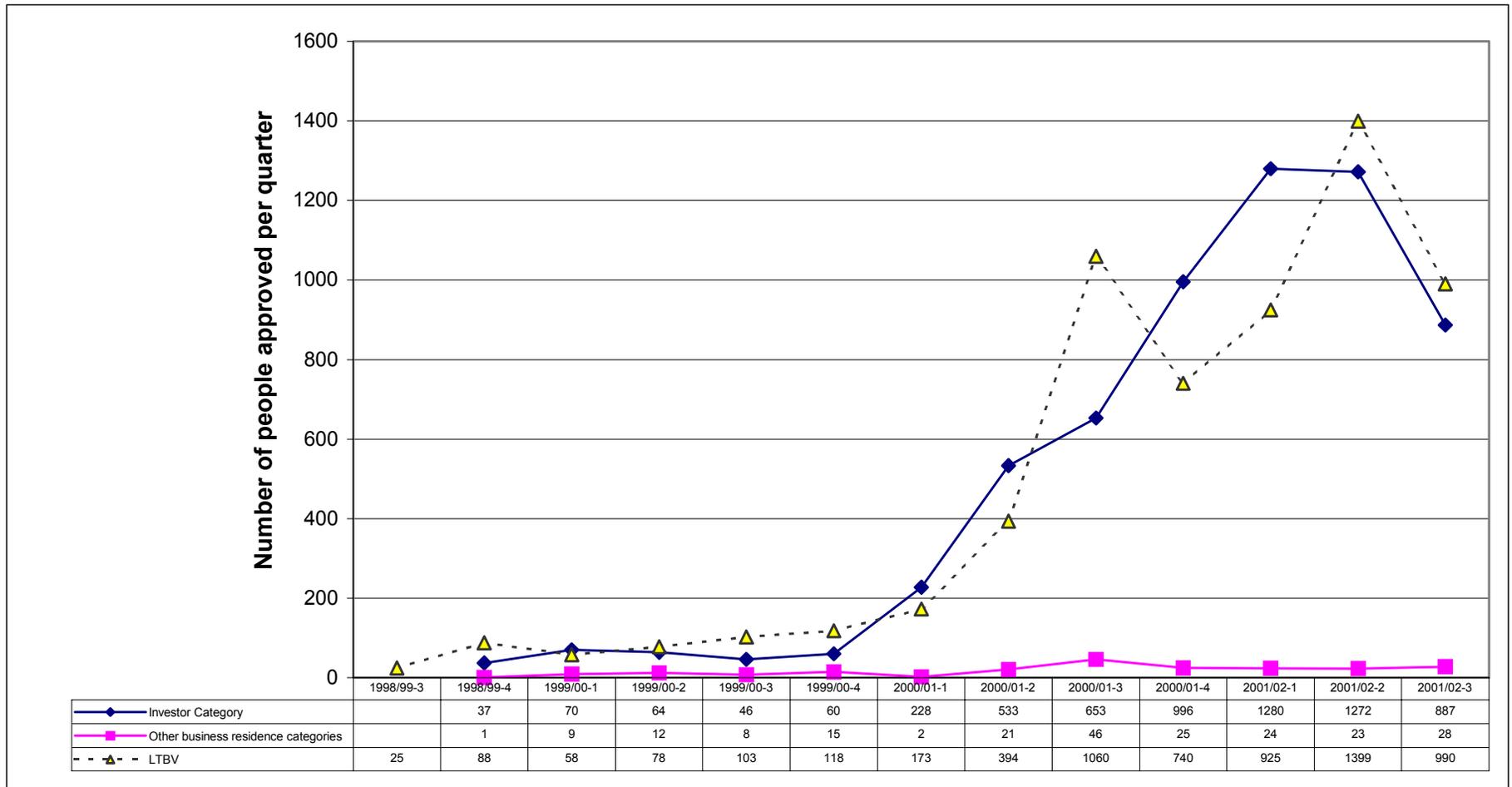


Table A1.3. - Approved LTBV by application - Gender of PA over time

| Financial year | Quarter | Female | Percentage | Male | Percentage | TOTAL |
|----------------|---------|------------|------------|-------------|------------|-------------|
| 1998/99 | Third | 0 | 0% | 1 | 100% | 1 |
| | Fourth | 3 | 33% | 6 | 67% | 9 |
| 1999/00 | First | 5 | 29% | 12 | 71% | 17 |
| | Second | 9 | 28% | 23 | 72% | 32 |
| | Third | 8 | 25% | 24 | 75% | 32 |
| | Fourth | 13 | 30% | 31 | 70% | 44 |
| 2000/01 | First | 17 | 27% | 46 | 73% | 63 |
| | Second | 42 | 27% | 113 | 73% | 155 |
| | Third | 92 | 25% | 270 | 75% | 362 |
| | Fourth | 91 | 29% | 218 | 71% | 309 |
| 2001/02 | First | 142 | 36% | 257 | 64% | 399 |
| | Second | 141 | 31% | 307 | 69% | 448 |
| | Third | 107 | 35% | 199 | 65% | 306 |
| OVERALL | | 670 | 31% | 1507 | 69% | 2177 |

Table A1.4. Average age of approved LTBV principal applicants - 1999 to March 2001

| Financial year | Average of principal applicant age | Number of approval units |
|-------------------------------------|------------------------------------|--------------------------|
| 1998/99 (last two quarters) | 35.8 | 10 |
| 1999/00 | 42.2 | 125 |
| 2000/01 | 42.5 | 889 |
| 2001/02 (first three quarters only) | 41.4 | 1153 |
| OVERALL | 41.8 | 2177 |

Table A1.5. Age breakdown of the LTBV file study sample

| Age at approval | Number | Percentage |
|-----------------|------------|-------------|
| Under 25 | 5 | 1% |
| 25-29 | 18 | 4% |
| 30-34 | 47 | 12% |
| 35-39 | 71 | 18% |
| 40-44 | 86 | 21% |
| 45-49 | 78 | 19% |
| 50-54 | 36 | 9% |
| 55-64 | 21 | 5% |
| 65-74 | 4 | 1% |
| Unknown | 37 | 9% |
| TOTAL | 403 | 100% |

Table A1.6. Characteristics of LTBV migrants who are long term absent compared to all LTBV migrants

