



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI

Investor Migrant Research 2013/2014

Summary of findings



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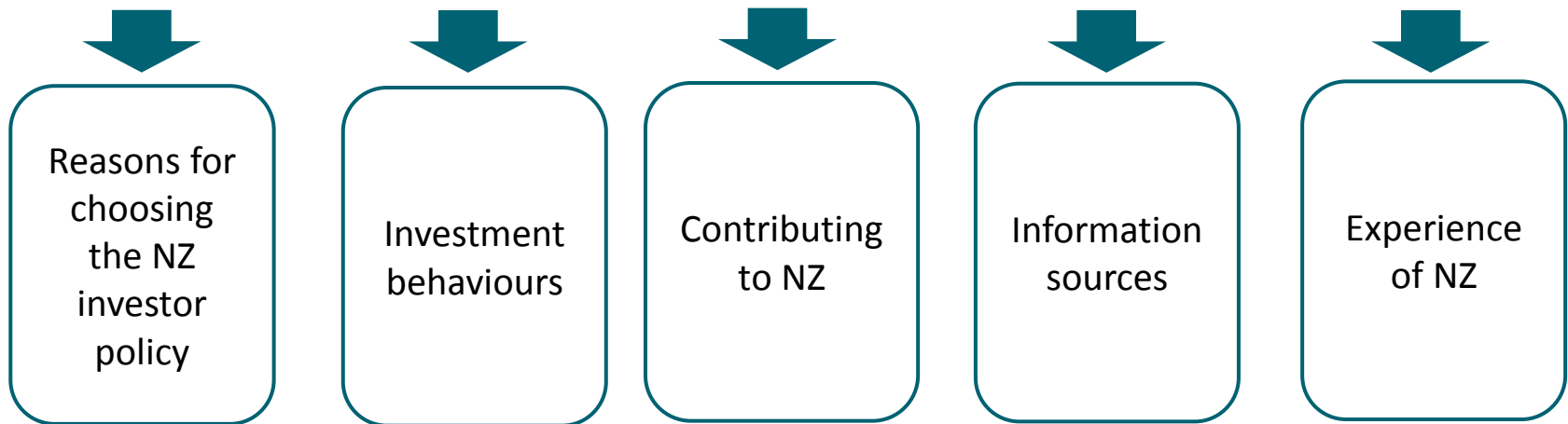
Summary



Introduction

- Research was undertaken on the 2009 investor migrant policy
- As part of this research, an online survey and qualitative interviews with investor migrants and agents/lawyers were undertaken
- Findings will inform INZ's Business Migration/Migrant Attraction Strategy

RESEARCH AIM: Provide an understanding of the experience of investor migrants before, during and after making an application:



Methodology

Stage 1: Quantitative Research

- Online survey
- All* (772) clients who had made a valid application under (or transitioned onto) the 2009 policy invited to participate
- 365 clients participated
- Survey offered in four languages

Stage 2: Qualitative Research

- Interviews with 20 investor migrants and 5 agents/lawyers

Highlights

1. The primary reason that investor migrants seek to come to New Zealand are lifestyle/personal.
2. Most investor migrants are hesitant to make anything other than passive investments as part of their application (they know little about investing in NZ and perceive passive as the most expedient and safest investment to base an application on).
3. Making prudent investments is important to investor migrants. They tend to be wary investors migrants.
4. Investor migrant's personal and financial circumstances vary greatly. These circumstances greatly impact on investor migrant's willingness and ability to contribute to New Zealand.
5. There is a considerable untapped potential contribution from investor migrants (intellectually and financially).
6. The approach to realising the potential contribution of investor migrants needs to be tailored to investor circumstances.



