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Experiences of Recent Business Migrants in New Zealand

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EXPERIENCES OF RECENT BUSINESS MIGRANTS IN NEW ZEALAND

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Prepared By
Forsythe Research

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Topic Guide

Previous, Intended And Current Occupations Of Business Migrant Sample

EXECUTIVE SUMMARY

1. Introduction

The key objectives of this research have been to:

- examine the expectations and intentions of business migrants regarding business and investment in New Zealand;
- investigate their experiences since arrival in New Zealand;
- investigate the contribution of business migrants to New Zealand; and
- outline ways in which more active investment in New Zealand might be encouraged.

2. Methodology

The information contained in this report was obtained from 30 semi-structured in-depth interviews with 24 migrants approved on the basis of the prior Business Investment and six migrants approved on the basis of the current Business Investor category. All migrants were living in New Zealand. The distribution of the sample by business category, location and country of origin is provided in the main report. Twenty-five interviews were conducted face to face, and five interviews were conducted over the telephone. In many cases, a multi-lingual interviewer was assisted with translation.

Note that because the study is qualitative, we cannot make judgements about the number of migrants holding particular views or having had particular experiences. The results reflect the range of ideas and experiences.

3. The Immigration Experience

Push Factors For Leaving The Home Country

The following six key push factors for choosing to leave one's home country were identified:

- political factors - concerns about political instability and uncertainty in the home country;
- changing social structures - stress and pressure of competitive economic environment, compromise of social equality, corruption, bureaucracy and high taxes;
- constraints on business - corruption and bureaucracy;
- environmental factors - overcrowding, placing pressure on infrastructure;
- educational factors - over-competitive system which places excessive pressure on students; and
- lifestyle change - a desire for a change in lifestyle, particularly for those reaching retirement age.

In almost all cases, business migrants in the sample were motivated to leave their home country by a combination of these factors. There did not appear to be any clear difference in motivations for leaving the home country by migration category. Dissatisfaction with business opportunities in the home country was not a push factor.

Reasons For Choosing New Zealand

The range of possible destinations was small and consistent across all participants, being confined to Australia, Canada, United States, United Kingdom, and Europe.

Differences in reasons for choosing New Zealand among the sample of business migrants varied by country of origin. Only one participant mentioned the economic potential of New Zealand as a reason. Common themes were:

- the perception of a stress-free, laid back, relaxed New Zealand way of life;
- the natural environment, clean and green, with a climate which lacks extremes;
- the relatively uncompetitive education system (especially those from Asia);
- similarities to the home country (especially those from US, UK, South Africa and Europe);
- ease of immigration (especially those from Asia), the passive migration option (under Business Investment category) and relative short time period for approval;
- already having family and/or friends in New Zealand; and
- discouragement from immigration consultant to consider other countries (Asian migrants).

The Decision To Apply As A Business Migrant

In almost all cases, participants had considered the General Skills category as a means of gaining New Zealand residence. Some migrants interviewed decided immediately to apply as business migrants. However, most interviewed had first failed to qualify under the General Skills category (generally because of age or lack of recognition of qualifications).

Business Investment Options

The Business Investment category (operating before October 1995), had three application sub-categories - Active \$500,000 invested outside Auckland/Wellington, Active \$625,000 invested in Auckland/Wellington, or Passive \$750,000.

For all migrants interviewed, the amount of eligible money they had for investment was the key influence on choice of application sub-category. For example, those who chose the Active \$500,000 category did not have access to more than \$500,000.

Other factors mentioned were:

- the three participants in the \$625,000 category felt they knew so little about New Zealand, that to invest outside the main cities was too risky;
- the 13 in the Passive Investment category felt there was greater freedom associated with not having to immediately invest in a commercial venture, and that they would have more time to learn English;
- a small group of passive business migrants stated they had not been informed of an investment category other than the Passive \$750,000; and
- some migrants were attracted to the Passive Investment category as their main reasons for coming to New Zealand were either to retire or to educate their children.

4. Settlement In New Zealand

Expectation Of Settlement In New Zealand

Key differences in settlement expectations and experience were identified between those migrants from similar (United Kingdom, USA, South Africa and Europe) and dissimilar (particularly Asian) cultures. The key contrasts are detailed below.

Those from similar cultures
sought information about business and economy in NZ;

visited NZ and travelled independently prior to migration; and

enjoyed easier access to published information, being familiar with information infrastructure.

Those from dissimilar cultures
Greater focus on information about settlement;

Visited NZ for package holiday prior to migration; and

Had limited access to a full range of published information due to lack of knowledge and low expectations of what might be available.

Experience Of Living In New Zealand

For those from cultures similar to New Zealand, expectations were not very different from the actual experience of living here. However, those from cultures different to New Zealand encountered more difficulties than they had expected. Key difficulties mentioned by those from dissimilar cultures related to learning English and finding work. New Zealanders' general friendliness and willingness to help migrants in their businesses exceeded expectations and was commonly commented on.

5. The Pre-Migration Business Experience Of Migrants

Business And Investment Background

Secondary sector (manufacturing) experience was most common among those interviewed (14 of the 30 migrants). Twelve of the 30 business migrants had been involved in the tertiary or service sector, the remaining four being involved in the primary sector before migration. There were no clear patterns of occupation evident by migration category. No migrants had previous business links with New Zealand before migration.

Business And Investment Intentions

The main sources from which business migrants in the sample derived their ideas for their intended business or investment in New Zealand were:

- making use of skills, knowledge and networks developed in the home country;
- developing hobbies into commercial enterprise;
- observation of types of businesses successful, or developing, in their home country, or in NZ;
- advice of immigration consultants (usually limited);
- advice from other business professionals such as real estate agents and lawyers in home country or NZ; and
- previous experience of working in New Zealand.

Intended areas of business in New Zealand included:

- tourism, generally upmarket, eg; lodge/motel;
- primary sector – horticulture, agriculture;
- trade - between New Zealand and home country;
- property - property investment, establish construction company;
- retail – clothing, restaurant, petrol station, seafood, traditional herbs;
- social/service sector - teach home country language, nursing, personnel consulting; and
- manufacturing - knitting mill, textiles.

While some passive migrants had initial intentions of investing actively in New Zealand, others had planned to fulfil requirements by investing money in a bank for two years.

Business Information Search Prior To Arrival

Business information sources used prior to arrival included a pre-arrival business development trip, New Zealand friends, relatives and business acquaintances, and immigration consultants (reported to be limited in scope).

Prior to coming to New Zealand, some migrants found it difficult to source information about investing in forestry, agricultural and horticultural opportunities, and how to form joint ventures and partnerships in New Zealand (within the category regulations).

6. Actual Experience Of Business/Investment In New Zealand

Actual Business/Investment Experiences In New Zealand

Of the 30 business migrants, 18 were currently involved in some form of investment other than a bank term deposit. However, 3 were involved in property investments that were managed by another individual or organisation.

Among those interviewed, 6 were currently undertaking work in the industry they had been involved with in their home country. Only eight of the active and business investor migrants were currently doing what they had planned to do in New Zealand, most investing in the

primary sector and in property. All Active \$625,000 investors were currently involved in the business they had intended to do in New Zealand.

Most notably, those with skills and experience in the secondary sector (manufacturing) were most likely to have intended to and subsequently undertaken business in other areas. The table below shows the differences between migrants' previous, intended and current activities by sector.

Table 1: Previous, Intended And Current Activities By Sector

	Previous	Intended	Current
Primary	4	6	5
Secondary	14	3	3
Tertiary	12	15	7
Semi-Active	0	2	3
Retirement/Passive	0	4	12

Data specific only to the 30 migrants interviewed, absolute values given.

Contributors To Business/Investment In New Zealand

Participants identified a range of positive contributors, which assisted establishment of active business ventures in New Zealand. These included:

- government process - minimal bureaucracy relative to the home country and lack of corruption;
- information, advice and support from institutions, particularly banks, and from those already working in the industry concerned;
- collaboration between industry experts and the migrant on joint projects; and
- relatively favourable business conditions (unions, wage rates) relative to other Western countries.

Barriers To Business In New Zealand

Participants also identified a range of difficulties in doing active business in New Zealand. These included:

Regulatory Requirements

The influence of producer and marketing boards, laws regarding employment conditions (eg; minimum wage, Health And Safety), tariffs and lack of subsidies for new businesses were mentioned.

The NZ Market And Characteristics

The small size of the New Zealand market, lack of infrastructure, a perception that New Zealand lacks international focus and difficulties accessing training especially in manufacturing were mentioned. The vulnerability of the NZ market to, for example, the Asian financial crisis was also mentioned.

Migrant Knowledge And Characteristics

Limited understanding of New Zealand markets and consumer behaviour combined with language barriers and poor business networks caused problems, particularly for location and supply decisions. Some migrants felt their age and energy levels to be a deterrent to active investment.

In a number of cases, barriers have meant that migrants, especially passive migrants, did not pursue their active business intentions in New Zealand. For active migrants, this meant some pressure to find an alternative investment option, employment or training.

Information And Assistance

While business information was generally seen as readily available, migrants would have liked some guidance in how to go about sourcing information. Sources of information used included professionals, lawyers, accountants, real estate agents, industry representatives, observation in retail outlets, getting employment in similar organisations, visits to Government Departments (Department Of Labour, the Commerce Commission, Ministry Of Agriculture, Ministry of Health), the Internet (used as a source for obtaining contact details of industry organisations), producer boards, export exhibitions, ethnic community magazines and The Yellow Pages.

Additional information and assistance desired included:

- import-export related process, requirements, training etc;
- information about different industry and producers boards as well as trade organisations;
- environmental regulations; and
- property investment information for different locations.

7. Contribution To New Zealand, And Aspirations For The Future

Benefits/Contributions Of Business Migrants To New Zealand

Perceived benefits identified by migrants included:

- providing employment opportunities for New Zealanders;
- setting high quality standards and introducing new ideas and efficiencies;
- providing links between NZ and overseas areas, sharing knowledge of overseas markets and regulatory environments, and creating a multi-cultural society;
- boosting the economy by purchasing goods and services, and growing the size of the domestic market;
- promoting New Zealand to family and friends, encouraging visits and building awareness of NZ products in the home country; and
- contributing through taxes.

Those actively investing felt that they were currently contributing to New Zealand in the ways described above.

Aspirations For The Future

It appeared that those who were currently active in business intended to remain as active investors in the future, although none were intending to grow their investment or business portfolios significantly. Few of those who were currently passive had any strong intentions of becoming active in the near future, the majority intending to keep their money invested in the bank unless conditions in the property market changed, or an appropriate joint venture partner could be found. Some migrants (mainly passive) indicated they were considering the possibility of onward migration or return to the home country as an option in future.

8. Encouraging And Assisting Future Active Business Migrants

Advice Participants Would Give To Future Business Migrants

Predominantly, business migrants considered that New Zealand was a great place to settle and live (and retire), but was not a suitable place for those interested in making money in business. Consequently, migrants said they would advise prospective migrants to ensure they have sufficient funds to live in New Zealand and cover settlement costs (such as purchasing a house) as it may be some time before they generate income. (Migrants from all investment categories and from both similar and dissimilar cultures to New Zealand gave this advice.) In addition, participants emphasised the importance of both settlement and business research, preferably through a visit, before migrating to New Zealand.

Encouraging Future Active Business Migrants

The area which participants agreed needed most modification to encourage more active business migrants was current policy requirements and entry conditions. Some suggestions included relaxing criteria, for example, to calculate “eligible” funds, relaxing English language requirements, facilitating migration of business migrants over 65 years and of independent family members, emphasising migrant skill rather than wealth in selection, and others relating to increasing the flexibility of both use and assessment of funds.

Additional assistance desired once in New Zealand which current business migrants believed would encourage more active investment included:

- organisations or advisors to assist migrants;
- increased promotion and availability of information about business and settlement;
- free or subsidised English language courses; and
- offered financial assistance to those who wished to introduce new technologies and processes to New Zealand.

The Experience Of Business Investor Category Migrants

One of the aims of this research has been to gain some understanding of current Business Investors and any key differences with respect to past Business Investment Category migrants. Results for the two groups were generally similar, given the following aspects of the business investor sample:

- all of the Business Investor participants were from cultures similar to New Zealand;
- the greatest proportion were living outside Auckland (as opposed to the 1994/1995 BIC migrants); and
- none had been resident in New Zealand for more than 18 months, the shortest time being 5 months.

However, some points of interest are that Business Investor participants appeared more likely than the other participants to:

- have business links to their home country. This appeared, in part, to be due to the scale of their investment portfolio in their home countries, and having been in New Zealand for a shorter period of time than 1994/1995 Business Investment participants;
- have, or be interested in, working with New Zealand staff, predominantly as advisors or day-to-day operations staff; and
- have felt they were contributing to New Zealand by developing a niche industry or “operating differently” to New Zealand organisations in the same industry.

Comments were also made by Business Investor migrants that the age restriction of the current policy should be lifted (65+ being ineligible) as this would encourage more active business migrants to come to New Zealand, and that the policy should place greater emphasis on the skill of a potential migrant as an employer.

Conclusions

The Impact Of Cultural Similarity

Business migrants from dissimilar cultures had experienced the greatest difficulty in establishing themselves in New Zealand. Key differences were identified in almost all aspects of the migration, settlement and the business investment process. Most notably, differences related to the ability to source information, to understand market operations, to communicate in English and to understand and work within the regulatory environment. There was also a greater tendency for this group to call for increased intervention and assistance from government to enhance their business performance in this country.

Expectations And Intentions For Life In New Zealand

The results indicate that business migrants are more strongly motivated by factors other than the chance to do business in New Zealand. Many of those interviewed had applied for residence under the Business category because they did not meet the criteria for General Skills application. Undertaking business in New Zealand, therefore, was not necessarily a priority for them.

The main influence on choice of business investment sub-category was the level of funds

they had available to invest rather than a specific commitment to active business investment. Some business migrants came to New Zealand primarily to educate their children or for retirement and, therefore, preferred passive investment. Migrants with an educational focus generally planned to leave the country once that education was finished.

Many of the migrants, especially those in the manufacturing sector (about half of the sample), intended to and subsequently set up business or invested in an area different from their previous industry experience.

Factors Which Inhibit Or Enhance Success In Business

Although participants commented on a range of positive factors, there were also several significant barriers or deterrents to active investment identified. Consequently, among those intending active investments, a number had taken passive options.

Some business migrants in the sample, particularly those from dissimilar cultures, commented that they see definite advantages of forming joint ventures and partnerships with local business people. However, in all cases, migrants stated that they did not know how to go about finding joint venture partners. Better integration of business migrants into the local business environment and development of joint ventures could enhance potential business migration outcomes.

Information and Common Misperceptions

Common themes arising from the research relate to migrant's misperceptions both about the New Zealand business environment and immigration policy requirements.

One of the key barriers inhibiting success in New Zealand was a perceived lack of information, both prior to arrival and upon arrival in New Zealand, particularly among those from dissimilar cultures. Poorer business decisions had resulted.

The research indicates that significant benefits can be gained when potential migrants visit New Zealand prior to residence. In particular, a visitor programme focused on business information and orientation would benefit potential migrants both in settlement and quality business decision making.

Most migrants commented that there should be some organisation taking a pro-active role in informing business investors. However, there was very poor awareness by those interviewed of the assistance available through organisations such as Trade New Zealand. Business migrants also expressed a need to be much better informed of their rights and responsibilities once they gain approval for residence. Comments reflected much confusion as to the regulations regarding:

- how long a migrant has to arrive in New Zealand once they gain approval;
- how long a migrant has to establish a business in New Zealand;
- how the investment funds must be used; and
- assessment requirements at the end of the two year investment period.

In a number of cases, confusion as to these regulations had resulted in poor location and industry decisions. Issues raised included a perception of a lack of time to research the local market, a slow start to some business ventures as migrants returned home to wind up business dealings there, and decisions to invest passively rather than actively because the requirements were too confusing. For active investors, there was some anxiety that, at the end of the two year investment period, they may not have conformed with the policy requirements and would be required to leave the country.

The research indicates that if business migrants were better informed about the New Zealand business environment and policy requirements before migration, the outcomes of business migration could be considerably more favourable.

Policy Differences And Compliance

The ability to conclude about differences between migrants under the previous Business Investment and the current Business Investor categories is limited, given that only six interviews were conducted with Business Investor migrants and all were from countries similar to New Zealand¹. However, it did not appear that there were strong differences between migrants in the two groups.

Although there were misperceptions about policy requirements, both Business Investment and Business Investment category migrants appeared to be doing their best to meet requirements as they understood them.

Encouraging Future Business Migrants

Based on their own experiences, business migrants said they would not recommend New Zealand as a place for business investors looking to make large amounts of money. Furthermore, migrants felt those in their home countries genuinely interested in business may not be attracted to New Zealand due to lack of awareness about opportunities here, as there was:

- a focus of available information on lifestyle rather than economic/business related issues; and
- a lack of information on desirable business opportunities in this country through, for example, financial publications and industry magazines.

Providing potential business migrants with such information could, therefore, assist in promoting New Zealand as a destination.

¹ Efforts were made to include those from dissimilar cultures in this sample group but were not successful

Many business migrants who had gained approval under the passive investment category reported that the current lack of a passive investment option is a strong disincentive to business migrants from cultures dissimilar to New Zealand. This group consider a passive option essential to allow them time to gain a greater understanding of the New Zealand market (and to learn English) before making any commercial decisions. A policy that is seen as requiring migrants to undertake some form of business almost immediately upon arrival is unlikely to be viewed favourably.

It appears that if active business investment is to be encouraged, consideration needs to be given to a period of passive investment, to provide time for business migrants to make sound commercial decisions. A potential difficulty of such an approach is that business migrants subsequently continue to invest passively and do not move into active investment options.

1. INTRODUCTION AND OBJECTIVES

1.1 Introduction

In November 1991, the government replaced the Business Immigration Policy with 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 types of investment were specified under which people could qualify for residence. These were:

- a passive investment² of \$750,000 (for example, in a bank account, trust funds or listed stocks);
- an active³ 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.

A comprehensive review of New Zealand's immigration policy took place in 1995. This review found that most Business Investment Category investments which had been made were passive rather than active. (For example, in the 1994/1995 financial year, 85% of Business Investment category approvals had opted for a passive investment).

As a result of this 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

² "Passive investment" includes any form of bank investment or deposit, Government stocks or bonds, portfolio investment in stocks or share 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.

³ "Active investment" includes 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.

active investment levels and an applicant's personal attributes. The three investment sub-categories (Active \$500,000, Active \$625,000 and Passive \$750,000) were removed.