| | | | |
|---|---|--|---------------------------------------|
| Country of origin of 169 absent applicants compared to 2935 applicants in cohort (both PA and non-PA) | Country | Percent of those absent | Percent of whole cohort |
| | <i>China</i> | 27.22% | 20.61% |
| | <i>United States of America</i> | 14.79% | 3.00% |
| | <i>South Korea</i> | 10.65% | 38.43% |
| | <i>Great Britain</i> | 8.28% | 5.38% |
| | <i>Japan</i> | 5.33% | 2.56% |
| | <i>South Africa</i> | 4.14% | 2.32% |
| | <i>Fiji</i> | 4.14% | 7.36% |
| | <i>Russia</i> | 4.14% | 1.60% |
| | <i>Taiwan</i> | 2.96% | 0.85% |
| | <i>Netherlands</i> | 2.96% | 0.99% |
| | <i>Other</i> | 15.38% | 16.90% |
| | Total | 100.00% | 100.00% |
| Gender of 51 absent PA Applicants compared to 1089 PAs in cohort | Gender | Percent of those PAs absent | Percent of PAs in whole cohort |
| | <i>Male</i> | 68.63% | 70.89% |
| | <i>Female</i> | 31.37% | 29.11% |
| | Total | 100.00% | 100.00% |
| Approval unit size of 51 absent PA compared to 1089 PA in cohort | Average size of original approval unit of those PAs absent | Average size of original approval unit of all PAs in cohort | |
| | 3.31 | 2.70 | |
| Average age of 51 absent PA clients compared to 1089 PA clients in cohort | Average age of those PAs absent | Average age of all PAs in cohort | |
| | 43.10 | 42.22 | |

Table A1.7. Specific business types of LTBV applicants

| ANZSIC96 classification | Specific business type | Number | Percent |
|--|-------------------------------|---------------|----------------|
| Accommodation, Café & Restaurants | Restaurant | 42 | 10% |
| | Café | 28 | 7% |
| | Takeaway | 19 | 5% |
| | Accommodation | 11 | 3% |
| | Internet Café | 5 | 1% |
| | Restaurant/Takeaway | 2 | 0% |
| | Retirement Village | 1 | 0% |
| | Mixed/Other | 5 | 1% |