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Pre-Application

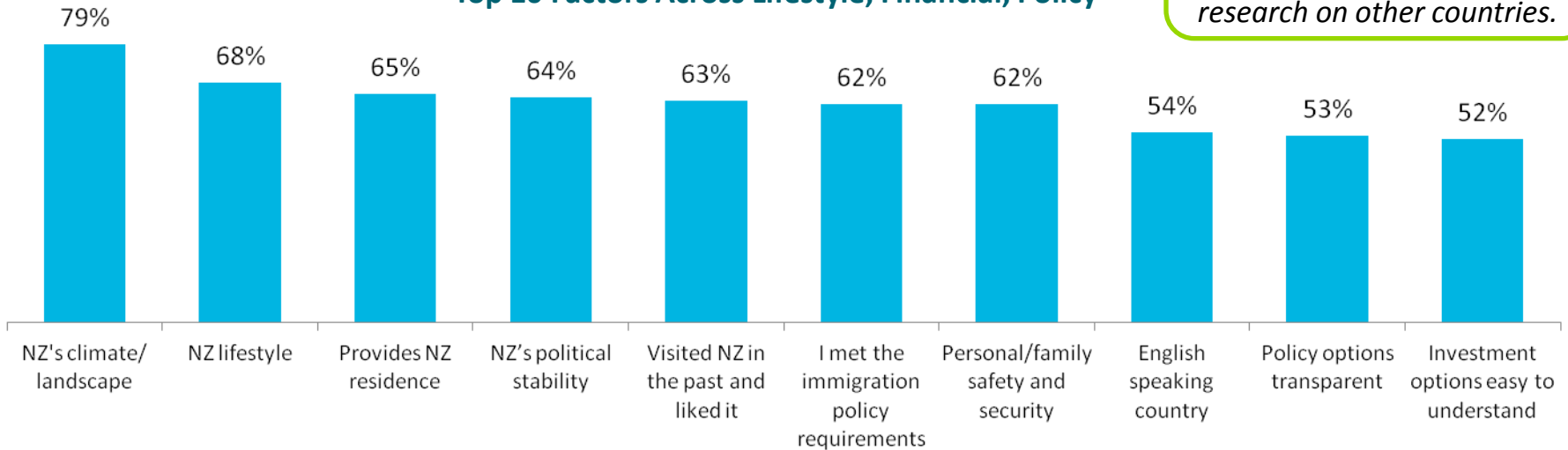


NZ climate and lifestyle key reasons for choosing NZ

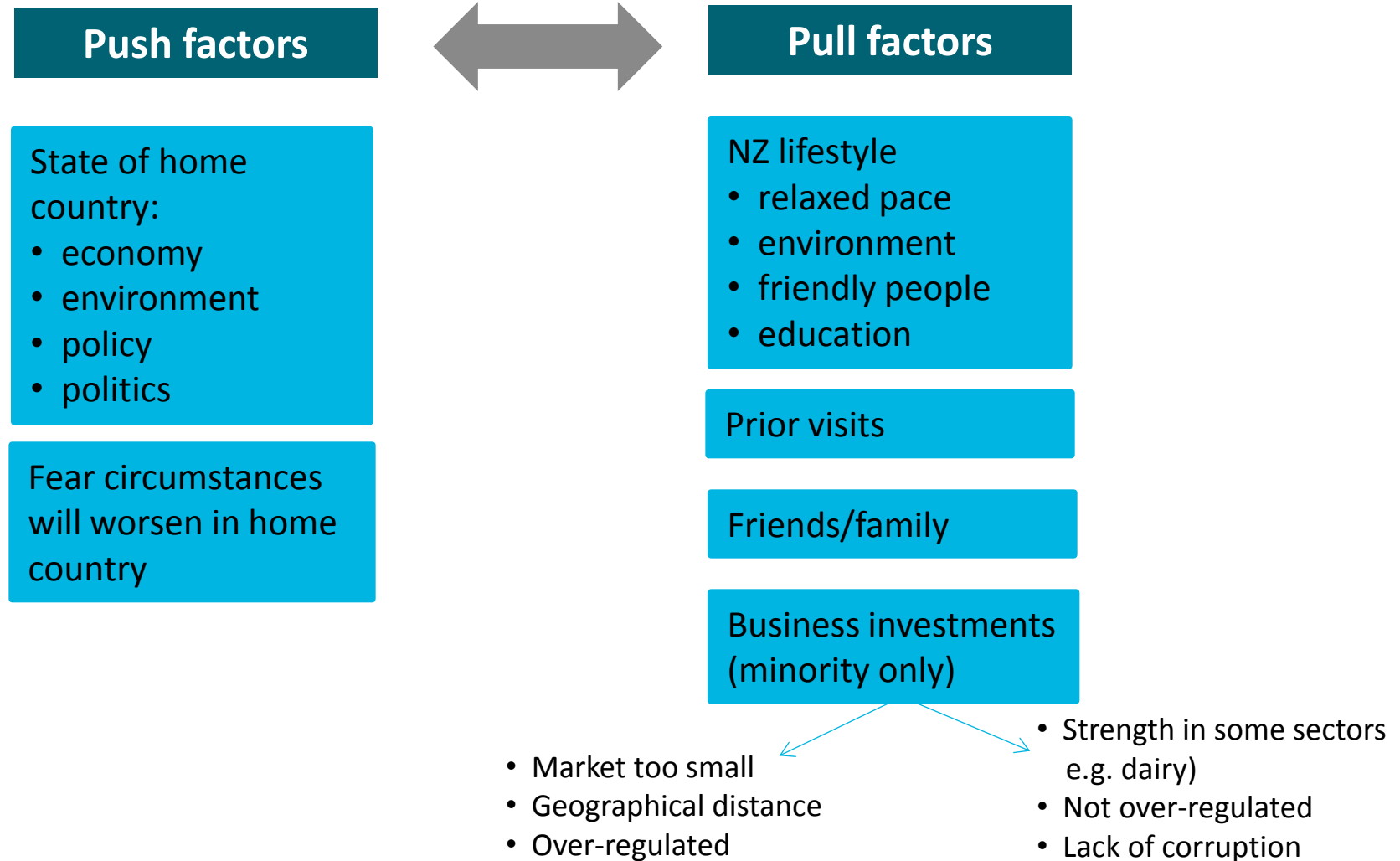
- **Lifestyle/personal reasons:** climate/lifestyle and political stability
- **Financial/business reasons:** political stability
 - ‘Promising investment returns’ tends not to be a primary motivator (was the third financial/business reason for choosing NZ)
- **Policy reasons:** provides residence and can meet requirements

New Zealand was our preferred choice, we met the criteria so did not pursue research on other countries.