The application criteria now includes an assessment of:

- direct investment funds between \$750,000 and \$3,000,000 (such funds must be invested in New Zealand to acquire a significant influence in the management of an enterprise in New Zealand, and the investor must own 25% of the enterprise);
- business experience and qualifications;
- accumulated earning funds (between \$750,000 and \$3,000,000)*;
- age (people over 65 are not eligible to apply); and
- settlement factors (this includes settlement funds, spousal human capital, New Zealand work experience and family sponsorship).

**Accumulated earnings funds are defined as funds and assets which i) are owned by the principal applicant, and ii) have been earned by the principal applicant as a direct result of the principal applicant's business experience and/or have been accumulated as returns on investments of funds, which have been earned by the principal applicant as a direct result of the principal applicant's business experience. An acceptable investment of accumulated earnings funds is one that is invested in New Zealand and under normal circumstances, capable of providing a commercial return on investment. Funds must be invested in New Zealand currency.*

Principal applicants also have 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 also have to meet the same standard of English or pay a bond of \$20,000 (refundable if certain criteria are met).

In total, 1,594 applications have been approved under the Business Investment Category (1992 to 1997) (totalling 5,435 people) and 53 applications approved under the Business Investor Category (1996 to 1997) (totalling 166 people).

As part of its research investigating the settlement experiences and outcomes of recent migrants to New Zealand, the New Zealand Immigration Service wishes to explore the experiences of business migrants who have settled in New Zealand. This report details the findings of a qualitative study with business migrants.

1.2 Objectives

The primary aim of this project is to explore, in depth, the experiences of business migrants who have settled in New Zealand.

The key objectives of this project, as specified in the research brief, are to:

- Document 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.
- Investigate the experience of business migrants since arrival in New Zealand with respect to their involvement in investment and business in New Zealand and overseas, and settling in New Zealand generally.
- Investigate the views of business migrants regarding how migrants can enhance investment and business in New Zealand, including the benefits of enterprise, innovation and international linkages that they may bring.
- Investigate the views of business migrants regarding how the New Zealand Immigration Service, through the use of entry conditions, could encourage active business migrants to come to New Zealand.
- Identify the views participants have on factors which inhibit or enhance successful involvement of active business migrants in investment and business in New Zealand (including settlement support).

2. RESEARCH APPROACH

2.1 Methodology

Based on the objectives of the research, a qualitative methodology was adopted. A series of in-depth interviews with migrants entering New Zealand under the Business Investment or Business Investor categories were conducted. In-depth interviews offer the following advantages:

- the ability to address complex issues such as those relating to migration;
- the ability to tailor the discussion to the background, experience and concerns of the participant;
- participants' responses are less likely to be influenced by the views and behaviour of others present; and
- where issues of confidentiality may be important (as in this study), participants are more likely to share their views in a one-on-one situation.

Sample Selection

The key difficulty in sampling for a project such as this is the ability to obtain up-to-date New Zealand contact details, particularly addresses and telephone numbers. While New Zealand Immigration Service have the names of business migrants approved for permanent residence, these records do not contain New Zealand contact details.

The sample used in this project was obtained from the arrival cards of those business migrants who have travelled internationally since March 1997 (the period from which arrival card information has been available). The sample was checked for accuracy and currency, with invalid addresses eliminated. Telephone numbers were sourced predominantly from Telecom's directory service and the Internet. Some contact numbers were also obtained from reply coupons sent to all migrants on the sample list supplied. In Auckland, where telephone numbers could not be found, addresses were visited in an attempt to find participants.

To ensure that the sample selected was randomly drawn, an initial selection of 30 names from the lists supplied was highlighted. Every attempt was made to contact those people originally selected before they were replaced. Because of the quotas by location and policy approval type, replacement interviews were selected at random from a list, excluding those from quotas where a sufficient number of participants had already been recruited.

Multi-lingual recruiters were used to recruit participants. These recruiters also assisted at the interview, smoothing over any potential communication issues and also personalising the process so that rapport was developed.

The majority of business migrants reside in Auckland and most interviews were conducted there. Given that settlement experiences can differ significantly by geographic location, some interviews were also conducted in other parts of New Zealand (see Table 2.3).

Twenty-five interviews were conducted face to face, at locations convenient to the

participant. Interviews took between 45 minutes and 1 ½ hours to complete. Interviews were conducted primarily with the principal applicant although, in some cases, spouses and children also took part in the discussion. Eighteen face to face interview participants were male and seven were female.

Five interviews were conducted over the telephone. Four of these participants lived in provincial areas. The remaining participant lived in Auckland but preferred not to have an interviewer visit in person. Telephone interviews took between 45 minutes and 1 hour. All telephone participants were male and able to communicate well in English.

All interviews were conducted by executive staff, experienced in qualitative research techniques and in interviewing those for whom English may be a less familiar language.

A topic guide was used to direct the interview. However, free discussion was also encouraged, in order to pursue issues specific to particular business categories or locations. A copy of the topic guide is appended (Appendix 1).

2.2 Sample Profile

The sample for the Business Investment Category migrants was drawn from approvals during the 1994/1995 financial year. Over the period, 470 approvals were granted. Table 2.1 shows these approvals by country of origin, age of principal applicant and investment option.

Table 2.1: Business Investment Category Approvals During 1994/1995

	Active \$500,000 (n=54)	Active \$625,000 (n=18)	Passive \$750,000 (n=398)	Total (n=470)	
				No	%
<i>Country Of Origin</i>					
Hong Kong	9	9	230	248	53
South Korea	4	3	49	56	12
Taiwan	4	2	43	49	10
Great Britain	6	2	16	24	5
China, PR	7	0	9	16	3
United States Of America	4	2	6	12	3
Malaysia	0	0	9	9	2
Fiji	5	0	3	8	2
South Africa	2	0	5	7	1
Other	13	0	28	41	9
<i>Age Of Principal Applicant</i>					
0-29 years	0	1	4	5	1
30-34 years	3	4	27	34	7
35-39 years	8	2	64	74	16
40-44 years	14	1	118	133	28
45-49 years	6	3	78	87	19
50-54 years	16	4	66	86	18
55-59 years	2	1	29	32	7
60-64 years	3	1	8	12	3
65+	2	1	4	7	1

The Business Investor category migrants were drawn from a sample of 53 approvals granted between September 1995 and September 1997. The countries of origin, and age distribution of this group are given in Table 2.2.

Table 2.2: Business Investor Category Approvals (September 1995 to September 1997)

	<i>Number</i>	<i>%</i>
<i>Country Of Origin</i>		
Great Britain	13	25
Hong Kong	11	21
United States Of America	10	19
Germany	6	11
Netherlands	4	8
Other	9	17
<i>Age of Principal Applicant</i>		
0-29 years	3	6
30-34	5	9
35-39	8	15
40-44	7	13
45-49	9	17
50-54	7	13
55-59	9	17
60-64	2	4
65+	3	6

Table 2.3 provides a summary of the participants' demographics. A description of the sample in each investment option is also provided below.

Table 2.3: Sample Profile Of Participants

	Active \$500,000 (n=8)	Active \$625,000 (n=3)	Passive \$750,000 (n=13)	Business Investor (n=6)	Total (N=470)	
					No	%
<i>Country Of Origin</i>						
Hong Kong	2	2	4		8	27
South Korea			7		7	23
Great Britain	3			1	4	13
Germany	1			1	2	7
Taiwan		1	1		2	7
Fiji	1		1		2	7
United States				2	2	7
Japan	1				1	3
South Africa				1	1	3
Netherlands				1	1	3
<i>Geographic Distribution</i>						
Auckland	3	3	13	2	21	70
Nelson/Marlborough	1			2	3	10
Manawatu	1			1	2	7
Far North	1			1	2	7
Thames/Coromandel	1			1	1	3
Southland	1				1	3
<i>Gender</i>						
Male	6	2	11	5	24	80
Female	2	1	2	1	6	20
<i>Age</i>						
Younger than 40		2			2	7
40-44			2	2	4	13
45-49	2		4	1	7	23
50-54	3	1	4		8	27
55-59	1		3	1	5	17
60-64	1				1	3
65+				1	1	3
Not given	1			1	2	7
<i>Length of time in NZ</i>						
Less than 12 months			1	4	5	17
1-2 years	4	2	4	2	12	40
3-4 years	4		3		7	23
Longer than 4 years		1	1		2	7
Not given			4		4	13

* Note: Active and Passive BIC migrants were selected from the 1994/1995 approvals.

Of the 6 Business Investor migrants:

- all were from cultures similar to New Zealand (US, UK, Europe, South Africa);
- 4 had school-aged children in New Zealand;
- none had been resident in New Zealand for more than 18 months, the shortest time being 5 months;
- all had spouses currently living in New Zealand; and
- 4 were currently involved in active investment; 2 were involved in passive investment.

Of the 8 Active \$500,000 migrants:

- 4 were from cultures similar to New Zealand; 4 from cultures dissimilar to New Zealand;
- none had school aged children, although 3 had children studying at university in New Zealand;
- all had been resident in New Zealand for between 2 and 3 years;
- 1 had a spouse not currently living in New Zealand; and
- all were involved in some form of active investment.

Of the 3 Active \$625,000 migrants:

- all were from cultures dissimilar to New Zealand;
- 2 had school aged children;
- 1 had been resident in New Zealand for 4 years, the other 2 had been resident for 2 years;
- 1 had a spouse not currently living in New Zealand; and
- all were involved in some form of active investment.

Of the 13 Passive \$750,000 migrants:

- all were from cultures dissimilar to New Zealand;
- 12 had school-aged children; with the remaining 1 having children at university;
- 1 had been resident in New Zealand for four years, most had been in New Zealand for between 2 and 3 years, the shortest time being 11 months;
- 2 had spouses not currently living in New Zealand; and
- 2 were involved in some form of active investment; the remainder were involved in passive investment.

2.3 Limitations Of The Study

Because the study is qualitative in nature, we cannot make judgements about the number of migrants holding particular views or having had particular experiences. The results reflect the range of ideas and experiences of the migrants interviewed.

The focus of this study is on migrants who have arrived in New Zealand following approval for permanent residence under the Business Investment or Business Investor categories, and are currently resident in New Zealand. Consequently, the study does not include migrants who did not arrive following approval or who have arrived and subsequently left.

The sample used for this research was derived only from the arrival cards of those business migrants who have travelled internationally since March 1997. As a result, it can be expected that the sample may be biased in favour of:

- those who still have links to their home country, whether they be business or personal; and
- those who have the finances to travel.

Sampling attempted to include participants from both similar and dissimilar cultures within each investment category. However, particularly in the Business Investor Category, the sample has been constrained by non-response and difficulties with establishing contact.

A further limitation of the study is acquiescence bias - that is, a tendency on the part of participants to give the responses they think the interviewer (or the New Zealand Immigration Service) wants to hear, rather than accurately reporting their actual experiences and perceptions. In this research, because a considerable lack of understanding was evident about immigration policy requirements for some migrants once they arrive in New Zealand, some responses reflected what the migrants understood (incorrectly) about the policy and meeting their responsibilities. Where we have identified this has occurred, a comment has been made in the text.

2.4 Report Outline

Section 3: The Immigration Decision

This section investigates the participants' decision to become business migrants, why they wanted to leave their home country, why they selected New Zealand and why they decided to apply under the Business category, rather than the General Skills category. It also discusses some issues raised by participants regarding the application process.

Section 4. Settlement In New Zealand

This section discusses the settlement experience of business migrants in New Zealand, participants' expectations, and the actual experiences of living in New Zealand. It also discusses their current living situation, and reasons why some families are not currently living together.

Section 5: The Business And Investment Experience Of Migrants

This section outlines the background of business migrants prior to coming to New Zealand, as well as their business and investment intentions, and actual business experience here.

Section 6. Contributors And Barriers To Business/Investment In New Zealand

This section discusses the factors which have acted as contributors to assisting business migrants to do business in New Zealand, as well as those factors which have acted as barriers.

Section 7. Information And Assistance

This section looks specifically at the information and assistance used by business migrants, both to help with settlement in New Zealand and to assist in the establishment of a business venture or investment.

Section 8. Evaluation Of Success To Date, And Aspirations For The Future

This section investigates the migrants' criteria for a successful business venture, evaluates how they felt their business was currently performing on these criteria, and the changes necessary to allow current and proposed ventures to succeed in the future.

Section 9. Encouraging And Assisting Future Active Business Migrants

This section assesses whether business migrants felt that they were making a contribution to New Zealand, and in what ways. The section also outlines how participants felt more could be done to encourage business migrants to come to New Zealand and actively investment here. It describes additional ways in which New Zealand could be promoted overseas to potential active business migrants, and changes to policy and entry conditions which would make it easier for business migrants to enter New Zealand.

Section 10. Conclusions

Points To Note

- It should be noted that the presentation of information pertaining to particular investment option groups is only separated when differences between the groups were evident. These have been indicated in the text.
- Generally, where responses have been listed, they are given in order of frequency of mention or magnitude of importance expressed by migrants.
- Throughout this report, participants have been divided into two groups - those from "similar cultures" to New Zealand and those from "dissimilar cultures." Similar cultures are essentially western cultures, where English is either the first language or a widely-spoken second language, and institutions in the home country are similar in structure and organisation to those in New Zealand. For the purpose of this study, similar cultures encompass Great Britain, South Africa, the United States and western Europe. By contrast, dissimilar cultures are those where English is a less familiar language, and organisations and institutions may not be based in western ideas. For the purpose of this study, dissimilar cultures include Hong

Kong, Taiwan, South Korea, Japan and Fiji.

It should be noted that, where issues relate only to Asian participants rather than to all dissimilar cultures, this has been indicated in the text.

- Throughout this report, verbatim comments have been used to illustrate points and to add colour to the text. Whilst these comments have been made by individuals, they have been selected as being indicative of a broader feeling expressed by business migrants - unless otherwise specified.

3. THE IMMIGRATION EXPERIENCE

Key Points

- Available business opportunities in the home country are not a push factor for business migrants. Social, political and lifestyle factors were more influential.
- Business opportunities were not a key reason for coming to New Zealand. Perceptions of the New Zealand way of life were more influential.
- Among those interviewed, the majority would have preferred to gain residence under the General Skills category. Some had tried and failed, opting for the business category as a second choice.
- The main influence on choice of business investment category was the amount of funds available rather than the specific desire to actively invest in New Zealand.
- A number of issues were raised about the application process, including difficulties with immigration consultants, the cost of application, access to Immigration Service staff and the thoroughness of the assessment. However, the most significant application issue which can potentially influence the quality of business decision making relates to the time between approval and arrival. Ideally migrants would like between 6 months and a year. The key issue is misperceptions among migrants about the time available to them.

3.1 The Immigration Decision

3.1.1 Push Factors For Leaving The Home Country

The push factors for choosing to leave one's home country can be divided into six key groups. These are:

- political factors;
- changing social structures;
- the business context;
- environmental factors;
- educational factors; and
- lifestyle change.

In almost all cases, business migrants in the sample were motivated to leave their home country by a combination of these factors. There does not appear to be any clear difference in motivations for leaving the home country by policy category group.

Economic factors were referred to in relation to one of the push factors in the list, rather than identified specifically. Some participants expressed dissatisfaction with the impact of the economy on their lifestyle and the values of society, rather than with business opportunities. Indeed, only one business migrant had left their home country because they felt there were better business opportunities for them elsewhere.

A. Political Factors

Concerns about the political situation at home were a motivating push factor for migrants from a number of different countries. Political uncertainty was raised most frequently by those from Hong Kong, concerned at the implications of China's take-over of the former colony in 1997.

Similarly, the two Fijian, and some Korean migrants interviewed, commented on political instability and lack of safety:

"We wanted to leave Fiji because of the political situation there. It is not good for Indians. It is not good for doing business there any more. I feel like we are running away from Fiji, but the quality of life there, it is not good for the Indian people any more. Sometimes we even feel that our life is at risk in Fiji. So, to keep the family safe, we decided to leave." (Passive)

"In Korea, they have a big problem with riots. It is very violent for the children and that's why I leave Korea." (Passive)

"We lived through the turmoil of my daughter not being able to go out on her own, or, if I ever went out on my own, my children were petrified. I mean, we have had friends who had their car hijacked while they were in it." (Business Investor)

B. Changing Social Structures

Some business migrants were motivated to leave their home country by what they considered to be changing social structures. Asian migrants in particular commented on the stress and pressure of working in their home country, driven by the importance placed on efficiency and keeping ahead of the competition. These Asian business migrants commented that these values conflicted with spending time with one's family:

"I wanted a better quality of life. In Korea, it's quite complicated and it's always busy, busy. I wanted somewhere where I could relax with my family." (Passive)

"In Hong Kong, life is very hard, just working, working, working." (Active \$625,000)

Business migrants from Asia in particular also commented that the emphasis on economic competitiveness and success had resulted in undesirable social inequalities and social values among the population:

"I don't like Hong Kong. Some people there are really rich and some people are really poor. The gap is a big gap. I don't like it. You can see everywhere on the corners of the streets in Hong Kong, beggars." (Active \$625,000)

"I think I wanted to get away from that class consciousness and the materialistic living that we have in South Africa." (Business Investor)

“The lifestyle I was living there got to the point where I wasn’t really enjoying life, and if I did enjoy myself, I felt guilty. It was all those pressures.” (Business Investor)

C. Business Context

Those business migrants in the sample from Asia commented on the increased role of corruption in doing business in Asia, which they felt put a constraint on doing business, particularly for new businesses:

“The corruption is quite serious. So it’s not easy doing business in Hong Kong because you must first pay about \$50,000 dollars just for a telephone line to the fire station. If you don’t pay, they won’t come. For the police, you have to have another telephone line. And it’s 50,000 Hong Kong dollars for each one.” (Active \$500,000)

A number of migrants perceived that, as China becomes more integrated into the Asian economy, the current level of corruption will increase.

One key factor mentioned by those business migrants in the sample from Europe was the increase in business bureaucracy:

“We didn’t actually want to leave Holland, but because of the situation there - politically and financially - it wasn’t in our interest to stay there any more. You couldn’t improve your return because of all the regulations there were, all the restrictions. It was quite difficult to stay there as an independent [business person].” (Business Investor)

Finally, business migrants from the United States interviewed for the study commented on the high tax rates charged.