Table A1.7. Specific business types of LTBV applicants (cont)

| | | | |
|---|----------------------|----|----|
| Agriculture, Forestry & Fishing | Horticulture | 12 | 3% |
| | Meat | 2 | 0% |
| | Hydroponics | 2 | 0% |
| | Diary | 2 | 0% |
| | Organic farm | 1 | 0% |
| | Flowers | 1 | 0% |
| | Honey | 1 | 0% |
| | Deer | 1 | 0% |
| | Charter Fishing | 1 | 0% |
| | Farm unspecified | 1 | 0% |
| | Mixed/Other | 1 | 0% |
| Communications Services | Internet | 3 | 1% |
| | Toll call | 1 | 0% |
| Construction | Builders | 3 | 1% |
| | Home investment | 1 | 0% |
| | Building products | 1 | 0% |
| Cultural & Recreational Services | Sport/Fitness | 4 | 1% |
| | Tourism | 3 | 1% |
| | Fishing charter | 3 | 1% |
| | Artist | 3 | 1% |
| | Film distribution | 1 | 0% |
| Education | IT education | 2 | 0% |
| | Sport education | 2 | 0% |
| | English language | 1 | 0% |
| | Unspecified | 2 | 0% |
| Health & Community Services | Traditional medicine | 2 | 0% |
| | Chiropractic | 1 | 0% |
| | Massage | 1 | 0% |
| | Unspecified | 2 | 0% |
| Manufacturing | Food | 4 | 1% |
| | Furnishings | 3 | 1% |
| | Joinery | 2 | 0% |
| | Mixed | 1 | 0% |
| | Printing/publishing | 1 | 0% |
| | Lighting | 1 | 0% |
| | Jewellery | 1 | 0% |
| | Electronics | 1 | 0% |
| | Alcohol | 1 | 0% |
| | Plastics | 1 | 0% |
| | Clothing | 1 | 0% |
| | Signage | 1 | 0% |
| | Spectacle frames | 1 | 0% |
| | Pharmaceutical | 1 | 0% |
| | Unspecified | 2 | 0% |

Table A1.7. Specific business types of LTBV applicants (cont)

| | | | | |
|---|--------------------------------|-------------------|-------------|----|
| Personal & Other Services | Hair/Beauty | 7 | 2% | |
| | Laundromat | 5 | 1% | |
| | Photographic | 4 | 1% | |
| | Video hire | 2 | 0% | |
| | Automotive services | 1 | 0% | |
| | Gardening | 1 | 0% | |
| Property & Business Services | Property developer/Real estate | 5 | 1% | |
| | Printing/publishing | 4 | 1% | |
| | Immigration consultant | 3 | 1% | |
| | Graphic design | 2 | 0% | |
| | Advertising | 2 | 0% | |
| | Cleaning | 1 | 0% | |
| | Mixed | 1 | 0% | |
| | Car rental | 1 | 0% | |
| | Bookkeeping | 1 | 0% | |
| | Travel agency | 1 | 0% | |
| | Unspecified | 2 | 0% | |
| | Retail Trade | Dairy/Superette | 23 | 6% |
| Automotive | | 19 | 5% | |
| Food | | 12 | 3% | |
| Gift shop/Flower shop | | 6 | 1% | |
| Clothing | | 5 | 1% | |
| Hardware/Home renovation | | 5 | 1% | |
| Stationary/Books/newsagent | | 4 | 1% | |
| Electrical appliances | | 3 | 1% | |
| Souvenir | | 2 | 0% | |
| Alcohol | | 2 | 0% | |
| Supermarket | | 1 | 0% | |
| Plastics | | 1 | 0% | |
| Music | | 1 | 0% | |
| Musical | | 1 | 0% | |
| Sunglasses | | 1 | 0% | |
| Model cars | | 1 | 0% | |
| Furnishings | | 1 | 0% | |
| Deer velvet | | 1 | 0% | |
| Beauty | | 1 | 0% | |
| Appliance servicing | | 1 | 0% | |
| Animal supplies | | 1 | 0% | |
| Craft shop | | 1 | 0% | |
| Mixed | | 1 | 0% | |
| Unspecified | | 10 | 2% | |
| Transport & Storage | | Camper-van rental | 1 | 0% |
| | | Shipping company | 1 | 0% |
| | Unspecified | 1 | 0% | |
| Wholesale Trade | Import/Export company | 49 | 12% | |
| | Trading Company | 7 | 2% | |
| | Unspecified | 1 | 0% | |
| TOTAL | | 403 | 100% | |