Top 10 Factors Across Lifestyle, Financial, Policy

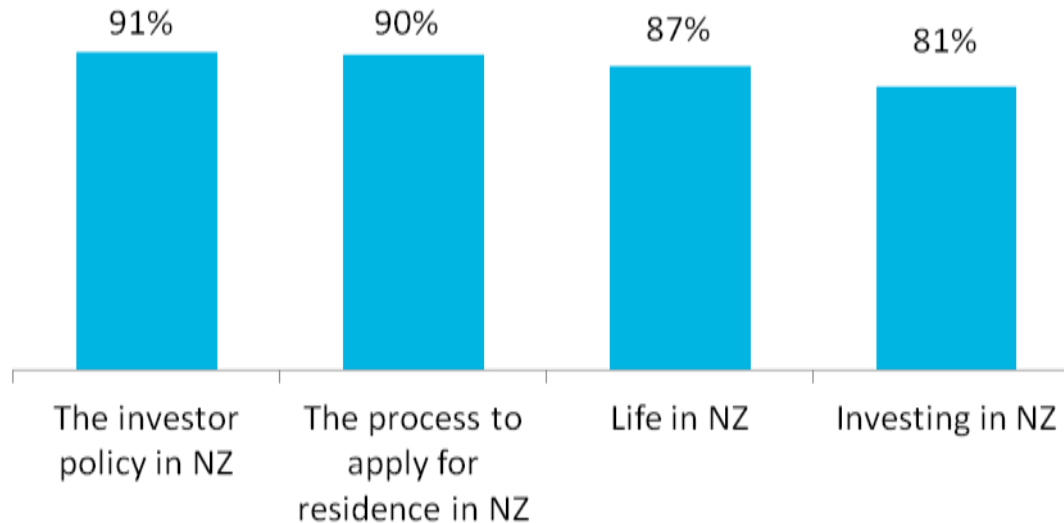


A variety of push and pull influencers at work



Those who need information are generally able to get it

Before coming to New Zealand I was able to access the information I wanted about...
(Total % Agree)

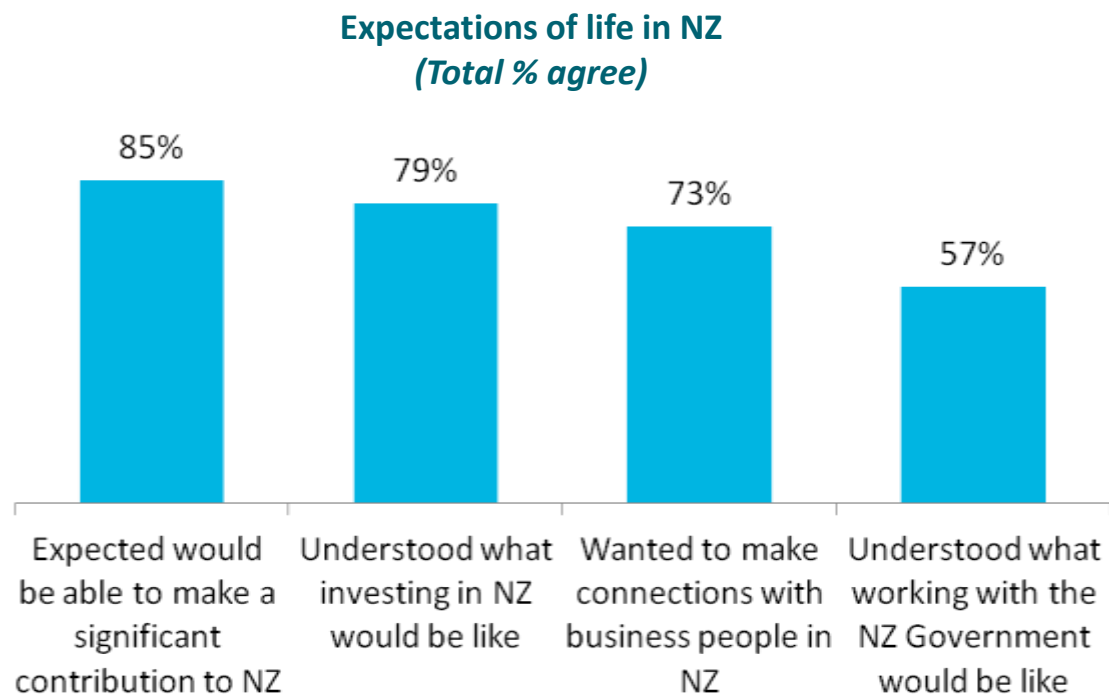


- Wide range of information sources being used
- INZ website and immigration adviser/agents were the most preferred and most useful information sources
 - Phone and face-to face communication with INZ were less popular but still used by around half of investors