D. Environmental Factors

Environmental factors were a key motivating factor for leaving, particularly for those from Asia and Europe. Many migrants commented on increasing overcrowding in many cities, and associated pressures on housing, education and transport:

“I like space, but it was disappearing rapidly wherever you went. You always seemed to end up with housing estates next to you, and that is what was happening to us. I was absolutely shocked one evening to find our local little town, which is a beautiful little place, I found it was like a science fiction movie. You were protected by the police when you came out of the pub. That was absolutely unbelievable in a nice little quaint rural town.” (Business Investor)

E. Educational Factors

A number of participants with school age children were motivated to emigrate by aspects of the education system. Those from Asia were critical of what they saw as the over-competitive nature of education and extreme pressures on students. Business migrants in the sample from Fiji were also critical of their country's education system:

“The qualifications in Fiji - we do have a university in Fiji, but the qualifications are not really recognised anywhere else. If you do a Bachelor of Commerce degree in Fiji, it might not be recognised in New Zealand, let alone the United States.” (Passive)

F. Lifestyle Change

For those who were considering retirement, a change of lifestyle was a key motivation. This was particularly the case for those migrants from the United States and the United Kingdom:

“I’m fifty five now and we were thinking of doing something different. I needed something totally different. I wanted a change, I wanted a totally new life if you like.” (Business Investor)

“I was working in Japan for a very long time, for about twenty four years, and I worked very hard. I was thinking, after I retire, I will find somewhere comfortable and nice to live. I thought, I will travel around the world and find somewhere nice to live.” (Active \$500,000)

3.1.2 Alternative Destinations Considered

While some participants had considerable overseas experience and/or knowledge, the range of possible destinations was small (not more than three), and consistent across all participants. The destinations included:

- Australia;
- Canada;
- United States;
- United Kingdom; and
- Western Europe.

Table 3.1 shows the relative strengths and weaknesses of each country as a possible destination for migration.

Most migrants considered other destinations before finally selecting New Zealand. A small proportion considered only New Zealand, but this group could not be distinguished by country of origin or policy category.

Table 3.1: Relative Strengths And Weaknesses Of Alternative Destinations For Migration

	Australia	Canada	United States	United Kingdom	Europe
<i>Strengths</i>					
Family reunification	▼	▼	▼	▼	
English speaking	▼	▼	▼	▼	
Climate similar to home country	▼				
Large economy/easy to find employment	▼	▼	▼	▼	▼
Passive migrant category available	▼				
Perception of a large pool of natural resources		▼	▼		
Sense of excitement		▼	▼		
Part of British commonwealth		▼			
People friendly				▼	
Well developed country				▼	
Clean, green environment					▼
Be able to use existing networks/contacts					▼
<i>Weaknesses</i>					
Perception of racism	▼	▼	▼		
Unfriendly/unhelpful population	▼		▼		
Climate extremes (too hot/too cold)	▼	▼		▼	
Too many flies	▼				
Untidy/Dirty	▼	▼			
High taxes	▼				
Discouraged by immigration consultants	▼				
Natural environment not compatible to home country	▼				
Expensive to apply for residency		▼	▼		
Long way from family/isolated		▼	▼		
Many social problems			▼		
High cost of living			▼		
Political uncertainty					▼
Unnecessary bureaucracy/regulations					▼
Overcrowding - pressure on infrastructure					▼
Population too laid back					▼

3.1.3 Reasons For Choosing New Zealand (Pull Factors)

Differences Between Cultures

There were some key differences for choosing New Zealand between those from cultures similar to New Zealand and those from cultures dissimilar to New Zealand. While the New Zealand way of life and the natural environment were strong motivators for both groups, those from dissimilar cultures were considerably more focussed on the strengths of New Zealand's education system than those from similar cultures. (This somewhat reflected the presence of school aged children in families from dissimilar cultures). Those from dissimilar cultures were also more strongly motivated by aspects of New Zealand's immigration policy and the influence of their immigration consultant.

By comparison, those from similar cultures were strongly motivated by the fact that language, social and political structures are seen to be similar to those in their home country. Having family and/or friends in New Zealand was a secondary motivating factor for both groups - most migrants would still have come to New Zealand if they had not had family here. For both groups, economic potential was not a key factor for choosing New Zealand as a migration destination.

The following sections discuss each of the pull factors in turn.

Figure 3.1: Reasons For Choosing New Zealand

	Similar Cultures	Dissimilar
<i>Key Motivating Factors</i>	<ul style="list-style-type: none"> • New Zealand Way of Life • Natural Environment • Similar to Home Country 	<ul style="list-style-type: none"> • New Zealand Way of Life • Education • Natural Environment • Immigration Policy • Influence of Immigration Consultant
<i>Secondary Motivating Factors</i>	<ul style="list-style-type: none"> • Family and Friends in New Zealand • Education • Immigration policy 	<ul style="list-style-type: none"> • Family and Friends in New Zealand
<i>Low Motivating Factors</i>	<ul style="list-style-type: none"> • Economic Opportunity • Influence of Immigration Consultant 	<ul style="list-style-type: none"> • Economic Opportunity • Similar to Home Country

A. New Zealand Way Of Life

One of the key reasons for wanting to emigrate was the stress resulting from the competitiveness and pressure of the society. Consequently, many business migrants in the sample commented that they chose New Zealand because of the perception of a stress-free, laid back, relaxed way of life here:

“I like the family way of life. I like the fact that there is no class. I liked the fact that people do their own thing.” (Business Investor)

“Unmaterialistic, New Zealand is so unmaterialistic. That is what I love about it. Like, it is so simple. It’s like it used to be when we first got married thirty years ago. Our life now is what it was then.” (Active \$500,000)

For participants from countries such as South Africa and Japan, a further strength of New Zealand as a destination for migration was the sense of freedom, and alternative structures and hierarchies:

“The most important thing is freedom. This country is very free. When I was working for the government in my country, it was very bureaucratic and it’s a male dominated system, you know. It is very hard to speak your opinion there. I like to be independent. I want to be independent now.” (Active \$500,000)

B. Natural Environment

A number of participants commented that New Zealand’s natural environment was a strong influence on their choice of country. They were favourable about the weather, which is seen to lack the extremes of Canada and Australia, and to Asian participants seen as similar to their home country. Participants also commented on the draw of New Zealand’s clean, green natural environment.

C. Education System

For those families with school-aged children, there was a strong desire to look for a country with a less competitive education system and New Zealand was seen to offer recognised qualifications, but in a less pressured environment.

D. Similarity To One’s Home Country

Among the sample of business migrants from similar cultures, there was evidence of a desire to select a country similar to their home environment:

“The appeal of New Zealand was basically I felt that the culture here was one that I understood and could fit in with and would have no difficulties whatsoever with, a culture that was easy to work with.” (Active \$500,000)

“I mean, New Zealand is English-speaking, it’s not third world. When you look around, there aren’t many places where an American can step off onto that really provides anywhere

near the same latitude of opportunity - the same equipment, the environment, the economy. There are a lot of similarities and it makes us feel quite at home.” (Business Investor)

E. Immigration Policy

A strong influence for (particularly) Asian migrants was New Zealand's immigration policy. Influential features included the passive investment option, and the relatively short time before a decision was made:

“I chose New Zealand because New Zealand is the easiest. It is easiest to come to New Zealand because there is a category of passive investment. There is nothing else like this in other countries I think.” (Passive)

“When we applied to immigrate here, the period is only one year. You know whether you can come or not in one year. In other countries, the time is much longer - maybe one year or two years. In New Zealand, it might only take half a year to find out. They will tell you whether you have passed or not. It is much quicker.” (Passive)

F. Influence Of Immigration Consultants

Among business migrants from Hong Kong, there was evidence that immigration consultants had a strong influence on the ultimate choice of destination. In some cases, participants recalled that they were actively discouraged from selecting another country to move to, while in other cases, no other destinations were even suggested as migration options. These migrants acknowledged that perhaps they did not make well-informed decisions:

“We followed the leader when we came, like sheep. There are a lot of people doing migration in Hong Kong and they work hard to encourage us to come - so we did.” (Passive)

G. Family And Friends In New Zealand

The presence of family and/or friends living in New Zealand was also an attraction. Factors included the migrants' desire to be reunited with their acquaintances, the encouragement of those already living in New Zealand, and the perception among potential migrants that it is easier to settle where they can be guaranteed assistance from friends:

“I have a friend here, a very good friend, my former assistant actually. He has immigrated here. He said, why don't you come to New Zealand? There are a lot of other friends here.” (Business Investor)

H. Economic Opportunity

Of the thirty business migrants interviewed, only one stated that they had specifically chosen to come to New Zealand because of a perceived economic opportunity here. This migrant had been involved in horticultural production in their home country, and had chosen to move to New Zealand because he believed there to be opportunities to develop the horticultural industry here:

“Even though New Zealand is far away from the other parts of the world, there is still a lot of potential to develop agriculture and horticulture here. There is a lot of potential. That is why I am very excited to be here.” (Active \$625,000)

3.2 The Decision To Apply As A Business Migrant

All business migrants interviewed were asked if they had considered applying for New Zealand residence under the General Skills category. In almost all cases, participants were aware of the General Skills category and that it was based on an accumulation of “points” for age, qualifications etc. The only group which showed a low level of awareness of the General Skills category were those from Hong Kong who had used an immigration consultant. These participants claimed that they were only ever informed of the Business Investment category as a means of obtaining New Zealand permanent residence:

“The general category is the points system isn’t it? I don’t know anything about that. I don’t know how to work it out, what the requirements are. My consultant told me I qualified under the investment category so I just did that.” (Passive)

Figure 3.2 shows the process participants went through when deciding to apply as a business migrant. Some participants decided immediately to apply as business migrants. However, the majority had initially tried to apply under General Skills and had chosen the Business category when they did not qualify.

Figure 3.2: The Decision To Apply As A Business Migrant



- No conditions regarding how money bought in should be used
- No time restrictions on becoming economically active in NZ
- Do not need to have so much money to apply
- Perception that it is easier to find a job than do business in NZ
- Perception that money invested in NZ does not give a good return
- Cheaper to apply

- Allowed to take more money out of home country (South Koreans)
- More stable: less subject to change – less risky
- Only category familiar with (Hong Kong)
- Intend to invest in NZ
- Perception application is quicker to process
- Prefer to invest rather than work in NZ
- Safety/security of having money in NZ
- Status of being a business migrant
- Status of being a business migrant

General Skills Category

Business Category



- Too old to gain points for age
- No formal qualifications
- Qualifications not recognised
- Qualifications do not receive maximum points
- Discouraged by consultant to apply
- Work experience prior to obtaining qualification cannot be counted

3.2.1 Desirable Characteristics Of The General Skills Category

As the size of the arrows in Figure 3.2 indicate, the greatest proportion of migrants interviewed considered the General Skills category to be a more desirable way of gaining New Zealand permanent residence.

Desirable characteristics of the General Skills category commonly mentioned by participants included:

- no regulation dictating how money brought into the country should be used - and retained;
- no regulation as to when a migrant must become economically active; and
- the General Skills category does not require a large amount of money to be brought into the country. This was seen as an advantage, particularly by those who had difficulty generating sufficient liquidity to qualify under the business category.

Positive perceptions of the General Skills category, mentioned by a smaller number of participants included perceptions that:

- money invested in New Zealand does not yield a good return; that substantial investment funds are better invested elsewhere;
- it may be difficult to start a business in New Zealand, and that it would be easier to find employment within an existing company; and
- it probably would have been cheaper to apply under the General Skills category as there would have been less paperwork and assessment involved.

3.2.2 Desirable Characteristics Of The Business Category

Positive perceptions of the business category included:

- The sense of security associated with having sufficient funds to live in New Zealand:
“At least it means I bring some money here. I think I will have a sense of safety because I’ve got some money here. If you come here to get a job to support your family, what if you can’t get a job? You don’t have a sense of safety at all.” (Passive)
- For South Koreans, applying under the Business category may allow them to take more money out of the country than is currently permitted. Those who qualify as business migrants can prove that there is a requirement to take out larger quantities of money.
- Some business migrants interviewed commented that they had no intention of working in New Zealand and therefore, could not see any point in applying under the General Skills category which they perceived to be an assessment of a migrants’ employability in New Zealand:
“For me, I am getting older and I am financially quite secure. I don’t need to work in New Zealand. Instead, I really prefer investment here so I choose the investor category.” (Passive)
“I was self employed before I left. I wouldn’t have come here and been employed by somebody else. I had my own business, and when you have your own business, it’s very difficult to go under somebody else again, to work for somebody else. I would have wanted to come in with my own business anyway.” (Business Investor)
- A small proportion of business migrants interviewed suggested that there may be some status associated with being a business migrant as opposed to a General Skills migrant.

3.2.3 Reasons For Not Qualifying Under The General Skills Category

Generally, the business migrants interviewed would have liked to have gained permanent residence under the General Skills category but chose the Business category because they could not acquire enough “points” to qualify. Main reasons given for not qualifying included:

- Age - the majority of business migrants interviewed were in their forties and fifties (see Section 2.2). Under the current General Skills criteria, migrants aged between 50 and 55 can claim no points for age as an employability factor, and those aged 56 and over are not eligible to apply under the General Skills category.
- The formal qualification(s) of the migrant did not attract maximum points because they tended to be more practical rather than academic.
- Any work experience undertaken before a formal qualification is obtained cannot be counted under the employability factors:

“My husband has some higher education, but he worked before he went to University. The work experience was before the qualification. He has only worked for two or four years after finishing university. It’s not enough to get the points.” (Active \$625,000)

3.3 Business Investment Options

Under the Business Investment category (operating before October 1995), business migrants had the option of gaining approval under one of three sub-categories:

- Active \$500,000 - a minimum of NZ\$500,000 to be invested in a commercial venture anywhere outside of the Auckland or Wellington regions;
- Active \$625,000 - a minimum of NZ\$625,000 to be invested in commercial venture in either the Auckland or Wellington region; or
- Passive - a minimum of NZ\$750,000 invested in a passive investment such as a bank account, stocks or shares.

Those participants who had been approved under the Business Investment category were asked why they had chosen the investment option they had. The key influencing factor appeared to be the amount of money that the migrant had available to bring into the country. In almost all cases, those who had opted for an active investment option stated that they did not have sufficient investment funds to meet the criteria of the preferable “Passive \$750,000” option, rather than being specifically interested in active investment in New Zealand.

3.3.1 Active \$500,000 Investment

The most frequently given reason for selecting this option was that the migrants could not get together any more than \$500,000 for investment funds, particularly as the regulations stipulated that investments for personal use such as a home, car etc. could not be included in the active investment. This meant that migrants had to have more than \$500,000 to bring into the country:

“I chose the \$500,000 category because it is cheaper. I think the cheaper the better. I mean, I still had to buy my home and I wanted to have some money to spend.” (Active \$500,000)

“If you had asked me two years ago, I would very definitely have said that I was quite happy with the way that we came in. Looking at it now however, I might have preferred to take more care with how I was going to invest the capital. If I could have brought more, I would have had more time to suss out what New Zealand was lacking, what was needed. But we didn’t have that kind of money when we came.” (Active \$500,000)

Other active \$500,000 migrants commented that, while they were willing to choose an option with a higher level of investment, the regulations as to what could be counted as part of the investment fund and what could not, meant that some migrants found they only had \$500,000 of “eligible” money⁴:

“I had to do “Active \$500,000” because the New Zealand government are very strict on where your money has come from. They check that it is not black money, you know? They are very strict.” (Active \$500,000)

“My house in Hong Kong was worth 3 million Hong Kong dollars, but the house was in my wife’s name. I tried to show the government that this is mine because I am the man, but it didn’t count. I only had \$500,000 I could explain to Immigration.” (Active \$500,000)

A small group of “Active \$500,000” participants commented that they felt they could get a better return from actively investing their money than from putting it in the bank:

“We wanted to do business here, something active, and personally, I don’t think the best place on Earth to put money on deposit is in New Zealand.” (Active \$500,000)

3.3.2 Active \$625,000 Investment

Two reasons were given by the three participants who had chosen the \$625,000 investment option. For the most part, they had not opted for the passive investment option because they did not have enough money to qualify under this category. However, because they knew so little about New Zealand when making their migration decision, they felt that the risk associated with actively investing outside the main cities of Auckland and Wellington was too great:

“\$750,000 would be better because we can come here and maybe have one or two years to look at the economic environment, to see if it is good or not good. But I decided on the \$625,000 category because I have not money for the \$750,000 one. And we didn’t choose the \$500,000 because we think that Auckland is the best for business, but the other places, we don’t know. \$500,000 would be too much risk.” (Active \$625,000)

⁴ The Business Investment Policy states that “.. business investment category applicants must be able to show that the available funds have been lawfully earned and are the direct result of their own business or professional skills and experience, or are consistent with their income or earnings over a period of at least 3 years.”

3.3.3 Passive Investment

Those who had chosen the passive investment option saw the key strength of this sub-category as the freedom and flexibility of not having to immediately invest in a commercial venture. Being able to place the money in the bank allowed participants time to consider the strengths and weaknesses of more active options and to gain a greater understanding of the New Zealand market before making any commercial decisions. The passive investment option was also seen to allow more time for those wanting to learn more English before undertaking a commercial venture.

A small group of passive migrants interviewed felt their family wanted to live in Auckland - close to family and friends, and where the weather is perceived to be better - so they knew they would have to invest at least \$625,000. For these migrants, \$750,000 was not much more to invest for more flexibility, so this was the option they chose:

“I wanted to live in Christchurch, but my wife wanted to live in Auckland. She wanted to talk to some other Korean people because there are a lot of language problems for her. That is the main reason I chose \$750,000 - so that we could live in Auckland.” (Passive)

Finally, a small group of passive business migrants said they were not informed of any investment category other than the passive \$750,000 option.

3.4 Application Issues

Participants had generally perceived that the process of applying would take some time and be fairly intensive. In most cases, migrants were pleased that the process was rigorous, believing that it would identify those not seriously interested in committing to New Zealand. Some of the issues raised by business migrants are discussed below.

Use Of Immigration Consultants

Approximately half the Asian business migrants interviewed had used an overseas immigration consultant in making their application. Hong Kong Chinese felt most people used consultants.

Business migrants from other countries had generally been deterred by the cost of consultants. However, two used immigration consultants based in New Zealand.

Strengths identified by those using an immigration consultant included:

- a perception that consultants could prepare the documentation in more detail;
- for those for whom English was a less familiar language, the consultant offered assistance with translations and understanding the regulations and requirements; and
- a perception that consultants ensured that the immigration process occurred more quickly.

Drawbacks identified by those who used an immigration consultant included:

- the cost of using a consultant - those immigrating from Hong Kong stated that the general fee for immigration services is NZ\$10,000;
- immigration consultants working overseas were often unable to provide any information of real value about New Zealand particularly business information; and
- a perception that some information given by consultants was inaccurate or out-of-date.