Table A1.8. Trends in approved verses declined applications among Investor categories - March 1999 to March 2001

| Financial year | Quarter | Applications Approved | Percentage | Applications Declined | Percentage | TOTAL |
|----------------|---------|-----------------------|------------|-----------------------|------------|-------------|
| 1998/99 | Fourth | 11 | 92% | 1 | 8% | 12 |
| 1999/00 | First | 22 | 92% | 2 | 8% | 24 |
| | Second | 19 | 90% | 2 | 10% | 21 |
| | Third | 14 | 82% | 3 | 18% | 17 |
| | Fourth | 17 | 85% | 3 | 15% | 20 |
| 2000/01 | First | 63 | 93% | 5 | 7% | 68 |
| | Second | 155 | 92% | 13 | 8% | 168 |
| | Third | 200 | 90% | 22 | 10% | 222 |
| | Fourth | 292 | 95% | 14 | 5% | 306 |
| 2001/02 | First | 387 | 96% | 15 | 4% | 402 |
| | Second | 382 | 95% | 21 | 5% | 403 |
| | Third | 260 | 92% | 22 | 8% | 282 |
| TOTAL | | 1822 | 94% | 123 | 6% | 1945 |

Table A1.9. Location of application for approved Investor Category - March 1999 to March 2001

| Financial year | Quarter | Permit | Percentage | Visa | Percentage | TOTAL |
|----------------|---------|------------|------------|-------------|------------|-------------|
| 1998/99 | Fourth | 1 | 9% | 10 | 91% | 11 |
| 1999/00 | First | 6 | 27% | 16 | 73% | 22 |
| | Second | 6 | 32% | 13 | 68% | 19 |
| | Third | 3 | 21% | 11 | 79% | 14 |
| | Fourth | 3 | 18% | 14 | 82% | 17 |
| 2000/01 | First | 8 | 13% | 55 | 87% | 63 |
| | Second | 11 | 7% | 144 | 93% | 155 |
| | Third | 21 | 11% | 179 | 90% | 200 |
| | Fourth | 21 | 7% | 271 | 93% | 292 |
| 2001/02 | First | 14 | 4% | 373 | 96% | 387 |
| | Second | 21 | 5% | 361 | 95% | 382 |
| | Third | 12 | 5% | 248 | 95% | 260 |
| TOTAL | | 127 | 7% | 1695 | 93% | 1822 |

Table A1.10. Gender of Investor Category principal applicants March 1999 to March 2002

| Financial year | Quarter | Female | Percentage | Male | Percentage | TOTAL |
|----------------|---------|------------|------------|-------------|------------|-------------|
| 1998/99 | Fourth | 4 | 36% | 7 | 64% | 11 |
| 1999/00 | First | 5 | 23% | 17 | 77% | 22 |
| | Second | 8 | 42% | 11 | 58% | 19 |
| | Third | 0 | 0% | 14 | 100% | 14 |
| | Fourth | 4 | 24% | 13 | 76% | 17 |
| 2000/01 | First | 18 | 29% | 45 | 71% | 63 |
| | Second | 46 | 30% | 109 | 70% | 155 |
| | Third | 57 | 29% | 143 | 72% | 200 |
| | Fourth | 88 | 30% | 204 | 70% | 292 |
| 2001/02 | First | 120 | 31% | 267 | 69% | 387 |
| | Second | 127 | 33% | 254 | 67% | 381 |
| | Third | 80 | 31% | 180 | 69% | 260 |
| TOTAL | | 557 | 31% | 1264 | 69% | 1821 |

Note - one unknown person excluded from second quarter 2001/02.

Table A1.11. Age range of Investor file study migrants

| Age at decision | Number | Percentage |
|-----------------|------------|-------------|
| 25-29 years | 11 | 3% |
| 30-34 years | 60 | 15% |
| 35-39 years | 111 | 28% |
| 40-44 years | 130 | 33% |
| 45-49 years | 62 | 16% |
| 50-54 years | 15 | 4% |
| 55-64 years | 5 | 1% |
| 65-74 years | 2 | 1% |
| 75-84 years | 0 | 0% |
| TOTAL | 396 | 100% |

Age was not known for 27 people.