...NZ websites are concise and easy to understand. They seem to be designed to help applicants. Rating NZ Government websites would be 9 of 10. The USA where we are citizens I would rate 2 of 10.

High expectations of life in NZ in some areas

- Majority of investor migrants had high expectations of being able to make a significant contribution to NZ
- Relatively low agreement that investor migrants understood what working with the NZ Government would be like





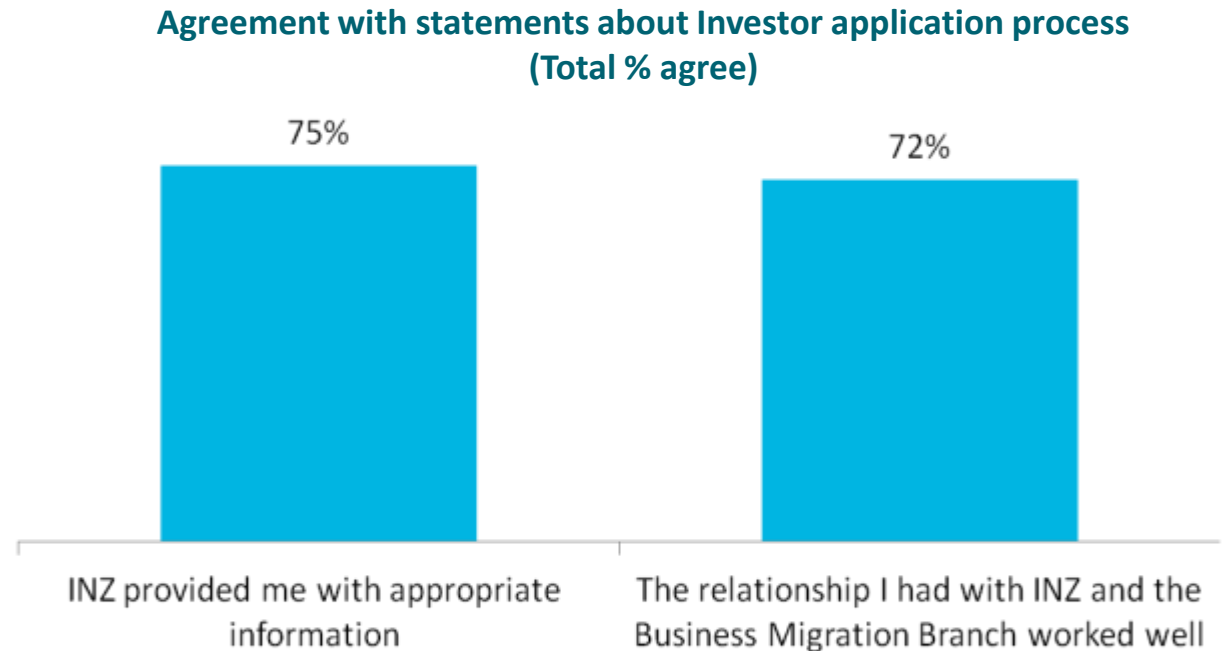
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Application



Satisfaction with INZ service

- Relationships with Business Migration Branch are generally working well
- Concerns for some however, around:
 - Provision of documentary proof
 - INZ understanding of business processes in other countries
 - Use of agents
 - Speed of processing