Documentation And Proof

Some business migrants interviewed, particularly those who did not use an immigration consultant, had difficulty complying with documentation requirements. Particular mention was made of proving that the money to be invested was earned through the migrant's own skills. A small group of migrants were also critical of the difficulties and costs involved with having their business dealings assessed by an independent accountant. A group of business migrants interviewed who had filed their own applications claimed that the whole application process was overly bureaucratic and inflexible:

“All the things they asked for had to be checked by independent agencies. They needed to know everything. The main thing we had to do was to give evidence that the money we were going to invest was earned by our own skills and in business. That's not so easy sometimes, and it was quite difficult for us. It was quite a bureaucratic thing.” (Active \$500,000)

“We had to prepare a complete lever arch file full of paper and it still wasn't enough. I'm an accountant but we had to pay another accountant, other than our limited company accountant. We had to pay someone other than our auditor to go through those papers to make sure I hadn't made a mistake.” (Business Investor)

“I had to prove that I had been in senior management with a company for 20 years. In 20 years, any big company you work in will have been taken over about two or three times, which mine had. If I hadn't found somebody in that original company that I worked for fifteen, twenty years ago, I couldn't have proved it. There was no documentation available.” (Business Investor)

Time Between Approval And Arrival

For those migrants gaining approval under the Business Investment category, the policy stipulated that residency visas “are to be current for travel for 12 months from the date of the applicants' medical examinations ...”⁵ Under the Business Investor category, the policy now stipulates that “a residence visa will be valid for 12 months from the date of approval in principal.”⁶ However, among participants, there appeared to be some confusion about the time allowed between obtaining approval to enter New Zealand and actually arriving. Some Asian migrants reported that they took as long as 18 months from approval to move to New Zealand. However, other migrants (particularly those from similar cultures) thought they had less than 12 months to move to New Zealand:

⁵ Chapter 7 - Residence Policy - Business Investment Category Policy And Procedures (Pg. 7-J-2)

⁶ Generic Residence Policy (Pg. PRO 3-4)

“Once we actually got the visa, once we were actually given approval, we were not given sufficient time. I mean, I think that part of the process is geared to, well, working people, who only have a house and a car to sell, and they can just book a ticket and leave in a month. We were given only three months to wind up a biggish business. It just wasn’t that easy. If we hadn’t packed up and got here within three months, the visa would have lapsed, expired. We would have had to start all over again.” (Active \$500,000)

“Whenever you get the note to say that you are entitled to come to New Zealand, you have got only half a year to sell your business and bring your money over. That’s actually a very short time. You need a bit more time, especially for agricultural and horticultural businesses, you can’t sell half way through a season. You have to wait until spring.” (Business Investor)

Business migrants who thought they did not have enough time suggested periods ranging up to 12 months for arrival (the current policy). The interviews suggest current policy stipulations are suitable, but that migrants’ understanding is not always clear.

The remaining issues were raised by smaller groups of migrants.

Difficulties In Getting The Money Together

In most cases, business migrants interviewed had not had any difficulties in getting the required amount of money together to qualify.

One participant raised the issue of home country government restrictions on the amount of money which can be taken out of the country at one time. The participant commented that the amount of money citizens were permitted to take out of her country was considerably lower than what potential migrants would need under New Zealand’s business immigration requirements. Consequently, she opted to take the money out of the country illegally - which was both risky and time-consuming.

Cost Of Application

A number of business migrants - particularly those outside Asia who had not used an immigration consultant - were critical of the costs of making their application, particularly for couriering documents, making international telephone calls, getting documentation independently assessed etc.

Gaining Access To Immigration Staff

Those interviewed who made their application through the London office commented that it was very difficult to get hold of Immigration Service staff, and consequently, the process took considerably longer than they first anticipated.

Thoroughness Of Assessment

Business migrants in the sample from the United States and the United Kingdom in particular commented that the process was unnecessarily thorough and time consuming:

“We applied in the United States. There were lots of hoops for us to jump through. I look back and I think the hoop jumping was probably more than it really needed to be. We went through a lot of scrutiny. I think it was a little bit much. I don’t know if it was all necessary, and I wonder if it might put some good people off.” (Business Investor)

Confusion As To Requirements Once In New Zealand

A small proportion of business migrants interviewed felt that they had received conflicting information from the overseas immigration office and the Wellington office about requirements once in New Zealand. This resulted in uncertainty among some migrants as to what they could and could not do, and adversely affected confidence in the Immigration Service:

“We were told, in England, that we had to spend every single penny of the \$750,000 investing in a business here - that is, come back with an empty cheque book. But when we got here, we contacted Wellington and they said, ‘Oh no, you don’t have to do that, you can set up a business and spend \$500,000 and then put the rest in the bank for running expenses, for costs and wages and things like that,’ which is much more sensible. That was nothing like what they told us in England. Now we don’t really know which is right.” (Business Investor)

4. SETTLEMENT IN NEW ZEALAND

Key Points

- Business migrants from countries similar to New Zealand appeared to be better prepared for settlement in New Zealand and were more easily able to integrate than those from dissimilar countries.
- The migration category did not appear to have any influence on the nature of settlement experiences.
- The key areas in which settlement was more difficult than anticipated were English language, job seeking and education.
- In some cases, the inability to secure residence for independent children was causing stress.
- In a few cases, it was identified that the principal applicant was living in New Zealand (the wife in these cases) while the spouse continued to work in a business in the home country.

4.1 Expectation Of Settlement In New Zealand

Prior to coming to New Zealand, most business migrants interviewed thought that it would be relatively easy to settle in New Zealand. Those from similar cultures to New Zealand expected that there would be some difficulties involved in moving to a new country but saw these were part of the migration experience, stating the importance of being open-minded.

Among those from cultures different to New Zealand (in particular those from Asia and to some extent, the migrants from Fiji), it appeared that many had not really considered the implications of moving to New Zealand. Reasons given included:

- the strong influence of immigration consultants, who had emphasised the positive and failed to raise potential difficulties;
- expectations which were derived from positive experiences in other western countries;
- a belief that, because they were coming to New Zealand to retire, the need to understand New Zealand was minimal (particularly Asian migrants);
- an intention to rely heavily on family and friends already living in New Zealand; and
- time spent winding up business prior to leaving left little time to contemplate the move.

However, some expectations of difficulties of settling in New Zealand were noted by business migrants interviewed. Those most frequently mentioned by all participants included:

- difficulties in finding employment - particularly relevant, well paid employment; and
- limited choices available - or less choice than in the home country - with respect to goods and services, recreation activities etc.

Anticipated difficulties mentioned by more than half of the Asian participants included:

- English language/communication difficulties;
- concern that the family would have insufficient funds for day to day living;
- understanding New Zealand customs;
- fear of racism/discrimination/non-acceptance; and
- getting around in cities because of a lack of public transport - and the need for family members to learn to drive.

Other anticipated difficulties mentioned by a small number of participants included:

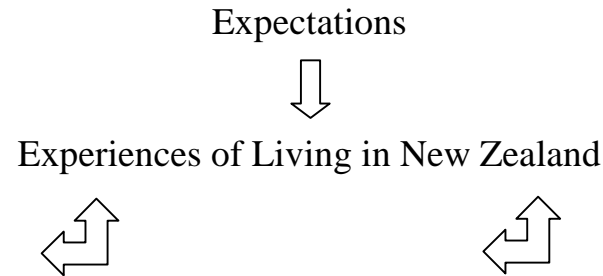
- gaining access to international information such as newspapers and television programmes;
- making new friends; and
- difficulties in getting pets into New Zealand.

4.2 Experience Of Living In New Zealand

For those from cultures similar to New Zealand, expectations were not very different from experience. Many had already visited New Zealand (see Section 7.1), had researched widely, and the language and way of life was relatively similar to their home country:

However, particularly among those from cultures different to New Zealand, experiences of settling in New Zealand proved to be quite different to expectations (Figure 4.1).

Figure 4.1: Contrasting Expectations And Experiences Of Living In New Zealand



More Difficult (Mainly Dissimilar Cultures):

- Finding employment
- Communication in English
- Learning English
- Coping with racism
- Moving around city (limited public transport)
- Lack of focus/structure of education system
- Getting children in to private schools
- Sourcing and dealing with trades people
- Poor workmanship
- Miss family/friends/homesickness
- Driving
- Burglary
- Higher cost of living
- Access to facilities/services (for those in rural areas)
- Private school expensive
- No domestic help
- High taxation

Easier (Mainly Similar Cultures):

- Positive attitudes of local community towards certain migrant groups
- Helpful neighbours
- Low cost of living
- Inexpensive living
- Health benefits
- Less traffic congestion
- School bus system
- Freedom from threat of crime
- Accessing home country food

The three difficulties mentioned by the greatest proportion of participants were English language and communication, job seeking, and education.

English Language And Communication

Many Asian migrants interviewed had not anticipated how important it would be to be able to communicate in English. Prior to arrival, perceptions included:

- a (mistaken) belief that their level of English would be sufficient;
- that English required would be minimal as they were retiring;
- that English language classes would be easily available after arrival; and
- they would pay to have a translator assist them.

However, in all cases where business migrants did not have a good command of English prior to arrival, they had experienced difficulties in undertaking day-to-day activities in New Zealand.

Finding Employment In New Zealand

A small group of migrants, particularly those gaining approval under the passive option, had intentions of finding employment upon arrival. However, all but two found it considerably more difficult to find employment than anticipated. Reasons included:

- a lack of English language skills;
- difficulties associated with getting overseas qualifications recognised; and
- a lack of New Zealand experience.

In addition, most business migrants hoping to obtain employment were seeking work of a similar calibre to that which they were doing in their home country, and were unwilling to take a step back, particularly to physical work. Others felt that their age (40s to late 50s) was a limiting factor to obtaining employment.

Education

Education was one of the key reasons business migrants interviewed had for leaving their home country (see Section 3.1). However, upon arrival in New Zealand, some business migrants were unhappy with the education system here. They felt that there was no structure, no formalised curriculum, and that expectations of students were too low.

Those parents who had hoped to enrol their children in private schools also commented on the difficulties of gaining entry and the high cost of private education in New Zealand.

4.3 Current Living Situation

In the case of the business migrants interviewed, 17 of the 30 were currently living with all of their immediate family in New Zealand. Two different situations were occurring to keep families apart:

Independent Children

The business migrants interviewed tended to be aged between 45 and 60 years. Many of those in this age group had independent children (that is, aged 20 years and over) who were ineligible to move to New Zealand with their parents⁷. However, in the majority of these cases, parents were anxious for their children to join them in New Zealand, with some already having applied under both the Family Reunification and General Skills categories.

However, while business migrants commented that they would like to have their family together in New Zealand, they acknowledged potential problems with employment, recognition of qualifications, language and the perceived economic downturn in New Zealand.

Astronaut Spouses

In the case of four families interviewed, the male head of the household was currently living semi-permanently in the home country. This phenomenon of “semigration”⁸ is becoming increasingly common among particularly Asian migrants, and is predominantly due to economic expectations which have not materialised⁹. Because they were unable to obtain employment here in New Zealand or find satisfactory investment opportunities, some business migrants had returned to their home country to work, leaving their wife and children in New Zealand:

“The first problem my husband has is his age. He is not twenty or thirty. He is over forty so he has some difficulty finding job. At this moment he has a job in Hong Kong to get money.” (Active \$625,000)

“My husband comes to New Zealand for about two or three weeks, just for a holiday.” (Passive)

⁷ Children of the principal applicant or spouse/partner may only be included under the same application if they are single and aged 19 years or younger, have no children of their own, and are totally or substantially reliant on their parents/guardians for financial support – *Self Assessment Guide For Residence In New Zealand*.

⁸ Hsaio, Sunny (1995) How Many Emigrants Are Turning Back? *Sinorama* 20 (4) p.2-3

⁹ Barkan, Elliott Robert (1992) *Asian And Pacific Island Migration To The United States: A Model Of New Global Patterns*. Greenwood Press: Westport, Connecticut.

The negative implications of this separation, identified by participants, included:

- a lack of opportunity for spouses to communicate and get support from one another;
- feelings of loneliness; and
- a lack of a role model for the children living in New Zealand, especially for the male children.

Interestingly, in all but one case where semigration had occurred, it was the wife who had been the principal applicant rather than the husband. This finding could suggest that these families had migrated to New Zealand with the intention of the husband returning to the home country while the wife stayed in New Zealand to fulfil migrant requirements.

5. THE BUSINESS AND INVESTMENT EXPERIENCE OF MIGRANTS

Key Points

- Many of the business migrants interviewed had previous experience in tertiary or secondary sector business activities.
- All business migrants interviewed had at least 10 years' industry experience and had held high level positions in businesses in their home country.
- No migrants interviewed had business links with New Zealand prior to migration but a number still had active investments or assets retained in the home country.
- Few of those with secondary sector experience intended to invest in this sector in New Zealand.
- A high proportion of those participating who had intended active investment were investing passively.
- All migrants appeared to be complying with the investment requirements of the category under which they migrated.
- All passive investors had elected bank deposits as a secure and high return form of investment.

5.1 Business And Investment Background

The thirty business migrants in the sample had a range of business experiences prior to migrating. The previous occupations of migrants in each investment category, and their position prior to leaving (where this could be discerned), is provided below.

Many business migrants interviewed were involved in secondary sector activities in their home country - primarily manufacturing (14 of the 30 migrants in the sample being involved in the secondary sector). Twelve of the 30 business migrants were involved in the tertiary or service sector of their home country, the remaining four being involved in the primary sector. No clear patterns are evident in the investment categories with respect to the distribution of occupations by sector. However, all migrants were high in the hierarchy of their former organisation, most being managers, owners or financial controllers. Almost all business migrants had at least 10 years experience in their previous organisation or industry, and most managed staff. None had previous international business links with New Zealand.

Active \$500,000 Investment

- Agricultural and horticultural investor (vice chairman)
- Foam manufacturing company (owner)
- Government worker
- Manufacturing company (accountant)
- Personnel consultant
- Real estate agent
- Textile mill (mill manager)
- Tourist lodge (owner)

Active \$625,000

- Clothing company (financial controller)
- Horticulturist (owner)
- Traditional Chinese herb business (owner)

Business Investor Migrants

- Food retail servicing (accountant)
- Agriculturist (owner/manager)
- International trader (manager)
- Metal manufacturing (chairman)
- Motor vehicle industry (self-employed)
- Non-building construction servicing (chairman)

Passive Investment Migrants

- Bank manager
- Construction company (owner)
- Fish and seafood supplier
- Frozen food trading company (office manager)
- Furniture manufacturing company (owner)
- Nurse
- Restaurant industry (owner)
- Roading construction and maintenance company (manager)
- Stainless steel trading company (financial controller)
- Teacher (3)
- Textile and clothing manufacturing company (owner)

5.2 Business And Investment Intentions

The main sources from which business migrants in the sample derived their ideas for their intended business or investment in New Zealand were:

- their experience in their home country - use of their existing skills, knowledge and networks;
- advice from business professionals such as real estate agents and lawyers; and
- personal observation in New Zealand - that is, what types of businesses currently appeared to be successful in New Zealand, or what areas could be developed.

In a small number of cases, ideas were also derived from

- hobbies they had had in their home country which they perceived had the potential to be developed commercially in New Zealand;
- immigration consultants - consultants typically provided information on a small number of business possibilities in New Zealand;
- observation of types of businesses successful, or developing, in their home country; and
- previous experience of working in New Zealand.

In summary, 15 (half) of the participants intended to stay in the same occupation or industry they had worked in prior to coming to New Zealand, while the remaining 15 intended to change occupation or industry:

- 7 intended to start lifestyle businesses (that is, businesses which require less direct input/time in the part of the owner, or stem from a hobby or interest in the home country);
- 2 intended to undertake property investment;

- 2 intended to establish other businesses; and
- 4 intended to retire.

With respect to industry distribution:

- 6 intended to work in the primary sector - orchardist, commercial rose grower, dairy farming:

“I knew all along I wanted to do this [horticultural] work. I was a hobbyist grower. I have always been interested in [horticulture], and New Zealand probably has the best climate in the world for it.” (Business Investor)

“One idea that my wife had, because she loves flowers and in particular roses, she thought that we might grow roses commercially here and make the oil for a perfume base. We looked into that.” (Business Investor)

- 3 intended to work in the secondary sector - trade with home country (eg wool, meat, meat by-products), knitting mill (wool sourced off-shore), textile manufacturing.
- 17 intended to work in the tertiary sector - tourist accommodation, education, retail (eg food, clothing, furniture) nursing, property, building construction, personnel consulting, wholesale seafood supply:

“We thought we would probably go into a motel, the motel business. We stayed at a few motels on our initial visit and we were quite taken by some of them. We thought we could just handle that for the first two years at least until we got our feet on the ground, and it would comply with the immigration requirements. It would also give us a house at the same time to live in so we wouldn’t have to buy a house as well. We went through lots and lots of motel businesses and backpackers and things and we concluded that there were too many of them.” (Business Investor)

- 4 intended to retire (and passively invest only) - investment in a New Zealand bank for two years:

“Because I was applying under the [passive] investment category, I have to invest \$750,000 here, and at that time, I can choose to deposit the investment fund in the bank on term deposit so I picked this.” (Passive)

“Actually, our mind is to retire, to get some of the money in the bank and to use the interest to support us.” (Passive)

5.3 Actual Experience Of Business/Investment In New Zealand

Of the 30 business migrants interviewed, 18 were currently actively involved in some form of investment, other than a bank term deposit. However, 3 of these were involved in (passive) property investment without any day-to-day involvement in management.

Of the 15 migrants actively involved in business:

- 5 were involved in primary sector occupations - agricultural, horticulture or viticulture;
- 3 were involved in providing tourist accommodation;
- 3 were involved in retail - 2 of these focusing predominantly on their ethnic community;
- 2 were involved in clothing manufacturing;
- 1 was involved in property development; and
- 1 was involved in printing.

Table 5.1 shows the pre-migration experience, intentions and current occupation of migrants at the time of interview by sector. Significantly, only 4 participants had intended passive investment or retirement but 13 of the participants were passive investors. Also evident was a small number of participants intending to work and currently working in the secondary sector (3), when almost half had secondary sector experience.

Within the investment categories:

- the greatest proportion of business investors were involved in primary sector occupations;
- the greatest proportion of active \$500,000 investors were involved in the property industry and tourism;
- the greatest proportion of active \$625,000 investors were involved in retail; and
- the greatest proportion of passive investors were involved in passive investment.

(It should be emphasised however, that this based on a sample of 30 participants only)

Table 5.1: Previous, Intended And Current Sectors Of Work Of Participants

Sector	Previous Occupation	Intended Occupation	Current Occupation
Primary	4	6	5
Secondary	14	3	3
Tertiary	12	17	7
Semi-active*	0	0	2
Retirement/Passive investment	0	4	13

* Note: "semi active" includes occupations/investment which qualify as "active" under the Business Investment criteria, but require little or no day-to-day management.