Table A1.12. Businesses involved with the Employees of Relocating Businesses Category

| Industry of original business | Number of PA's approved for relocating business | Original business type | Continued operation of parent company | Industry of proposed relocated business | Proposed business type |
|----------------------------------|---|---|--|---|---|
| Manufacturing | 5 | Manufacturing medical consumables, safety and fire equipment | No | Manufacturing | Manufacturing medical consumables, safety and fire equipment |
| Manufacturing | 1 | Exporting manufactured products for advertising frames and accessories, manufacturing marketing/advertisement banner frames | No | Manufacturing | Exporting manufactured products for advertising frames and accessories, manufacturing marketing/advertisement banner frames |
| Manufacturing | 1 | Manufacturing modern decorative materials, mainly laminated flooring, wallboard, wall paper | Parent company will continue to operate overseas | Manufacturing | Mainly manufacturing wooden flooring |
| Manufacturing | 1 | Import/export company, manufacturing hardware and general merchandise for Chinese domestic and export market, also importing European wine | Parent company will continue to operate overseas | Wholesale trade | Importing hardware products from parent company to sell to wholesalers in NZ, will also export wine to China |
| Manufacturing | 2 | Processes leather shoes for export, also manufactures, imports and exports animal products, ceramics, arts and crafts, appliances, electronics, fur and down garments | Parent company will continue to operate overseas | Wholesale Trade | Exporting animal products - particularly food products, half products, sheepskin, oxford footwear, ceramics and arts and crafts from NZ |
| Manufacturing | 2 | Holding company, owns businesses, brewery, manufactures and deals in beer, beverages, juice, concentrates, repair and maintenance of plant and equipment, agricultural sub-products | Parent company will continue to operate overseas | Agriculture, forestry and fishing | Growing barley and malt production in NZ, will also buy barley in NZ for export |
| Manufacturing | 1 | Manufacturing paper product for education market | No | Manufacturing | Manufacturing paper product for education market |
| Sub-total | 13 | | | | |
| Cultural and recreation services | 1 | Produces TV ads, video clips, commercials, documentaries | Parent company will continue to operate overseas | Cultural and recreation services | Post-production company in video and film industry - will bring SE Asian television production activities to NZ. Will also look for locations for Asian advertising and film production |
| Cultural and recreation services | 1 | Brings students and migrants to NZ, tourism travel and overseas education | Parent company will continue to operate overseas | Cultural and recreation services | Bringing students and migrants to NZ, tourism travel and overseas education - will take students, tourists and permanent residents to Rotorua, Waitomo caves |

Table A1.12. Businesses involved with the Employees of Relocating Businesses Category (cont.)

| | | | | | |
|----------------------------------|-----------|---|--|--------------------------------------|---|
| Cultural and recreation services | 1 | Operates movie theatres | Parent company will continue to operate overseas | Cultural and recreation services | Marketing, distribution and exhibition of ethnic films in NZ. Has lease on Auckland theatre |
| Sub-total | 3 | | | | |
| Retail Trade | 1 | Selling antiquarian and out of print books to local customers world-wide via the Internet | No | Retail Trade | Selling antiquarian and out of print books to local customers world-wide via the Internet |
| Retail Trade | 1 | Pawnbroker and jeweller | Parent company will continue to operate overseas | Accommodation, cafes and restaurants | Hotel |
| Retail trade | 1 | Buys and sells cars at auctions | Parent company will continue to operate overseas | Retail Trade | Selling vehicles exported to NZ by Japanese parent company |
| Sub-total | 3 | | | | |
| Wholesale trade | 1 | Imports and exports clothing, crafts, shoes, food | Parent company will continue to operate overseas | Wholesale trade | Exporting lamb from NZ to China, also exporting beef, by products, timber, milk, fruit, sheep and wool |
| Wholesale trade | 1 | Distribution of filters that help asthma and allergy sufferers | Parent company will continue to operate overseas | Wholesale trade | Distribution of filters that help asthma and allergy sufferers |
| Sub-total | 2 | | | | |
| Property and business services | 1 | Software and hardware development, also writes computer programmes | Parent company will continue to operate overseas | Property and business services | Software and hardware development, and writing computer programmes |
| Property and business services | 1 | Supplies engineering services to customers in dairy industry | Parent company will continue to operate overseas | Property and business services | Supplying engineering services to customers in the dairy industry - providing factory automation and systems integration solutions to process industries in NZ and e-commerce specialists |
| Sub-total | 2 | | | | |
| Construction | 1 | Aquarium concepts, detail design, construction, commission, operation and management of aquariums | Parent company will continue to operate in New Zealand | Construction | Bending acrylic for NZ and overseas aquariums |
| Total number of PA's | 24 | | | | |
| Total number of business | 18 | | | | |