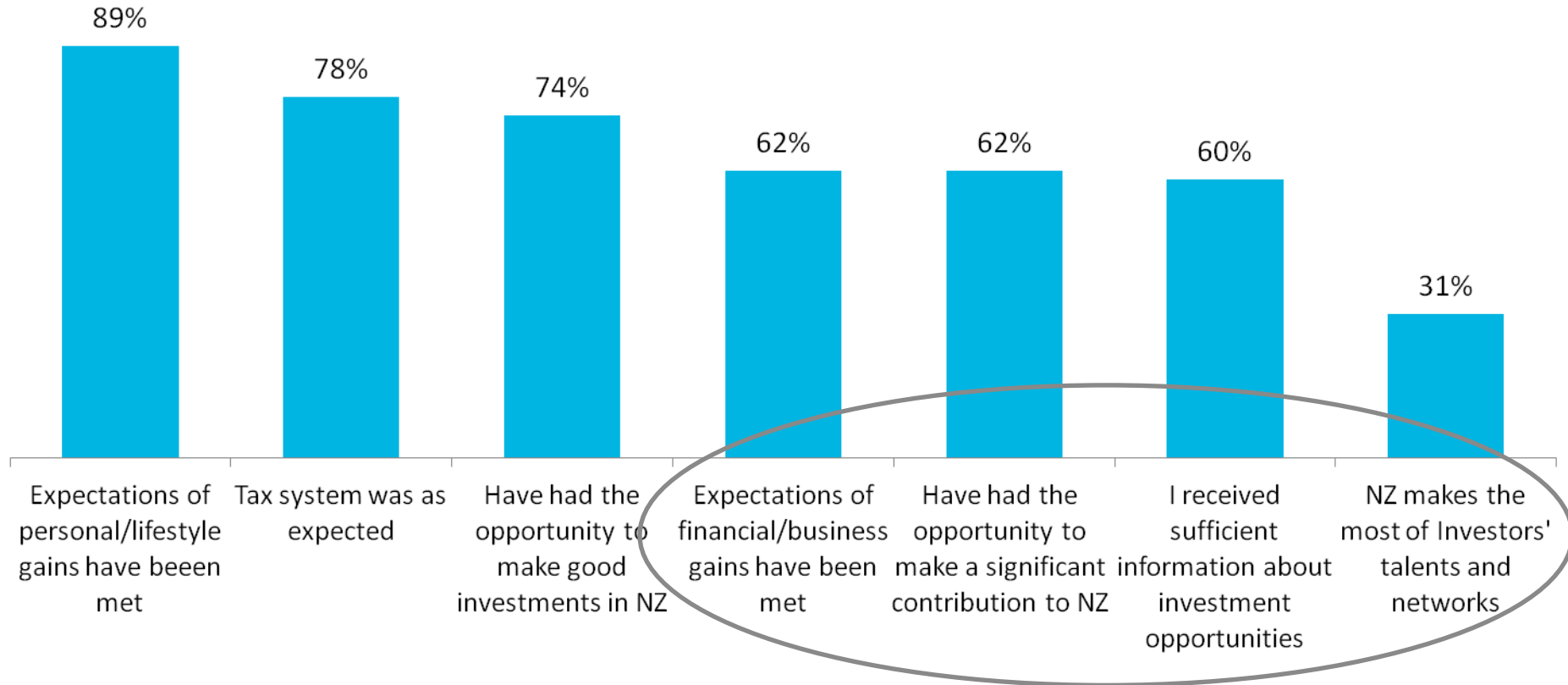
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Post-Application



Expectations of life in NZ most met in terms of personal/lifestyle gains but some large gaps

Agreement with statements about experience in New Zealand



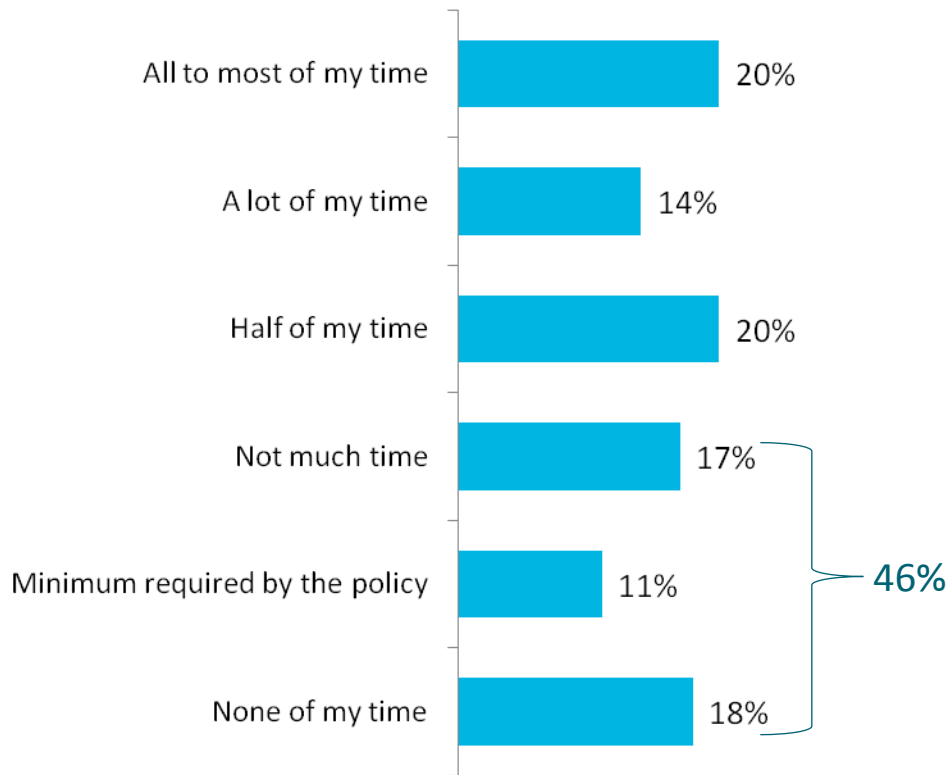
Downsides once in New Zealand

- **Family/personal** factors greatest downside:
 - personal changes in circumstances
 - extended family not granted permanent residence
 - partners/family members finding it difficult to leave friends and family in their home country
- Other **more minor** downsides:
 - investment returns
 - weather
 - cost of living
 - pace of life too slow
 - onerous tax requirements.