Only eight of the active and business investor migrants were currently doing what they had planned to do in New Zealand, the greatest proportion of these being those who intended to invest in the primary sector and those intending to invest in property. Interestingly, all active \$625,000 investors were currently involved in the business they had intended to do in New Zealand.

Of the 30 migrants in the sample, 6 were currently undertaking work in the industry they had been involved in their home country.

Of the 6 Business Investor category migrants:

- 4 were currently undertaking some form of active business initiative in line with the policy; and
- 2 were currently passively investing only.

Of the 8 Active \$500,000 investment option migrants:

- all were currently undertaking some form of active investment or business.

Of the 3 Active \$625,000 investment option migrants:

- all were currently undertaking some form of active investment or business.

Of the 13 Passive \$750,000 investment option migrants:

- 11 were currently passively investing; and
- 2 were currently undertaking some form of active investment or business.

5.3.1 Decisions Of Passive Investors

According to the immigration regulations, passive investment is defined as an investment in any form of bank investment or deposit, Government stocks or bonds, portfolio investment in stocks and shares of New Zealand listed companies, investment in any institution authorised to raise capital on the open market, or commercial real estate. In all cases, passive migrants interviewed (and two business investor migrants who had opted for a passive investment) had chosen a bank account or term deposit. The most commonly given reason was the sense of security in the investment:

“For me, the safest [option] was the bank, on fixed deposit and then I know what interest I will get. I know what I have to pay in taxes. It is a risk free investment and it’s at 9%. That is one of the highest interest rates in the world. It is safe money.” (Business Investor)

Other strengths of bank investments included:

- good returns, many using the interest on their investment to support their family;
- easy to organise and manage, particularly for those retiring, not having to be actively involved with their investment or a business was identified as a key strength; and
- all passive migrants had a good understanding of the way bank deposits and term investments operate, as opposed to other investment options such as the New Zealand sharemarket.

Finally, some business migrants had passively invested in bank deposits on the advice of their immigration consultant.

5.4 Current Links To The Home Country

The majority of business migrants in the sample still had some links to their home country, ranging from owning the family home to having a spouse semi-permanently residing and conducting business there. The reasons for retaining links to the home country were notably different between those from cultures similar to New Zealand and those from dissimilar cultures.

Similar Cultures

Among this group, none were actively involved in any form of business in their home, or another, country. All commented that they were intending to sell their overseas assets, and were currently taking active steps to do so, for example, having the family home on the market, watching the home country sharemarket to decide when to liquidate shares, seeking council approval to sell off land etc:

“I still have some investments in the States. When the time is right I will sell them and move all my assets down here. It was just that some of the assets are not liquid. I have to wait for the right timing to sell the assets, but as time goes on, I will do that.” (Business Investor)

Some of these migrants felt that more time between being given approval to come to New Zealand and having to arrive, would allow them to sell more before moving.

Dissimilar Cultures

Migrants from cultures dissimilar to New Zealand appeared to have retained links to their home countries for more strategic reasons. In a number of cases, migrants were returning home regularly to oversee their businesses, and, as discussed in Section 4.3, some non principal applicants were living and working in their home country permanently.

Some migrants from cultures dissimilar to New Zealand stated that they still owned a home in their home country, most stating that this was because the property market in their home country had declined recently and they were unlikely to get a good price. However, some migrants from Asia acknowledged that they were maintaining links with their home country so that they could return if life in New Zealand did not prove advantageous:

“I still have some business and some property in Korea. I can’t decide if I will sell it. I want to see further what happens here and I think I need money and property in each country. It is important to have some money in Korea.” (Passive)

“We closed our business but we still have some property in Taiwan. We still have one family member who hasn’t got PR yet. He is here at the moment but if his application is turned down, he might have to go back so we have to keep something there for him.” (Active \$625,000)

6. CONTRIBUTORS AND BARRIERS TO BUSINESS/INVESTMENT IN NEW ZEALAND

Key Points

- The main contributors to successful business in New Zealand were seen to be a lack of bureaucracy and corruption, the quality of support from financial institutions, and the opportunity (where possible) to work with New Zealanders in joint ventures.
- The size of the New Zealand market was a key barrier to success of some businesses.
- Other key deterrents included a perceived lack of international focus, perceived inadequacies of New Zealand workers and business costs.
- Some migrants faced major regulatory barriers, particularly relating to producer boards.
- In a number of cases, barriers have meant migrants, especially passive investors, did not pursue their business plan. For active business migrants this meant some pressure to find an alternative investment option, employment or training.
- Misperception about policy requirements had deterred at least one active business investment, as it was not understood that, at the end of 2 years, depreciation on capital investments would be allowed for in assessment.
- In most cases, the key deterrents could have been avoided if the migrants had better knowledge of New Zealand markets, policy requirements, business regulations and labour market conditions before migration or before business decisions were made.

6.1 Contributors To Business/Investment In New Zealand

A range of positive contributors, which assisted them in establishing active business ventures in New Zealand, have been identified by participants. These included:

- A lack of bureaucracy in business dealings with government agencies, particularly relative to the home country.
- The perception that there is little or no government corruption in New Zealand, meaning that gaining permission and conforming to regulations was relatively straightforward.
- A perception that staff at financial institutions were supportive of both new business migrants and their ventures, and were forthcoming with practical, accurate advice.
- Opportunities arising from business cooperation between the migrant and a New Zealand organisation. In some, although not all, cases where the business migrant had worked with a New Zealand organisation, synergies were created by successfully combining the funds of the migrant with the local knowledge and experience of the New Zealand organisation:

“There could have been a lot of difficulty because, if you migrate to a new country, there will be a new situation you are not familiar with. Like for me, I don’t have any experience growing kiwi fruit. For the first year, I had a management company operate [the orchard] for me, and we did well. We even managed to export.” (Active \$625,000)

- The willingness of New Zealand business people to share information which surprised some migrants intending to work in that industry:

“We talked to people who were already doing it. They were all very, very helpful, very friendly, very kind, and they are not the least bit hesitant to share their information with us. Yes, that surprised me. That wouldn’t happen in the States.” (Business Investor)

- Those from Europe commented that New Zealand’s wage rates were relatively low, meaning that production costs could be kept to a minimum.
- In contrast to Europe, trade unions were seen to have relatively little influence in New Zealand.

6.2 Barriers To Business In New Zealand

The following sections discuss the barriers to doing business in New Zealand. These barriers have been grouped under three key themes:

- New Zealand market and characteristics;
- regulations and requirements; and
- migrants’ knowledge and characteristics.

6.2.1 New Zealand Market And Characteristics

New Zealand’s Size

The small size of the domestic market is a frequently mentioned barrier to doing business in New Zealand. With the exception of the two business migrants from Fiji, all were more familiar with working in larger domestic markets. In many cases, business migrants had not researched the size of the New Zealand population, while others had not fully understood the implications for their proposed business plan. The small size of New Zealand’s market was particularly an issue for those who had hoped to work in the areas of retail and importing:

“I think we desperately need a bigger base for the economy here. We need more people because we just aren’t big enough. The market is too tiny here. I hate saying it because I like having only a few people around, but, on the other hand, for the country to survive, it needs more people - otherwise we don’t have a big enough market for anything we do.” (Active \$500,000)

“If I had known about the size of the New Zealand market, maybe I would have gone to Australia instead of New Zealand because it is a bigger market so the chances are better there.” (Business Investor)

The relatively small size of New Zealand’s economy has meant quantities demanded in New Zealand were too small to make the import projects financially viable:

“From the import side, I experience very quickly that the quantities here are too small. We wanted to import some things but the quantities are too small, may be only two or three hundred pieces. You can’t make a living from that.” (Business Investor)

New Zealand's size is also criticised as making New Zealand relatively inflexible to changes in demand internationally. This was particularly a barrier for business migrants hoping to export New Zealand products overseas:

“With exporting, it can be really difficult to get resources here you know. I was hoping to export wool to China but then the Chinese switched the wool type, but because New Zealand is so small, no-one is doing that wool type here so my partner overseas started shipping it from Australia.” (Business Investor)

The business environment, particularly for retail and importing, was considered much more competitive than anticipated.

Characteristics Of The New Zealand Workforce

Those migrants with considerable international experience perceived New Zealanders to be very domestic focused and lack the international outlook, understanding and the “cunning” of workforces overseas. They saw this as a barrier to business, particularly in developing trade ventures. It was stated that New Zealanders showed little interest and expertise in exporting, something migrants had assumed before arrival:

“There is nice scenery here and the people are nice and friendly. But the people here are still a bit naive, they are not as tricky as in other countries you know? They are not international in their thinking. They are very narrow-minded.” (Business Investor)

Other business migrants, particularly those from western countries, considered some New Zealanders to have a poor work ethic and no pride in their work. In at least two cases, business investor migrants had anticipated taking on New Zealand staff in their business, but had changed their mind, and were currently passively investing only, hoping to bring workers in from their home country or find business partners from overseas.

Business Costs

A perception of strict employment regulations meant that some business migrants did not undertake the kind of business activity they had initially intended - and in the case of passive migrants, meant a decision not to undertake any active investment. Some, particularly those from Asia, found New Zealand's minimum wage rates high, restricting business activity.

Other migrants commented that the cost of rentals in New Zealand was high:

“It's difficult to find a suitable factory. The rent is very high. Like whatever we could get in Fiji for about \$200 a month, here you would have to pay about \$200 a week. It makes a lot of difference.” (Passive)

Those migrants who had proposed to import products from their home country reported that they had been deterred altogether, or been deterred from bringing the quantities they had first proposed, because of import tariffs. Asian migrants in particular commented that one of the strengths of importing from Asia is relatively low costs. However, because of tariffs, the products were not competitive in the New Zealand market.

Finally, some migrants, particularly those from Asia, reported that they found the high taxes on profits to be a barrier. Some migrants also perceived taxes were used to support those who were unwilling to work:

“The taxes are too high. If you pay higher taxes, there are a lot of disadvantages for new business migrants. We have to pay high taxes to support those people who are too lazy to work. That is unfair, and it is hard on the economy. Because the taxes are high, and GST, it is hard for us to do business. We can’t compete with other people.” (Passive)

Those business migrants from countries outside Asia felt New Zealand’s tax rates (which they perceived were lower than those of their home country) to be a positive feature of doing business in New Zealand. However, with the government here seen as unstable, possible tax increases were perceived. In at least one case, a business migrant noted that, if the tax rates in New Zealand were to increase, he would consider leaving the country:

“The greatest fear I have is that there would be a shift in taxes to where New Zealand gets back to the old days of the high taxation. I fear for that - and if it did happen, I would leave, I would have to. If it does come back, it will just kill entrepreneurs. Entrepreneurs will not come to a socialist environment, they want to stay out of that environment.” (Business Investor)

Differences In Processes

As discussed in Section 5.2, some migrants in the sample had come to New Zealand intending to set up a business similar to that which they had in their home country. However, in some cases, differences between New Zealand and the home country have meant that processes and activities in the home country cannot be replicated in New Zealand as the migrant had initially anticipated:

“Like in Fiji, the moisture content of wood is 16%, but in New Zealand, it is only 9%. That makes our work quite different. It has meant that we can’t bring in the furniture from Fiji like we wanted to. We would have had big problems. All the joints would have started opening. So we couldn’t have imported the products from Fiji.” (Passive)

“The seasons are different here. We didn’t know the temperatures and everything, and that is important to know for our business.” (Passive)

Income and Expenditure Barriers

A further deterrent for business migrants was the perception of comparative low incomes and lower levels of spending among New Zealanders compared to some countries overseas.

Changes In Potential Market

For some Asian migrants in the sample, the economic crisis in Asia had adversely affected their proposed business plan. For example, one migrant was hoping to establish a private school in New Zealand for South Korean students:

“I wanted to operate a business of a language institute. There have been no special difficulties in New Zealand, but because of the situation in the Korean economy, the economic crisis, there are not so many Korean students coming to New Zealand any more. That’s a difficulty for me.”
(Passive)

6.2.2 Regulations And Requirements

Regulatory Barriers

All business migrants intending to establish businesses in the primary sector identified the impact of producer and marketing boards as a key barrier to investment in this sector. None had been aware that producer boards existed in New Zealand, and their role in influencing demand and supply. In almost all cases, business migrants were dissatisfied with the constraints on trade which, in their view, made it almost impossible for a new, independent player to enter the market:

“For business here there are a lot of boards. Always you have to go through a board if you want to export. This is like a communist country - you get your quota. I didn’t know about this. I set up a company and I had a partner overseas and we tried to export lamb chops but we couldn’t find a supplier. We had to go through the producer board, but they said that there is not enough supply. In other countries it would be possible to just do the exporting ourselves.”
(Business Investor)

“I haven’t been able to do the kind of work that I want because of the regulations and also it is controlled by the Wool Board. I can’t get a good price for the wool.” (Active \$500,000)

“Boards have a trading monopoly in New Zealand. Even though I know very much about the Korean retailers and Korean customers at this time, there is a system of boards so I can’t do anything. They just push me out.” (Passive)

A small proportion of business migrants interviewed described difficulties in dealing with their local Council when applying for planning permission. Some had found the requirements for building codes too expensive to comply with. Others felt that the regulations discouraged those who wanted to set up a manufacturing operation:

“If I wanted to open a business, you have to get a permit from the City Council. They told me I needed to do a lot of renovation work, so I decide no.” (Passive)

“In New Zealand, they protect the environment so we cannot do even light industry, those kinds of things. It is very difficult to start.” (Passive)

For those hoping to be involved in the supply and/or trade of food products, a further barrier was health regulations. Some business migrants considered these regulations too stringent to be complied with profitably and have consequently abandoned their initial plan:

“I haven’t done any business at all since I have been here. I’ve contacted some factories here doing the frozen food products. I find it is not so easy to establish the frozen food business here because you have got different regulations, very tight health inspection regulations. They are not the same as Hong Kong.” (Passive)

“For example, we can import fish but it should pass the hot treatment, But after the hot treatment, there’s a little bit of a change, the taste changes. Our clients have already used the product in their own country so when they come here to buy our product, they test it and the taste is different and the colour is different so may be they judge that it is not good and we can’t sell it.” (Active \$625,000)

A further to doing business in New Zealand mentioned by some business migrants in the sample is a perception that regulations changed frequently and with little warning. This reduced business confidence given increased perception of risk.

Some migrants who had intended to employ New Zealand staff reported that they were surprised at the requirements of the Employment Contracts Act, considering it inefficient to pay for time when staff are not working (special leave, annual leave etc).

Immigration Policy Barriers

According to Business Investor immigration policy, *“applicants not claiming points for direct investment funds must meet the requirements [of their approval] within six months from the date of approval. Applicants claiming points for direct investment funds must meet those requirements within 12 months of approval.”*¹⁰ However, many migrants perceived that the period to meet requirements was considerably shorter (generally between three and six months), and commented that their perceived time frame acted as a constraint on their proposed business plan.

A small group of migrants questioned why they were not allowed to “sponsor” staff from their home country to come and work in their businesses in New Zealand:

¹⁰ *Generic Residence Policy (Pg. POL 3-47)*

“I think that, generally, people from my country are hard workers and I think that, generally, the business people there that have survived are very good business men. I had a [business] partner who was prepared to come over, but [the Immigration Service] were not prepared to give him a work permit because they said that he hasn’t got the qualifications. I have letters of reference for him saying how fantastic he is. No, he’s not a kiwi and I’m not employing a kiwi but ultimately we would be employing kiwis and we would be generating work. I’m not prepared to come over here and invest my money - which is a considerable amount - or start a business and let any Joe Bloggs run it. That’s why I feel that Immigration have just a straight line and there are no deviations from that. I feel that is totally wrong.” (Business Investor)

One migrant in the \$625,000 investment category stated that she had been under considerable pressure from the Immigration Service to invest all the money she had been required to bring to New Zealand in a business venture (this “pressure” being exerted in the form of letters to the migrant). She complained that, for the type of retail business she had set up, it would be difficult to invest as much as \$625,000 all at once, and because she knew so little about the New Zealand market, she did not feel comfortable investing the remaining money elsewhere.

Finally, one business investor migrant was critical of the perceived requirements that, at the end of the two-year period, the migrant must be able to prove that they still have the \$750,000, that it has all been invested in a business venture¹¹. The migrant was concerned that capital would depreciate over the period and that the company would not have earned sufficient profits to cover these in the first two years. Misperception on this requirement had resulted in the migrant becoming a passive investor.

6.2.3 Migrants’ Knowledge And Characteristics

Knowledge About Locations

For some business migrants who had opted to start active business activities outside Auckland, location was seen to be a barrier. Some migrants choosing provincial towns had realised after settling that these were not suitable for their proposed business plan. This was generally due to inadequate local demand for the product or service. These migrants acknowledged that greater research and more information prior to settlement may have resulted in them making more informed decisions with respect to location:

“I thought it would be easier, but especially down here in the south, it is not easy at all. If I had been able to find something in Invercargill, I would have preferred to do so, but although I really looked hard, I couldn’t find anything. So I had to do my investment in Dunedin. I’ve learned now, if you are in Southland and you want to invest, it is really hard.” (Active \$500,000)

¹¹ Requirement is that the \$750,000 initially invested remains actively invested (depreciation is acceptable).

Lack of Knowledge Of Local Market

For some business migrants, a lack of knowledge of the way New Zealand consumers think and behave has been a key barrier to the success of their business. In some cases, business plans were based on behavioural patterns observed in their home country. However, they note that New Zealand consumers behave very differently:

“Our idea was to set up more quality holiday baches - like at \$100 to \$120 a night. It’s a bit like what we were doing at home. But we found that people here were letting their own homes from \$60 a night and I just couldn’t compete. I mean, mine was a whole different quality. But in New Zealand, I have found that people are willing to have something a little less if they can. The quality end is not there yet.” (Active \$500,000)

“I think I took the wrong decision. I think I bought the wrong machines. I bought a small offset machine for the business here because that is what we had in Hong Kong, but for [New Zealand], they want full colour printing so I have to get someone else to do that. It’s really expensive. If they want a single colour like in Hong Kong, I can do that cheap, but here they want full colour.” (Active \$500,000)

Language Barriers

Particularly for business migrants from Asia, communicating in English - particularly verbal communication - has been a barrier to getting their businesses up and running as quickly as they had anticipated:

“When I tried to open my business, when I went to the council, the council officer don’t like me because they can’t understand what I say. They couldn’t understand my English so they wouldn’t help me.” (Passive)

Lack Of Business Contacts

Those business migrants in the sample who had conducted much of their work in their home country through the use of networks found it difficult to network in New Zealand.