Table A1.13. Business types established by Entrepreneur migrants

| Industry | Business Type |
|--|---|
| Agriculture, Forestry and Fishing - 3 | Service to kiwifruit orchards as agricultural contractors - provide labour for orchards, has knowledge of vine husbandry |
| | Timber merchant producing woodchip, bark and sawdust. Kiln dry and process timber for export. |
| | Growing and selling flowers, producers of Calla lilies |
| Manufacturing - 5 | Company Branding Shop - embroiders, prints and undertakes sign writing of company brands onto textiles, sportswear, prints t-shirts |
| | Manufacture and sale of lingerie |
| | Embroidery company - embroiders fabric/textiles |
| | Imports, blends and sells printing inks |
| | Manufactures marine canvas covers for boats, produces range of fibreglass and canvas covers, also for cars, awnings, upholstery |
| Construction - 1 | Installation of fire sprinkler systems |
| Wholesale Trade - 7 | Commission agent/ consultant - buys and sells to overseas buyers |
| | Exports building and construction related products to Japan - kitchens, bathroom fixtures and fittings, woollen carpets |
| | Import and export between China and NZ - wool, paper and cigarettes |
| | Imports cast iron clamps and couplers for scaffolding, and pipe fittings. Also distributes locally made split clamps for road signs, children's playgrounds, railings |
| | Wool exporting company - operates in wool, transport, banking and shipping industries |
| | Services and rewinds starter motor armatures |
| | Import/export company - imports disposable medical and health protection products from Asia |
| Retail Trade - 6 | Motor vehicle dealership - buys and sells cars, with panel beating shop and finance facility for customers |
| | Takeaway food |
| | Dairy |
| | Import and sale of used car parts - also dismantling of cars, testing engines, transmission and cylinder heads |
| | Panel beating and spray painting cars Car dealership - importer, wholesaling and retailing of cars |
| Accommodation, Cafes and Restaurants - 8 | Motel |
| | Restaurant x 7 |
| Transport and Storage - 2 | Freight company and customs agent - general freight forwarding, customs agent, trucking, importing, exporting |
| | Tourism business, provides driver services, tour guides, golf tours, night time pub tours, mountain tours |
| Communication Services - 1 | Collates and programmes holdings of investment funds from around the world. Supplies financial information via Internet and Virtual Private Network |

Table A1.13. Business types established by Entrepreneur migrants (cont.)

| | |
|--|---|
| Property and Business Services - 7 | Copy centre - photocopying outlet operating in shopping precinct, also does laminating and binding |
| | Residential property development company and investment company |
| | Refurbishes and reconditions second hand office furniture, photocopiers and computer parts |
| | Promotes NZ as a world-wide supply partner to develop and service food outlets - facilitates the establishment, growth and long-term success of the stores - NZ franchise |
| | Computer hardware maintenance service and computer consumable supplier |
| | Property manager - car park, office building, hotel - facilitates property lessees, also marketing function, landlord role, provision of electricity to hotels and other tenants, negotiates with tour parties to visit hotel |
| | IT consultancy to large NZ firms - data management, warehousing, modelling, project management, business analysis |
| Education - 1 | Teaches Chinese dance, ballet, jazz |
| Health and Community Services - 1 | Health clinic, promoting health and disease prevention |
| Cultural and recreational Services - 5 | Outdoor activity centre - Flight Park - paragliding, hang gliding, parapenting |
| | Animation production company - specialising in 2D animation. Work for TV shows and Internet educational series |
| | Television production company - produce children/family based series |
| | Golf Academy - brings golf students and tourists from Korea - golf coaching academy, provides tuition, also community recreation facility |
| | Inbound tourist services in education and fishing sectors |
| Total | 47 |

Table A1.14. Characteristics of Investor migrants who are long term absent compared to all investor migrants.