“In hindsight, it’s probably a little bit too slow and a little bit too laidback and not quite enough going on... maybe we should have been a bit closer to Auckland or something like that, but you know we’re committed here ... so we’ve just got to make the most of it.”

Many are spending less than half their time in NZ...*

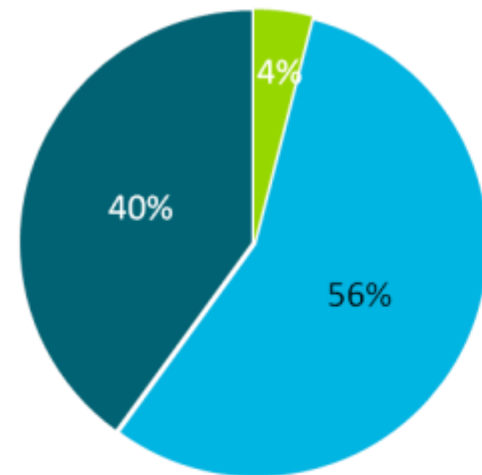
Amount of time spent in New Zealand



... but most thought there was a high chance they would live full time, permanently in NZ for the long term

Is commitment to NZ short or long term?

- Short term
- Long term
- I intend to apply for NZ citizenship



* Some participants who responded to this question had only just lodged an Expression of Interest so are under no obligation to spend time in New Zealand.



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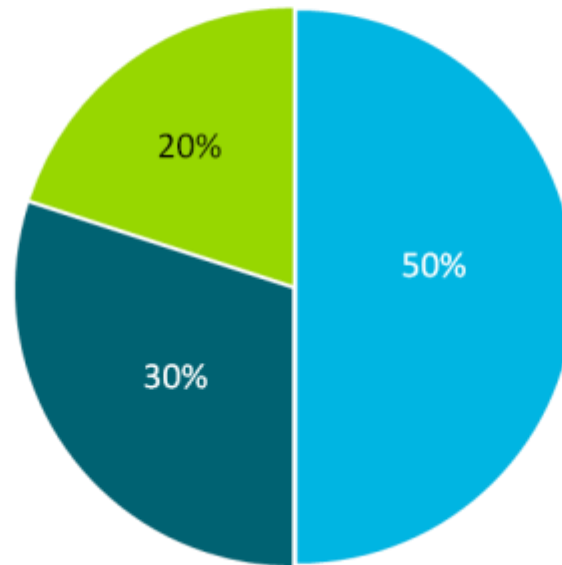
Investing in NZ



Half of investor migrants made a passive investment

Kind of investment chosen for residence application

- Passive (by mainly investing in Government /Corporate /Bank bonds)
- Balanced/ mixed investment
- Active investment (by mainly investing in Shares /Company equity /Venture Capital)



The required investment has been straightforward. I wanted an option that was as simple as possible given our residency depends on it. I wanted to make sure the chances of any mistakes in managing the investment was minimised so a passive portfolio was more suited.