Lack Of Successful Role Models

Particularly in the case of passive investment migrants, a lack of successful role models within their ethnic group had acted as a barrier. Seeing others unsuccessful in business lead to reluctance in the migrant:

“I will keep my money in the bank. Nearly 70 or 80 percent of Korean people running a business now have not been successful so there is nothing encouraging me to open a business or to invest my money anywhere else.” (Passive)

Training Barriers

A lack of relevant training opportunities for manufacturing in New Zealand was cited as a barrier to establishing a successful business quickly. Those few interested in manufacturing commented that they would need to return to their home country to gain skills in machinery and technology.

“The first thing I need to do before I can set up the factory is I should go back to Hong Kong for learning how to operate the machine. In Hong Kong, they have training courses, but not here. I need to learn the whole complete course. I would need to go back to Hong Kong for one year at least to study.” (Active \$500,000)

Age Of Migrants

As shown in Section 2.2, the greatest proportion of business migrants in the sample were aged between 45 and 55 years. A small number saw age as a barrier, expressing they did not have the energy necessary to make the business a success. Furthermore, some had migrated to escape high pressure work.

7. INFORMATION AND ASSISTANCE

Key points

- The issues relating to information and assistance are primarily associated with cultural issues rather than with business migration category.
- Policy requirements for time periods for investment may put additional pressure on those finding it difficult to access the information they require affecting the quality of decisions.
- Those from cultures similar to New Zealand were likely to have made a more thorough information search before arrival and were also more easily able to access information once in New Zealand.
- Those from cultures dissimilar to New Zealand were likely to have had more limited access to quality information before arrival and found it more difficult to secure information once in New Zealand. Key difficulties faced included a lack of competence in English and a lack of familiarity with the information infrastructure.
- Those from cultures similar to New Zealand preferred minimal government intervention in establishing their businesses.
- Those from dissimilar cultures expressed a desire for more government assistance in establishing their businesses.
- Migrants find New Zealand business people to be very helpful and a valuable source of information and assistance.

7.1 Information Search Prior To Coming To New Zealand

In order to assess how informed business migrants in the sample were about settling in New Zealand before they came, they were asked whether they had actively sought out any information about New Zealand *before they arrived*.

Those from cultures similar to New Zealand, as well as those from Fiji, were generally most interested in gaining an understanding of the New Zealand economy and looking for business and investment opportunities. By comparison, prior to arrival, business migrants interviewed from Asia were more interested in finding out about aspects of settling in New Zealand - particularly about the education system, the cost of living and the housing market. This was partly because these aspects tend to be very different from their home country, but also because most Asian business migrants interviewed were passive migrants and therefore were not especially interested in immediately setting up business in New Zealand.

7.1.1 Sources Of Pre-Migration Information Used

Personal Observation

The majority of business migrants interviewed stated that they had visited New Zealand at least once prior to applying for residence. The main exception to this appeared to be migrants from Hong Kong, (the group which relied most heavily on immigration consultants), many of whom commented that they had not considered visiting New Zealand before moving here permanently. This was either because they did not feel it would be useful (because they had friends in New Zealand, they had experience of other western countries which they perceived to be similar, or felt they had enough information from their consultant), or they did not have time.

However, in hindsight, many of those migrants who did not visit prior to getting approval stated that they probably should have.

For those business migrants who visited New Zealand prior to getting approval, the type of visit varied considerably. Those from Asian countries tended to visit New Zealand on a package-type holiday, the characteristics being:

- the trip was relatively short - often only 10 or 14 days in duration;
- the tour tended to visit only the more scenic parts of the country;
- there was often little interaction with the host population - migrants tended to stay in up-market hotels, eat in hotel restaurants etc;
- migrants were able to speak their home country language all the time; they were seldom involved in situations which required speaking English; and
- little economic information was provided.

These migrants were unable to develop a realistic impression of what it would be like to live and do business in New Zealand and, in the worst cases, the trip gave potential migrants false impressions as to the ease of living and doing business here.

By contrast, business migrants from cultures more similar to New Zealand - United Kingdom, United States, South Africa and Europe - tended to visit New Zealand more often, and for longer than their Asian counterparts. These trips were characterised by independent travel, and were more focused on information gathering from government departments, Councils and local business people.

Those who had made a “research” trip to New Zealand appeared to have much more realistic expectations and more favourable business experiences.

For those business migrants who had family living in New Zealand, anecdotal information about living in New Zealand was frequently used as a source of information, although this was not always found to be accurate.

Published Information

The majority of migrants interviewed had also sought published information. For participants from Asia, access to quality information appeared to be difficult, and information gathered tended to be very general, covering issues such as the weather, the education system, the system of government, Maori culture etc. Most information obtained by Asian migrants appeared to be from encyclopaedias and travel guides.

Information From Organisations Involved In Immigration

Asian migrants were critical of information provided by immigration consultants. This group had assumed that consultants would have expertise and access to quality information:

“The information they gave me was just about the climate or the geographical conditions, population, those sorts of things. It was very general. They were things I could find out from an encyclopaedia. They never gave me any information about business or some more useful things.” (Passive)

“Most of the information I got was from the immigration consultant, but it was not enough. The information was not accurate enough. Like the prices for everyday living in New Zealand - at the supermarket or buying a house - the information said it was cheaper than in Korea, but it is more expensive.” (Passive)

Participants who had used a consultant also commented that the business information they were supplied was also limited, with one participant noting that the only information their consultant could supply was on buying a lunch bar business:

“Yes, I tried to look for some information before I came, I went to the consultant’s office and asked about New Zealand, what kind of business I can do there. He only gave me information on property investing and the motel business. The only business he had was motels.” (Active \$500,000)

By contrast, those from cultures more similar to New Zealand had searched more widely for information prior to arrival, with the Consulate General’s office in the home country being frequently mentioned.

Business migrants had also received some information from the Immigration Service. However, the information was considered to be aimed at marketing rather than offering facts about settlement or business:

“The brochures from the Government, they are all a bit, well, polished, you know? Like, if you come here, you have to know that it is going to be different from the brochures. New Zealand is very good at public relations, but the information is not often relevant to your experience later on. I think that is something people need to be aware of.” (Business Investor)

7.1.2 Information Not Able To Be Sourced Prior To Migration

A number of other types of information would have been useful prior to migration.

*Settlement Information*¹²

- more information on housing in New Zealand (materials used, look, costs);
- how to find a job, and options for retraining;
- health insurance in New Zealand - and the extent to which the Government covers this;
- schools (zoning policies, entry requirements); and
- tertiary education (courses offered at different institutions).

Business Information

- investing in forestry, agriculture and horticulture in New Zealand; and
- information as to whether it is possible for business migrants to enter into joint ventures and partnerships under the regulations of the policy, and if so, how they can go about finding likely business partners in New Zealand.

7.1.3 Reasons For Not Seeking Information Prior To Arrival

Some migrants, particularly (although not exclusively) those in the passive category, did not take advantage of available information before moving to New Zealand:

“We were supposed to go to the New Zealand embassy and ask them for the information but we didn’t do that. That was our mistake.” (Passive)

“I should have collected a lot of information before I came in hindsight, but I didn’t. I should have asked but I didn’t. Now that I’m here, I can see quite exciting ways to go. I don’t think it is the Immigration Service’s fault. I think it was us for not asking.” (Active \$500,000)

Reasons for not seeking out information included:

- setting up business was not an immediate priority;
- perception that their business experience in the home country was sufficient background to set up business in New Zealand;
- a feeling that personal observation would be the best information source; and
- business with the moving process allowed limited time for information search.

7.2 Information And Assistance Used Upon Arrival

Generally, business migrants in the sample commented that it was not especially difficult to access business information in New Zealand. However, migrants felt little business information was readily available to them, and that they had to be pro-active. Greater proficiency in English, familiarity with western business practices and more developed information search skills, meant those from cultures similar to New Zealand (a group which does not include any passive migrants) tended to be more pro-active and thorough. Consequently, they had less of a desire for additional information and assistance.

¹² Note: Some of this information is now obtainable through the New Zealand Immigration Service’s Settlement Kit. However, in some cases, migrants in the sample wanted more detailed information than what is currently available in the Kit.

7.2.1 Information And Assistance Utilised

Business migrants in the sample from cultures similar to New Zealand had obtained considerable amounts of information from professionals in New Zealand - lawyers, real estate agents, accountants etc. Those already in the industry in New Zealand also proved to be a valuable source of information. Migrants commented that industry workers were most obliging in providing information and advice. In some cases, business migrants were surprised at the wealth of knowledge which exists, particularly in primary sector occupations:

“All the information was readily available to us. The horticultural industry, you have some of the best people in the world. They are really at the cutting edge when it comes to horticulture here. The entire horticultural industry, there’s a lot of depth there and there’s a lot of information. It’s just getting hold of the right guy. Finding the right man is not hard to do. People are extremely helpful here.” (Business Investor)

Other migrants obtained information about the tastes and behaviour of New Zealand consumers through observation.

One participant had found work in a manufacturing plant to get New Zealand experience.

Other sources of information used by migrants included:

- visits to government departments;
- the Internet (used as a source for obtaining contact details of industry organisations);
- producer boards;
- export exhibitions; and
- ethnic community magazines.

Finally, a few business migrants in the sample (particularly Asians) reported that they used their local Yellow Pages telephone directory very extensively when looking to source suppliers. However, in at least two cases, this was the only information source the migrant had used. In one case, this resulted in a passive migrant deciding not to set up their proposed business. In the other case, the migrant had opted to source their product from their home country:

“It is very difficult to find people in New Zealand who can sell you things. In the very beginning I called all the people in the Yellow Pages. There were not so many and their response was that the price would be expensive. But in the Yellow Pages, there are only one page of wholesalers, less than one page.” (Active \$625,000)

7.2.2 Extra Information And Assistance Desired

Examples of extra information and assistance desired included:

Trade Information

- how to deal with producer boards;
- how to establish export networks;
- customs requirements for importing and exporting;
- contact details for different industry and producer boards as well as trade organisations, and a brief outline of their role and the information they hold;
- applying for an export licence; and
- importing and exporting training courses available at different institutions - and how to enrol.

Development/Construction Information

- environmental regulations in New Zealand (that is, to what extent can the natural environment be exploited, and what is the procedure for getting permission to do this).

Investment information

- comparative costs of investment properties throughout the country, and the relative strengths and weaknesses of each location as a place for property investment.

8. EVALUATION OF SUCCESS TO DATE, AND ASPIRATIONS FOR THE FUTURE

Key Points

- Economic and personal rewards were seen as key features of a successful business.
- Active business migrants felt it was too early to gauge their business success at the time of the interview. However, three had had unsuccessful ventures in New Zealand.
- Among active migrants, aspirations for the future generally focused on building existing businesses to achieve profits while maintaining lifestyle. None of those interviewed aspired to diversify or grow significantly.
- Suggestions for improvement to the potential success of migrants' businesses included increasing the size of the domestic market, greater flexibility with investment requirements, minimising the role of producer boards, and promoting opportunities for migrants to work in partnership with New Zealand experts/business people.
- Passive migrants were satisfied with their current investments and did not intend active investment. Two passive participants intended leaving New Zealand.

8.1 Evaluation Of Success To Date

8.1.1 The Successful Business

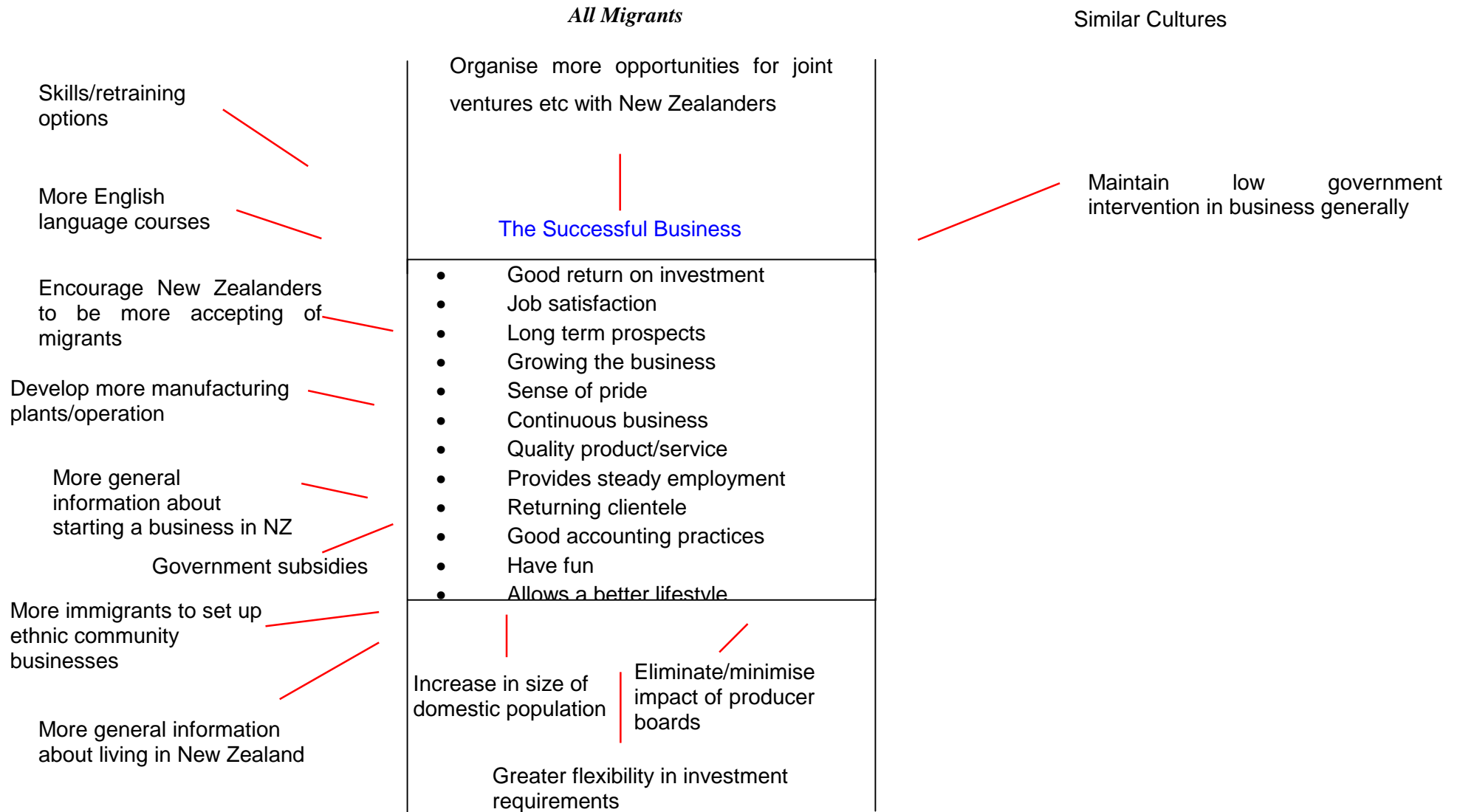
Migrants were asked to identify what criteria or characteristics they considered comprise a "successful business". The most frequently mentioned characteristic of a successful business was that it yielded a "good" return on the migrants' investment (Figure 8.1). However, it appears the extent to which a return was considered "good" varied, some evaluating a good return to be one which is sufficient to financially support the family, while others perceiving it to be as high as possible.

While return on investment was the most frequently mentioned characteristic of a successful business, more personal measures were also frequently cited, particularly by those from countries with cultures similar to New Zealand. Job satisfaction, a sense of pride, and having fun were all common examples:

"I don't put a lot of importance on making money. For me, it's having a quality business and making enough to keep it going. I'm not out there to make every last dollar. I would much rather be running a business that made me happy than one that made a lot of money." (Active \$500,000)

By contrast, those from cultures less similar to New Zealand tended to be more focused on economic measures of success, such as having a business with long-term prospects, having a continuous supply of customers, and growth in the size of the business over time.

Figure 8.1: Aspects of A Successful Business And Changes Required To Achieve It



8.1.2 Evaluation Of Success To Date

Most active business migrants felt it was too early to tell whether their business was successful at the time of the interview. The longest a migrant had been in New Zealand was four years, and most current business ventures had only been operating for two to three years. However, most were confident that, in the near future, their business ventures would deliver on the characteristics they identified in Figure 8.1.

Three migrants in the sample had previously undertaken business ventures in New Zealand that had been unsuccessful. Reasons for a lack of success included:

- a poor location decision, resulting in a high quality product which did not fit the local market;
- the type of business required longer hours and more personal effort than the migrant was able - or prepared - to invest; and
- a continuous supply of product to meet the needs of the market could not be found.

8.1.3 Changes Required To Achieve The Successful Business

There was considerable difference in perceptions of what was required to achieve a successful business. This pertained particularly to the extent to which those from cultures similar to New Zealand needed additional help to achieve business success as compared to those from cultures dissimilar to New Zealand.

As Figure 8.1 illustrates, it was frequently mentioned by migrants from all countries that desirable changes would be:

- an increase in the (population) size of the domestic market;
- the minimisation of the role and impact of producer boards;
- to introduce greater flexibility with respect to investment requirements; and
- greater opportunities for business migrants to co-operate in business with local business people (through joint ventures, partnerships etc. where the migrants' main contribution would be their investment funds and the local party would contribute their expertise of the domestic market and their business networks):

“It would be good for Taiwanese people to get together with kiwi people. It would be nice to have local capital involved. If you get together, you have much power to produce more products. The kiwi people have the experience, they know what is expected in this country. As a foreigner, you come in and you don't know a lot of things.” (Active \$625,000)

Those from cultures similar to New Zealand reported that maintaining what they see as minimal government intervention in business would help them to succeed:

“The best thing that the government can do is stay out of my hair, stay out of my life. We feel the effects of the government far less than we felt them at home. We have so many bureaucrats and they all claim they are trying to help you - let the government give you a hand . If I hear that, boy, I start running real fast. I think the structure here is fine. It is not overpowering, it's not intimidating. That's fine. I don't want the government to help me. I don't need any programmes or any assistance from the government.” (Business Investor)

By contrast those from cultures less similar to New Zealand indicated that they needed considerably more assistance if their businesses was to be successful. Key issues raised included:

- information about starting a business;
- identification of alternative opportunities, when barriers arose to the initial business plan;
- the need for retraining courses (particularly those from manufacturing backgrounds); and
- more English language courses.

A small group of migrants suggested the government should encourage more migrants to come to New Zealand, so that business migrants can establish businesses within their own ethnic community. Others, particularly those from countries where costs of production are very low, suggested that the government introduce subsidies to cover wages and rentals, particularly while businesses are establishing.

8.1.4 The Successful (Passive) Investment

The most frequently mentioned characteristic of a passive investment was a good return.

A number of migrants commented that it was important for them that the rate of interest covered their living expenses during the first two years.