| | | | |
|---|---|--|---|
| Country of origin of 513 absent clients compared to 2086 clients in cohort (both PA and non-PA) | Country | Percent of those absent n = 513 | Percent of whole cohort, n = 2,086 |
| | <i>Taiwan</i> | 57.89% | 25.84% |
| | <i>China</i> | 28.46% | 40.99% |
| | <i>Indonesia</i> | 2.92% | 1.77% |
| | <i>Hong Kong</i> | 2.53% | 3.55% |
| | <i>Malaysia</i> | 1.75% | 1.10% |
| | <i>Great Britain</i> | 1.75% | 5.37% |
| | <i>Thailand</i> | 1.17% | 0.53% |
| | <i>Germany</i> | 0.78% | 0.38% |
| | <i>Greece</i> | 0.58% | 0.14% |
| | <i>South Korea</i> | 0.39% | 8.68% |
| | <i>Other</i> | 1.75% | 11.65% |
| | Total | 100.00% | 100.00% |
| Principal applicant gender. 145 absent compared to 625 in cohort | Gender | Percent of those PAs absent | Percent of PAs in whole cohort |
| | <i>Male</i> | 66.21% | 67.68% |
| | <i>Female</i> | 33.79% | 32.32% |
| | Total | 100.00% | 100.00% |
| Application size. 145 absent compared to 625 in cohort | Average size of original approval unit of those PAs absent | Average size of original approval unit of all PAs in cohort | |
| | 3.61 | 3.41 | |
| Principal applicant average age. 145 absent compared to 625 in cohort | Average age of those PAs absent | Average age of all PAs in cohort | |
| | 40.25 | 40.34 | |

Table A1.15. Percentage of first business owned

| Percent owned | Number | Percentage |
|----------------------|---------------|-------------------|
| 1% to 25% | 11 | 8% |
| 26% to 50% | 40 | 29% |
| 51% to 75% | 12 | 9% |
| 76% to 100% | 77 | 55% |
| TOTAL | 140 | 100% |

28 people were unknown for percent owned.

APPENDIX 3: SURVEY SAMPLE DESCRIPTION TABLES

Table A2.1. Age groups of sample participants

| Age: | Total N=84 % | Investors N=25 % | LTBV N=59 % |
|----------------------|--------------------|------------------------|-------------------|
| 18-24 years | 2 | - | 3 |
| 25-34 years | 13 | 12 | 13 |
| 35-49 years | 67 | 80 | 61 |
| 50-54 years | 6 | 4 | 7 |
| 55-60 years | 6 | 4 | 7 |
| 61-64 years | 4 | - | 5 |
| Over 65 years | 1 | - | 2 |
| Refused/Not Answered | 1 | - | 2 |

Table A2.2. Country of birth of sample participants

| Country of birth: | Total N=84 % | Investors N=25 % | LTBV N=59 % |
|-------------------|--------------------|------------------------|-------------------|
| Belgium | 1 | 4 | - |
| China | 19 | 28 | 15 |
| England | 2 | 4 | 2 |
| Fiji | 5 | 8 | 3 |
| Finland | 1 | 4 | - |
| France | 1 | 4 | - |
| Germany | 4 | - | 5 |
| Hong Kong | 3 | - | 4 |
| India | 1 | - | 2 |
| Indonesia | 1 | - | 2 |
| Italy | 2 | - | 3 |
| Japan | 2 | - | 3 |
| Korea | 20 | 12 | 24 |
| Lebanon | 1 | - | 2 |
| Malaysia | 2 | 4 | 2 |
| New Caledonia | 1 | - | 2 |
| South Africa | 4 | - | 5 |
| Sri Lanka | 4 | 4 | 3 |
| Switzerland | 4 | 4 | 3 |
| Taiwan | 4 | 12 | - |
| Thailand | 4 | - | 5 |
| UK | 8 | 4 | 10 |
| USA | 5 | 8 | 3 |
| Zimbabwe | 1 | - | 2 |

APPENDIX 4: INTERVIEW QUESTIONS

NZIS key informant interview questions

General Manager, Manager PRD, Policy Analysts were asked to discuss:

- How the business policy came to be reviewed and the new policy developed?
- What drove the Review?
- What were the principles underpinning the review?

Market Managers and BMB Manager were asked

- What is your role in regard to business migration?
- Do you have any particular responsibilities?
- What promotional efforts have you been involved in?
-

BMB BIS were asked

- How is the BMB structured?
- Why is it structured as it is?
- What activities do the business specialists perform?
- What activities does KPMG perform?
- How was KPMG selected to assist business migration specialists?
- What other NZIS staff have responsibility for business migration?
- What roles do branches have in business migration?
- What roles do Market Managers have in business migration?
- What are the relationships between the business specialists, referral advisors, KPMG and other NZIS staff?
- How have roles and responsibilities changed over time?
- Why have roles changed over time?
- How is the BMLU structured?
- Why is it structured as it is?
- What activities do the Business Migrant Referral Advisors perform?
- What are the key functions of the BMLU