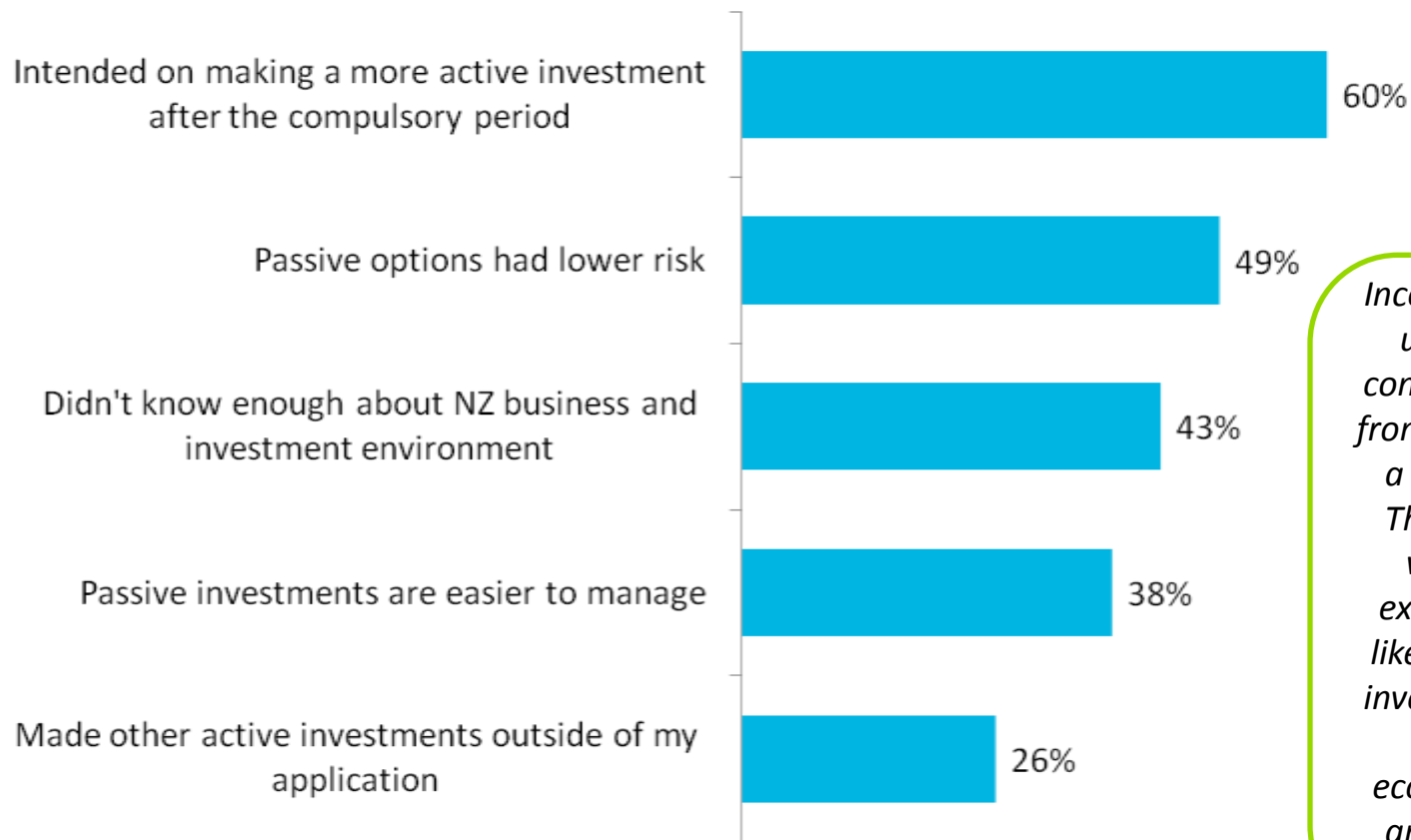
Passive investment a conscious decision driven by...

- **Lack of knowledge** – of NZ economy and businesses at the time of having to transfer funds
- **Lack of networks** – no trusted contacts to identify business opportunities
- **Wanting to ‘tick the box’** – making investments that were fast and definitely qualify
- **Desire to keep risk low** – because:
 - The investment used the majority of the wealth
 - Misconception the investment needs to stay at acceptable levels when reviewed by INZ
 - Lack of knowledge about business in NZ.

“Compared to the US, certainly there is a readiness within the system for passive investors ... it’s going to take time before you have a level of confidence and unless you’re an immigrant that arrives with a huge appetite for making money and wants to put loads of time in....”

60% intend to make a more active investment after the compulsory period

Top five reasons for not making a more active investment

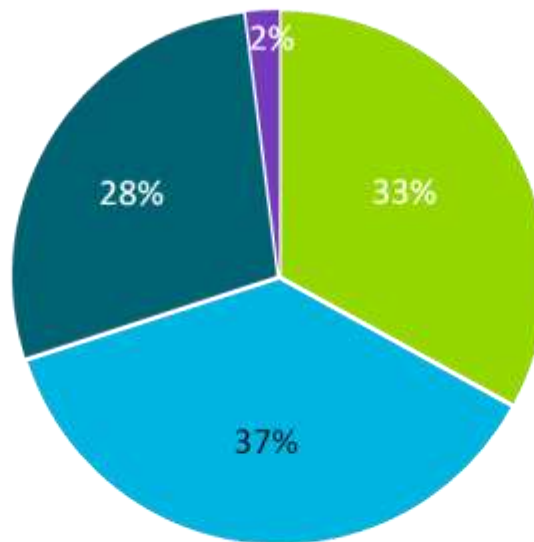


Incomplete information and unfamiliarity with local conditions prevent investors from being able to formulate a sound investment plan. There are many investors with good commercial experience, and we would like to find opportunities to invest in industry and trade, thus stimulating the economy. I have yet to find an adequate information platform.