Other characteristics of a successful investment included:

- an organisation which is reliable so that the investment is secure;
- easy set up, with minimal service charges; and
- minimal involvement required from investor.

In almost all cases, those who had invested their money in a bank account considered their current investment to be successful, predominantly because interest rates were relatively high. (See also Section 8.2.6).

8.2 Aspirations For The Future

Participants were asked what they intended to do in the future with respect to doing business and investing in New Zealand (a period of five years was given as a guideline). It appeared those currently active intended to remain so in the future, although none intended growing investment or business portfolios significantly. Few currently passive migrants had any strong intentions of becoming active, the majority intending to keep their money invested in the bank, or to return to their home country.

8.2.1 Business Investor Migrants Currently Active

For the most part, business investor migrants currently actively investing showed little desire to grow their ventures significantly in the future. Because most were still in the early stages of development, their future aspirations were to have their venture up and running, and yielding some return. Migrants in this group were anxious to ensure that their ventures did not grow so big as to deny enjoyment of the New Zealand lifestyle they wanted:

“In five years’ time I will probably still be here and enjoying the good life. We haven’t got the intention to expand that much because, as long as we can support our own family and have a good life, well, we will be happy with that.” (Business Investor)

8.2.2 Business Investor Migrants Not Currently Active

One business investor not currently actively investing in New Zealand envisaged leaving New Zealand. He felt that New Zealand had too small a domestic market and too many regulations to make trade viable. In the long term, he envisaged moving to Australia or Asia to do business:

“In five years time I don’t think I will be here any more. I will probably be in Australia. There are more people, better information, communication, it’s more international. For the last few years, I have been very international, travelling around the world everywhere. For me, I’m not a hill billy. Other people might like the quiet life here, but not me. I want to have world news, I want to read international newspapers ...” (Business Investor)

The other business investor migrant not currently actively investing intended to maintain passive investment unless there was a change in policy that would allow overseas staff to migrate.

8.2.3 Active \$500,000 Migrants

Those active migrants who were currently investing in property commented they were likely to continue to do so, some considering it to be a secure investment, others fearing loss of capital given the recent market decline. Only one had intentions of investing elsewhere and was considering retail. Another stated that, once the two year period expired, he was likely to reduce the level of investment in the current location and move his attention to Auckland.

One active migrant currently involved in tourism was looking into investing in the energy industry in New Zealand, as this was an industry they were familiar with in their home country. However, a perception that the industry was flat (at the time of interview) had dampened intentions for the near future.

8.2.4 Active \$625,000 Migrants

One of the migrants currently actively investing in retail in Auckland was hoping to continue with retailing in the near future, but was intending to move out of clothing into food retailing, an area which they were more familiar with in their home country and which they considered had more potential. However, the current property they owned could not be modified to conform with food retail requirements, and the sale of that property was considered likely to result in a negative return.

The second active \$625,000 migrant involved in retail stated that, in the near future, they would like to open a second retail outlet in Auckland and take more of a “behind the scenes” role in their business, acting as the buyer and bookkeeper only, thereby allowing them more time to spend with their family.

The remaining active \$625,000 migrant, currently involved in horticulture, was intending to move out of Auckland and purchase a larger area of land elsewhere to grow a crop with greater export potential. However, because the principal applicant was intending to rely heavily on his sons’ English ability and horticultural knowledge, it was stated that the move to another location was conditional on all family members being able to obtain permanent residence.

No business migrants in this group showed any interest in diversifying their investment to another industry.

8.2.5 Passive Migrants Currently Active

Of the two passive migrants who were currently conducting forms of active business, one reported that, ideally, they would like to close their business because it was not producing the return they had anticipated. Reluctance to do was based on the anticipated redundancy of several staff. The other was pursuing the possibility of setting up a trading arrangement between New Zealand and their home country, and hoped to accumulate enough information to be able to establish this in the near future. Currently finding information was seen as difficult because of the time needed in the “intermediary” business he had established.

8.2.6 Passive Migrants Not Currently Active

The majority of passive migrants reported that, at least in the short term, they intended to retain their investment at the bank. Favourable returns and low risk considerably outweighed consideration of other (active) business opportunities.

Passive migrants likely to continue with their passive investment stated that they would only consider a more active investment if:

- investment in property became more attractive or viable; or
- they were able to find a joint venture partner. A small, number of passive migrants stated that they would be interested in forming a joint venture either with a New Zealander or another migrant, reducing the risks and the amount of capital required to invest.

However, two passive migrants explicitly stated that, in the near future, they were likely to leave New Zealand. One intended returning to the home country to work, leaving their family to continue living in New Zealand, the other intending to move to another country.

9. ENCOURAGING AND ASSISTING FUTURE ACTIVE BUSINESS MIGRANTS

Key Points

- Business migrants actively investing feel their current contribution to New Zealand includes providing employment, importing overseas ideas, promoting New Zealand overseas and adding money to the New Zealand economy.
- Passive investors are more likely to comment that their contribution is financial.
- Business migrants focus on the importance of promoting specific business opportunities in New Zealand through provision of information and advice in the home country to attract potential migrants.
- Business migrants also suggest that easing of restrictions for qualification would attract more business migrants (eg; age, “eligible” funds, English language, independent children).
- The potential to put more emphasis on proven skills as an employer was suggested as a means of ensuring employment is generated through business migration.

9.1 Perceived Benefits/Contributions Of Business Migrants

At the conclusion of the interview, business migrants in the sample were asked to consider what they feel business migrants as a group can contribute to New Zealand.

For some migrants, particularly those currently passive, this was a difficult question. Many could not cite any benefits other than the money they bring into New Zealand.

Other perceived benefits identified by migrants can be grouped into four key themes:

- providing employment opportunities;
- bringing overseas ideas to New Zealand;
- promoting New Zealand overseas; and
- adding money to the New Zealand economy.

Providing Employment Opportunities

- setting up businesses which employ local staff;
- greater utilisation of skilled people in New Zealand, particularly those with skills and knowledge in niche areas or industries; and
- provide a successful business venture that can be passed on to future generations.

Bringing Overseas Ideas and Culture To New Zealand

- sharing of expertise and knowledge of particular overseas markets, including what types of products are available there and the regulations surrounding exporting and importing;
- bringing new ideas and new processes to certain industries to improve efficiencies;
- high quality standards and a strong work ethic;
- adding more international flair to the domestic market; and
- enriching New Zealand through greater multiculturalism - ethnic food, clothing etc.

Promoting New Zealand Overseas

- promoting tourism and wealth by having family and friends visit from the home country; and
- increasing awareness of New Zealand and New Zealand products among family and friends living in the home country.

Adding Money To The New Zealand Economy

- growth in the size of New Zealand's domestic market by increasing the size of New Zealand's population; and
- purchasing goods and services, thereby adding money to the local economy.

9.2 Current Contribution To New Zealand

For the most part, migrants in the sample considered it to be important that they contributed to the New Zealand economy. A large number of passive migrants and those currently undertaking only passive forms of investment commented that they would like opportunities to contribute more to the New Zealand economy.

Examples given by those migrants actively investing in New Zealand as to how they felt they were contributing to the New Zealand economy included:

- developing a niche industry in New Zealand;
- attracting a new market of tourist visitors, who will spend money in the economy;
- promotion of less well known regions of New Zealand;
- planning to use New Zealand materials in construction;
- paying taxes to the government;
- not being eligible for social welfare benefits; and
- employing New Zealand staff - in the construction of buildings, specialists as advisors or contractors, New Zealand managers or production staff:

“Right now there are probably three or four working out here, and as we get the orchard planted out, we will keep acquiring more people. I guess a staff of ten eventually. We will also have the picking crews that come in and they will all be New Zealanders.” (Business Investor)

9.3 Advice Given By Current Business Migrants

Participants in the sample were asked to consider what advice they would give to an acquaintance from their home country who was thinking of coming to New Zealand as a business migrant.

The predominant theme was that New Zealand was considered a great place to settle and live (and retire), but it is not a suitable place for those business migrants interested in making a lot of money in business. Consequently, migrants felt prospective migrants should ensure that they have sufficient funds to live in New Zealand and cover settlement expenses (such as purchasing a house) as it may be some time before they are able to make money. (This advice was given by migrants from all investment categories, and from both similar and dissimilar cultures to New Zealand):

“I would advise my friend that it is a nice place to live in. The people are very friendly. You will enjoy your retirement here. But unless you have plenty of money before you come, it will be hard.” (Passive)

The other common theme was that prospective business migrants need to take considerable time to research New Zealand. Most participants felt this should involve at least one visit to New Zealand prior to submitting an application:

“If they wanted to come here for lifestyle reasons, I would say, OK, fine. But if they wanted to come here to make money, I would just tell them to research the situation very carefully. They would anyway if they had to have a million dollars, They would probably be fairly astute to start with, but I’d just say, take care and study the market first.” (Active \$500,000)

A small group of migrants (predominantly passive, but also including one Business Investor migrant), would advise an acquaintance not to come to New Zealand; that the difficulties of doing business and settling here outweighed the advantages:

“If I knew everything about New Zealand that I know now, I would have decided not to move to New Zealand, After coming to New Zealand, I didn’t know New Zealand was so small, so conservative, not so open-minded. Those things I didn’t know in Korea. So I would tell my friend not to come.” (Passive)

9.3.1 Use Of Immigration Consultants

Those migrants from cultures similar to New Zealand who had used an immigration consultant would advise acquaintances to do the same. They commented that the ease at which they had been able to make their application and get it approved was well worth the money they invested in using a consultant:

“We used a consultant to help us prepare our papers for immigration. We’ve heard some stories of people who tried to do it themselves, without a consultant, and they had a horrible, horrible time getting it done. After learning that, we thought it was well worth the money we spent to hire the consultant to lead us through it properly.” (Business Investor)

Despite criticisms of immigration consultants, those from dissimilar cultures would also recommend them to others. This was primarily because of language difficulties, a lack of time and knowledge as to how to search out information for themselves, and a desire to conform with other migrants.

9.4 Encouraging Future Active Business Migrants

The final part of the discussion asked business migrants in the sample to consider how the Immigration Service and other New Zealand organisations might encourage more active business migrants to set up business ventures here. Ideas generated by participants can be divided into three areas:

- the promotion of New Zealand as a destination for business migrants;
- changes to immigration policy and entry conditions; and
- further assistance upon arrival.

9.4.1 Promotion Of New Zealand To Potential Active Business Migrants

Commonly mentioned ideas for promoting New Zealand included:

- Conducting workshops and seminars in the home country, covering which sectors in New Zealand offer the greatest potential, the type of investment required, and the strengths of doing business in New Zealand.
- Making available plenty of published information about the New Zealand economy and business opportunities (and constraints) in New Zealand as this information is currently very difficult to find in many countries, particularly those in Asia:

“Information is very important. In Japan, it is not easy to have a lot of information about New Zealand, what kind of businesses are good, what kinds of people have been successful” (Active \$500,000)

“They need to introduce the country by the culture, the weather, the population size. You have to give people an idea of what kind of business is needed. Like heavy industry, the government is not encouraging heavy industry to establish in New Zealand. All of these things you have to release so people can know whether... they have the opportunity to develop business.” (Passive)

Ideas for promotion mentioned by a smaller number of participants included:

- To attract those interested in primary sector, promote strengths of New Zealand in countries with a strong primary sector, directly to those currently in the sector (rural magazines etc).
- Particularly to attract migrants from the United States and the United Kingdom, emphasis New Zealand’s tax rate and the tax advantages.
- In order to encourage very wealthy business migrants to New Zealand, establish an international school here. This appears to be a growing trend overseas, and among business people with considerable international experience, is coming to be expected:

“We need some really big players in New Zealand who can open big companies here, set up production lines, really big international players. But a lot of immigrants come for their children too you know, so they should really make here an international school. If you are an international person, you want your children to learn two or three languages and have a higher standard of education. They know they won’t get that here at the moment.” (Business Investor)

9.4.2 Changes To Policy And Entry Conditions

Modification of current policy requirements and entry conditions was seen by most as important to encourage more active business migrants to come to New Zealand.

Criteria On How Money Is Earned

Asian migrants in particular commented that the requirement that funds and assets brought into New Zealand must be earned by the principal applicant acts as a deterrent. These participants commented that family-owned businesses are very common in Asia, often having been passed through a number of generations. However, a potential migrant currently owning such a business would find it almost impossible to prove that the worth of the business was derived solely from their own business activities:

“I think the New Zealand government have to change their policy... they are concerned with the money that you want to bring, that your own skill has generated it. But if you have inherited your business from your father or your parent, you cannot count it. ... In Chinese society, you inherit a lot of property. I think, as long as the money you want to bring to New Zealand is clean, you know, not illegal money, as long as you can show that the source is legal, you should be able to bring it.” (Active \$625,000)

*English Language Requirements*¹³

Most migrants in the sample, including those who had gained residence under the Business Investment Category, were aware of the English language requirement within the current immigration policy. Those from countries where English is a less familiar language generally commented that they felt the test was currently acting as a deterrent to more migrants coming from their home country. This was because the standard of the test was seen as unattainably high in the time given, or as too stressful. These migrants did not believe that their success depended on an especially good command of English, as they could afford a translator/interpreter. These participants also felt that, over time, the migrant would pick up English naturally through day-to-day activities. Migrants familiar with the IELTS test perceived that the level was higher than required for every day interactions.

A small group of Asian migrants commented that they felt the principal applicant should have to pass the IELTS test, but that other members of the family should be excluded.

Age Restriction

Currently the Business Investor category states that those aged 65 years and over are not eligible to migrate to New Zealand. Some business migrants, particularly those from cultures similar to New Zealand, felt that New Zealand was losing a lot of potential knowledge, experience and capital through this age restriction:

“But going on age, you wouldn’t let in people like Richard Branson. You can go through a big

¹³ It should be noted that the IELTS requirement for Business Investor Category migrants was reduced from Level 5 to Level 4 in January 1998.

list, ticking off people our age or a bit older who have turned out to be fantastic entrepreneurs, and they've got the money, but they are too old. I mean, there's Richard Branson, Anita Roddick ..." (Business Investor)

"If I had delayed my application another couple of months, because my next birthday was coming up I wouldn't have gotten in because that one point would have taken me below the total score. There are a lot of people my age that you are missing, You are really missing out in the country... We notice silly mistakes that get made here, and if you've just had some age and experience, they wouldn't have happened." (Business Investor)

Independent Children

Migrants particularly from the United Kingdom and the United States suggested that more business migrants from their home countries might have been encouraged to move to New Zealand if the immigration regulations were changed to allow migrants to bring their independent children with them if they so desire. Female migrants to New Zealand in particular stated that they found it distressing to have their children so far away, and in a number of cases, the children had shown a strong desire to be with their parents. These migrants question why their children have to apply as individuals under either the General Skills or Family Re-unification category (which requires both additional time and money).

Emphasis On Skill As An Employer

A small group of migrants in the sample felt the reason few business migrants are currently engaged in active business investment was that the selection process placed too little emphasis on skills as an employer or entrepreneur. Migrants themselves considered that, if a migrant has a large amount of money, this does not necessarily mean that they have the ability to start a new business in New Zealand. These participants suggested that another category could be set up within the Business category which places emphasis on how many people the individual has employed. Those entering under this category could have a restriction placed on them that they must employ a certain number of New Zealanders:

"What we need here are employers, people that will hire people. You need people that are used to hiring people. You don't need more worker bees, you need employers. People who employ people are maybe the entrepreneurs and if they employ people in the United States and other parts of the world, I think, when they get here, they are going to do the same thing. That's the kind of folks I think you really need here." (Business Investor)

No Passive Investment Option

Some of those migrants who had come to New Zealand as passive investors commented that their acquaintances in their home country had been deterred from coming to New Zealand because the passive investment option is perceived to be no longer available¹⁴. In some cases, migrants knew of friends who had opted for Australia rather than New Zealand because a passive investment option is still available there. These migrants, while acknowledging that passive investment does not significantly contribute to the economy, felt that a passive option

¹⁴ One of the key changes which was made to the Business Investment Category in 1995 was the removal of a specific

was important for Asian migrants to give them more time to learn about New Zealand's business environment, improve their English, and identify business opportunities:

“Under the old policy I think people will come, but under the new policy, most of them didn't want to apply. It's too risky because you must set up a business. They have no time to allow them to do more research here. They would have to start a business but then they would find that it is not suitable or rather difficult to do this kind of business here because the situation is not the same as in your home country.” (Passive)

“I think now they can't put the investment fund in the bank any more. They must start, once they apply for immigration, they have to establish a new business here. Since you have different market conditions, different regulations here, it is rather difficult to establish a new business in such a short time. You can't see everything clearly yourselves, so you will be losing money. Because \$750,000 may be your life time savings for the whole family.” (Passive)

Investment In New Zealand Dollars

Those business migrants intending to set up a trading operation were critical of the policy requirement that all investment funds must be held in New Zealand dollars. These participants believed that the financial risks associated with fluctuations in the New Zealand dollar were deterrents to potential business migrants interested in trading:

“If they allowed us to change our money into foreign exchange, I think more business migrants would be interested in coming here. When you import things, you need other currencies and you are more free to save money - especially now when the New Zealand dollar is losing. It was a big disadvantage to have to keep it in New Zealand dollars. I have lost 20% of my funds, If I could, I would have changed it a long time ago into another currency. But I'm bound to keep it there, I can't change it..” (Business Investor)

Inclusion Of Residence As Investment

A number of migrants in different situations criticised the current investment criteria that stipulate *“investments which are for the applicants' own personal use are not acceptable. This includes investment in assets such as a personal residence, car, boat etc.”* Migrants feel that a residence should be included in their investment portfolio. This was particularly the case where the home comes as part of a business investment - as in the case of farms and orchards. Migrants arriving in New Zealand unaware that they would need additional funds to purchase a home commented that this put a strain on financial resources, with some migrants being forced to take out a mortgage at an interest rate higher than the return on their money invested in the bank. These migrants felt that this could be a deterrent to future migrants coming to New Zealand.

Time Restrictions

From discussions with participants, many understood they had considerably less time to transfer the money than was actually the case, some believing they had as little as three

investment option for passive investment.

months. These migrants felt that a new business migrant, particularly from a culture dissimilar to New Zealand, would need between one and two years to gain a good enough understanding of the New Zealand business environment to make a successful business decision:

“I think you need to spend the first year watching [the market] and the second year testing, testing what the customer wants. You have to have time for watching, testing. They cannot expect us to start as soon as we arrive.” (Active \$625,000)

9.4.3 Further Assistance Desired Upon Arrival

The most frequently mentioned form of assistance which would encourage other business migrants was the need for an organisation to offer assistance, information and advice to business people wishing to set up some form of trade. While Trade New Zealand provides information and advice to people interested in undertaking business in or with New Zealand, no migrant in the sample was aware of Trade New Zealand. This suggests that more extensive promotion of Trade New Zealand to business migrants would be favourably received.

Business migrants from cultures similar to New Zealand stated that they did not feel that there was any additional information or assistance that a business migrant would need once in New Zealand. However, those from dissimilar cultures identified a number of forms of assistance. These can be grouped into four key areas:

- Increased availability/promotion of information;
- Specifically established organisations to provide assistance;
- English language assistance; and
- Innovation assistance.

Increased Availability/Promotion Of Information

- Greater availability of published information about business opportunities in New Zealand, and how to go about taking advantage of them.

Specifically Established Organisations To Provide Assistance

- Seminars for recent arrivals, conducted in the home country language, which address issues of both settlement and business opportunities in New Zealand.
- The establishment of a department within government whose express purpose is to take care of new migrants, to offer advice and to answer enquires migrants may have.
- Assign advisors to individual migrants to discuss business opportunities and information sources on arrival opportunities and to meet again in 3 to 6 months to offer any further assistance. This was seen as favourable to seminars, allowing for migrants' different experiences prior to arrival, different work speeds and different problems encountered. Some migrants in the sample, particularly those from South Korea, stated that they may feel more comfortable working one-on-one, rather than admitting in a group forum that they are experiencing difficulties. Some migrants also felt that business people may be reluctant to share their ideas or experiences with those they see as potential competitors.

English Language Assistance

- Free or subsidised English language courses.

Innovation Assistance

- Offer financial assistance to those who wish to introduce new technologies and processes to New Zealand:

“I think the government should do something to assist business men who use machinery, like deducting the tax on how much he earns. That would encourage the businessman to bring in new machines and buy an automatic production line. The machines in New Zealand are very old, it's very old style.” (Active \$500,000)

10. CONCLUSIONS

The Impact Of Cultural Similarity

Business migrants from dissimilar cultures had experienced the greatest difficulty in establishing themselves in New Zealand. Key differences were identified in almost all aspects of the migration, settlement and the business investment process. Most notably, differences related to the ability to source information, to understand market operations, to communicate in English and to understand and work within the regulatory environment. There was also a greater tendency for this group to call for increased intervention and assistance from government to enhance their business performance in this country.

Expectations And Intentions For Life In New Zealand

The results indicate that business migrants are more strongly motivated by factors other than the chance to do business in New Zealand. Many of those interviewed had applied for residence under the Business category because they did not meet the criteria for General Skills application. Undertaking business in New Zealand, therefore, was not necessarily a priority for them.

The main influence on choice of business investment sub-category was the level of funds they had available to invest rather than a specific commitment to active business investment. Some business migrants came to New Zealand primarily to educate their children or for retirement and, therefore, preferred passive investment. Migrants with an educational focus generally planned to leave the country once that education was finished.

Many of the migrants, especially those in the manufacturing sector (about half of the sample), intended to and subsequently set up business or invested in an area different from their previous industry experience.

Factors Which Inhibit Or Enhance Success In Business

Although participants commented on a range of positive factors, there were also several significant barriers or deterrents to active investment identified. Consequently, among those intending active investments, a number had taken passive options.

Some business migrants in the sample, particularly those from dissimilar cultures, commented that they see definite advantages of forming joint ventures and partnerships with local business people. However, in all cases, migrants stated that they did not know how to go about finding joint venture partners. Better integration of business migrants into the local business environment and development of joint ventures could enhance potential business migration outcomes.

Information and Common Misperceptions

Common themes arising from the research relate to migrant's misperceptions both about the New Zealand business environment and immigration policy requirements.

One of the key barriers inhibiting success in New Zealand was a perceived lack of information, both prior to arrival and upon arrival in New Zealand, particularly among those from dissimilar cultures. Poorer business decisions had resulted.

The research indicates that significant benefits can be gained when potential migrants visit New Zealand prior to residence. In particular, a visitor programme focused on business information and orientation would benefit potential migrants both in settlement and quality business decision making.

Most migrants commented that there should be some organisation taking a pro-active role in informing business investors. However, there was very poor awareness by those interviewed of the assistance available through organisations such as Trade New Zealand.

Business migrants also expressed a need to be much better informed of their rights and responsibilities once they gain approval for residence. Comments reflected much confusion as to the regulations regarding:

- how long a migrant has to arrive in New Zealand once they gain approval;
- how long a migrant has to establish a business in New Zealand;
- how the investment funds must be used; and
- assessment requirements at the end of the two year investment period.

In a number of cases, confusion as to these regulations had resulted in poor location and industry decisions. Issues raised included a perception of a lack of time to research the local market, a slow start to some business ventures as migrants returned home to wind up business dealings there, and decisions to invest passively rather than actively because the requirements were too confusing. For active investors, there was some anxiety that, at the end of the two year investment period, they may not have conformed with the policy requirements and would be required to leave the country.

The research indicates that if business migrants were better informed about the New Zealand business environment and policy requirements before migration, the outcomes of business migration could be considerably more favourable.

Policy Differences And Compliance

The ability to conclude about differences between migrants under the previous Business Investment and the current Business Investor categories is limited, given that only six interviews were conducted with Business Investor migrants and all were from countries similar to New Zealand¹⁵. However, it did not appear that there were strong differences between migrants in the two groups.

Although there were misperceptions about policy requirements, both Business Investment and Business Investment category migrants appeared to be doing their best to meet requirements as they understood them.

Encouraging Future Business Migrants

Based on their own experiences, business migrants said they would not recommend New Zealand as a place for business investors looking to make large amounts of money. Furthermore, migrants felt those in their home countries genuinely interested in business may not be attracted to New Zealand due to lack of awareness about opportunities here, as there was:

- a focus of available information on lifestyle rather than economic/business related issues; and
- a lack of information on desirable business opportunities in this country through, for example, financial publications and industry magazines.

Providing potential business migrants with such information could, therefore, assist in promoting New Zealand as a destination.

Many business migrants who had gained approval under the passive investment category reported that the current lack of a passive investment option is a strong disincentive to business migrants from cultures dissimilar to New Zealand. This group consider a passive option essential to allow them time to gain a greater understanding of the New Zealand market (and to learn English) before making any commercial decisions. A policy that is seen as requiring migrants to undertake some form of business almost immediately upon arrival is unlikely to be viewed favourably.

It appears that if active business investment is to be encouraged, consideration needs to be given to a period of passive investment, to provide time for business migrants to make sound commercial decisions. A potential difficulty of such an approach is that business migrants subsequently continue to invest passively and do not move into active investment options.

¹⁵ *Efforts were made to include those from dissimilar cultures in this sample group but were not successful*

APPENDIX

Topic Guide

NEW ZEALAND IMMIGRATION SERVICE

BUSINESS MIGRANTS RESEARCH

TOPIC GUIDE

1. INTRODUCTION

- Nature and purpose of study
- Explain Forsyte Research as independent research company, working on behalf of NZIS
- Roles of those attending the interview
- Confidentiality
- Explain structure of interview - immigration decision, settlement generally, business experience, benefits and incentives - then chance for participant to add anything.
- Explanation of audio tape and agreement on use
- *Note:* Active involvement = investing/being active in a business they have direct involvement in; have an influence over decisions made)
- Brief discussion of family/living situation (number of family members, how many are in New Zealand etc.)

2. IMMIGRATION DECISION AND EXPECTATIONS

- Why did you decide to leave your home country? *Probe fully - family, business, political reasons etc.*
- Did you consider moving to any countries other than New Zealand? *If yes, which? why these?*
- Why did you decide to migrate to New Zealand (as opposed to other countries)? What were the advantages of New Zealand over the other countries you considered?
- How did other family members feel about coming to New Zealand? Why?
- Did you consider coming to New Zealand under the General Skills category? *If yes, what were the strengths and weaknesses of this category for you? What were the strengths and weaknesses of the business category? Would you have qualified as a General Skills migrant? If not, why not? If yes, why did you decide to apply as a business migrant?*
- Did you need to take any special action to fulfil the requirements of the business migrant category? *If yes, what? How did you feel about this?*
- Did you have any difficulties getting the money together/to New Zealand in the time required? *If yes, what problems did you have? How did you overcome these?*

For Active \$500 and \$625 and passive investors, ask:

- Why did you decide to apply under the category that you did? What are the strengths of this category for you? Are there any weaknesses?
- What category would you have preferred to apply under? Why? Why didn't you? If you had been able to, what would you have done differently in New Zealand?

3. EXPERIENCE OF LIVING IN NEW ZEALAND

- Before you came to New Zealand, what things did you think would be relatively easy or straightforward about living here? Why?
- Before you came to New Zealand, what things did you think would be difficult about living here? Why?
- Did you look for any information about New Zealand before you came here? *If yes*, what kind of information? where did you look? *If no*, why not?
- Did you do anything prior to coming to New Zealand to make settlement here easier for you and your family? Why/why not? *If yes*, what? when?
- Did you visit New Zealand before you applied for permanent residency? *If yes*, was this useful? how? *If not*, why not?
- Did you get permanent residency before or after you came to New Zealand?
- *If before*, why did you wait to get PR before coming to New Zealand? How long after you were given PR did you arrive in New Zealand? Why is period of time?
- *If after*, how much time had you spent in New Zealand before applying? What had you done during this time?
- What are the strengths and weaknesses of applying for residency on-shore/off-shore?
- How long have you been in New Zealand?
- What aspects of living in New Zealand have been easier than you thought they would be? Why?
- What aspects of living in New Zealand have been more difficult than you thought they would be? Why? How did this affect your initial plans/ideas?
- What assistance/information would you have liked to have been given to help you live in New Zealand?
- If this information/assistance had been available, would your settlement have been different? How?

4. BUSINESS/INVESTING EXPERIENCE

- Describe your business experience before you came to New Zealand/What kind of work were you doing before you came to New Zealand? *Probe: qualifications, length of time, location, industries/products/services, position, level of involvement, international linkages, nature and number of staff etc.*
- Did you have any business involvement with/in New Zealand prior to deciding to migrate? *If yes*, what was this? How did you get involved? Was this useful once you settled in New Zealand? How?
- Before you came to New Zealand, what did you think you would do here? How did you think you would use the money you are required to invest? Why?
- Before you came to New Zealand, what things did you think would be relatively easy or straightforward about doing business/investing in New Zealand? Why?
- Before you came to New Zealand, what things did you think would be difficult about doing business/investing in New Zealand? Why?
- Did you collect any information regarding investing/doing business in New Zealand prior to arrival? *If yes*, what information was this?
If no, why not?
- Where did you get your information regarding investing/doing business in New Zealand?
- Were you able to find enough information? Is there any information you would have liked but were unable to find prior to arrival? What information was this?
- Tell me about your business experience in New Zealand (since you gained permanent residency) (*including both past and current business/investing*).
- What aspects of doing business/investing in New Zealand were easy? What aspects of doing business in New Zealand were difficult?
- What information sources have you used in New Zealand to find out about investing/doing business here? How did you find out about these sources? How were they useful?
- What other information would you have liked/do you think would have been useful in helping you invest/do business in New Zealand which you were not able to find? How would this information have been useful/changed what you have done?

- Thinking about the experiences you have had in doing business in New Zealand, is there any information/assistance you think would have been useful to you? *If yes*, what?
- How should this assistance be delivered/be made available?
- If this assistance had been available to you, would you have done things differently? how? what?
- Is your immediate family all living permanently in New Zealand? *If no*, where do other family members live? Why? How much time do they spend in New Zealand?
- Since being given permanent residency, do you spend any time in your home country? Do you spend time in other countries? *If yes*, how much? Why? Which countries? How do you feel about this? What are the strengths and weaknesses of this? *Probe: personally, impact on family, impact on business in home country, impact on business/activity in New Zealand, impact on New Zealand as a whole.*

For active migrants/business investors:

- Is your business/investment mainly based in New Zealand or overseas? Why? Which overseas country(ies)?
- In what ways is this linkage/association with the overseas country useful? Would you like to change this if you could? Why? What would the benefits of changing this be? What would you need to be able to change it?

With reference to New Zealand business/investment/involvement only:

- Why did you decide to invest in the industry/business that you have? What are the strengths of this industry for you? Are there any drawbacks or this industry/business?
- If you were deciding now, would you still make the same decisions regarding what industries to invest in? Why/why not? *If not*, what would you do differently?
- Did location influence your decision as to what kind of industry/business to be involved in? *If yes*, how?
- Do you feel the business(es) you are involved in are in good locations? Why/why not? If you could change the location of your business, where would you move to? Why?

- How would you define a successful business? What are the important features of a successful business? *Probe: profitability, growth, taking on more staff, social responsibility, domestic markets, environmental responsibility, market share, import of inputs versus local supply, make enough to support family, personal wealth, independence etc. Write on cards if appropriate*
- Thinking about your definition of a successful business, how does your business currently perform on these criteria? Is it as successful as you had hoped? How do you feel about this?
- What would need to happen/be done to allow your current business to be successful on all these criteria?
- Do you think your business will be successful in the future (next 5 to 10 years)? Why/why not? How do you feel about this?
- Do you think it is important that business migrants' businesses contribute to the New Zealand economy? Why/why not?
- Do you see your business as contributing to the New Zealand economy? *If yes, how? If no, why not?* Is this a concern for you? What more needs to be done so that you can contribute/contribute more?
- Do you see your business changing in the future (next five years)? *If no, why not?*
If yes, in what ways will your business change in the future? Probe: more sites/fewer sites, different locations, more/less staff, more/less international linkages (importing, exporting etc.), different products/services, more/less direct involvement, change suppliers (domestic/international).
- How do you feel about these changes? What will need to happen/change to allow these changes to occur?
- What will the benefits and disadvantages be for you, for New Zealand?
- Would you consider investing more in New Zealand? Why/why not?
- *If yes, what kinds of industries/businesses would you invest in? where? why?*

For passive migrants

- How do you feel about investing your money in a bank in New Zealand? What are the strengths of doing this as opposed to investing the money in a business? What are the weaknesses?
- How would you define a successful investment? What are the important features of a successful business? *Probe: profitability, growth, limited involvement, make enough to support family, independence etc. Write on cards if appropriate*
- Thinking about your definition of a successful investment, how does your current investment currently perform on these criteria? How do you feel about this? What would need to happen/be done to allow your current investment to be successful on all these criteria?
- Have you considered any other investment options such as property or the sharemarket? Why/why not? What do you see as the strengths and drawbacks of these options for business migrants?
- In five years' time, will you still have your money invested? Why/why not?
- *If no*, what will you be using your money for?
- *If yes*, will the investment be different to that currently? *Probe: type, location, amount, terms etc.*
- Have you ever considered investing your money in a business in New Zealand? *If yes*, what happened? why have you not? *If no*, why not?
- If you could, would you like to invest your money in a business in New Zealand? Why/why not? What would you need/what would need to change to allow you to do this?

All participants:

5. PERCEIVED BENEFITS

- What do you think that you as a business migrant have brought to New Zealand? *Probe: knowledge of home country market, enterprise, innovation, international linkages, expertise, technical skill, other benefits/strengths etc.*
- What do you think business migrants in general bring to New Zealand? *Probe: knowledge of home country market, enterprise, innovation, international linkages, expertise, technical skill, other benefits/strengths etc.*
- Do you feel that you have the opportunity to use/share these things that you have brought to New Zealand? (Distinguish which are and which are not currently used/shared).
- What more needs to be done to realise these possible contributions? What things need to be changed/be done differently?
- Thinking about the experiences you have had as a business migrant settling in New Zealand, what advice would you give someone from your home country also wishing to apply for permanent residency as a business migrant? Why?

6. INCENTIVES FOR FUTURE BUSINESS MIGRANTS

- The New Zealand Immigration Service is working with Trade NZ and hopes to work with local Councils to assist and encourage business migrants to live and become involved in business in New Zealand. Thinking about the experience you have had - both in living in New Zealand and in doing business/investing here, what things could NZIS do or set up for business migrants? Why?
- *If not mentioned*, are there any changes you would like to see made to the current policy requirements for business migrants? what changes? why? *Probe: impact of language requirement, impact of time regulation to get money together, impact of time to keep money in the country etc.* How have these affected your experience of doing business here? How should the policy be changed? What would the impact of this have been for you?
- Is there anything other organisations or groups could do? *If yes*, what? which organisations/groups? What?

Other issues to be discussed (participant-generated)

Thank and close

PREVIOUS, INTENDED AND CURRENT OCCUPATIONS OF BUSINESS MIGRANT SAMPLE

Note: To protect the identities of those in the Business Investor category (because this group is relatively small), the occupations given reflect the ANZSIC group rather than the specific occupation. However, for those participants approved under the Business Investment category, specific occupations are given.

Previous, Intended And Current Occupations Of Business Migrant Sample

PREVIOUS OCCUPATION	INTENDED OCCUPATION	CURRENT OCCUPATION
<i>Business Investor Migrants</i>		
Agriculture	Agriculture	Agriculture
Construction servicing	Horticulture	Accommodation
Motor vehicle industry	Accommodation	Horticulture
Metal production manufacturing	Horticulturist	Horticulture/Property invest.
International trade	International trade	Passive investment
Food retail servicing	Building construction	Passive investment
<i>Active \$500,000 Investment</i>		
Foam manufacturing company	Own motel	Property developer
Textile mill	Knitting mill	Commercial printing business
Tourist lodge	Upmarket holiday homes	Upmarket holiday homes
Government worker	Retirement (part-time teaching)	Property investment
Manufacturing company	Property investment	Property investment
Agricultural investor	Farming	Tourist lodge
Personnel consultant	Personnel consultant	Horticulturist
Real estate agent	Property investment	Property investment
<i>Active \$625,000 Investment</i>		
Herbalist	Herbalist	Herbalist
Clothing manufacturer	Fruit juice/fashion retailer	Fashion retailer
Horticulturist	Horticulturist	Horticulturist
<i>Passive Investment Migrants</i>		
Teacher	Retirement	Clothing manufacturing coy.
Bank manager	Trade in animal products	Ethnic supermarket
Textile/clothing manufacturing	Textile manufacturing	Passive investment
Construction company	Retirement	Passive investment
Restaurant owner	Restaurant owner	Passive investment
Teacher	Retirement	Passive investment
Nurse	Nurse	Passive investment
Furniture manufacturing	Furniture importing	Passive investment
Stainless Steel importing coy	Orchard	Passive investment
Roading construction coy	Own motel/petrol station	Passive investment
Seafood trader	Seafood trader	Passive investment
Teacher	International school	Passive investment
Frozen food trading company	Trading company	Passive investment