Even split of those investing minimum, a bit more, and a lot more than the policy required

Amount invested in New Zealand – by category

- The amount required by the investor policy
- A bit more
- Significantly more
- Unsure



Around 7 in 10 open to considering a more active investment if they had to invest less to qualify for residence



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Contributing to NZ



More can be done to make the most of investor migrants talents and networks

Expected to be able to make a significant contribution to NZ
(Total % Agree)

85%

Expected

Have had the opportunity to make a significant contribution to NZ
(Total % Agree)

62%

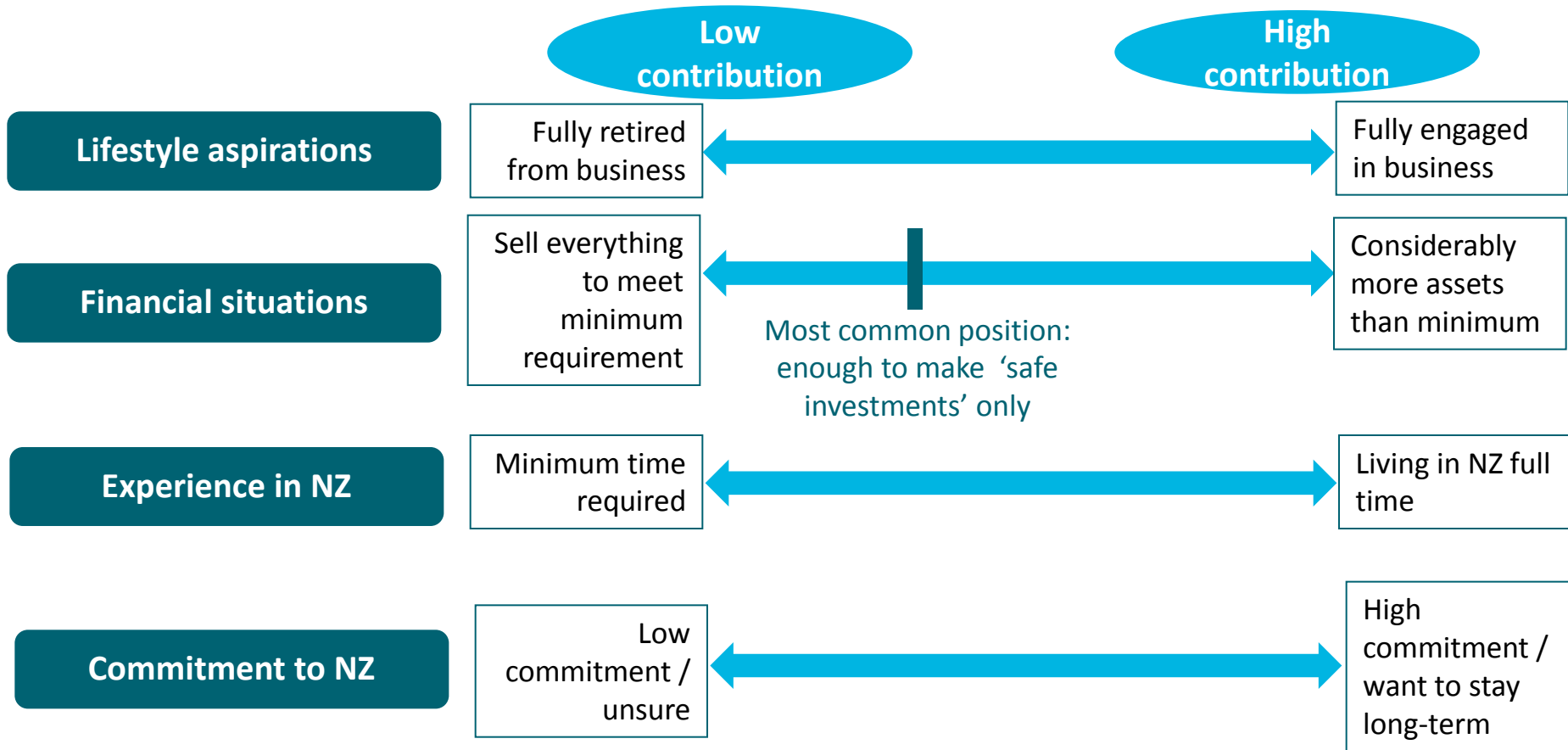
Actual

Actual

Expected

"I think it's something that's missing, you know. I was very full-on for my life up to now in business and now I've semi-retired, I mean we have other interests overseas and so on but there's certainly something missing and certainly something I would like to make more use of my experience..."

Different life circumstances and aspirations impact on level of contribution investor migrants want to make



"I have worked amazingly hard for 25 years to the stage where I don't particularly want to do that anymore and I've made enough money so I wanted to be somewhere I can feel healthy and relaxed."

There are a range of barriers to contributing

- **Confidence** – not perceiving experience is relevant
- **Personal commitments** – too busy with own work
- **Not being approached** – relevant sectors not asking for help
- **Knowledge** – lack of contacts/networks
- **NZ business ambition** – seeming to be satisfied with being small, lack ambition
- **Living outside the main centres** – few business opportunities outside of the main centres

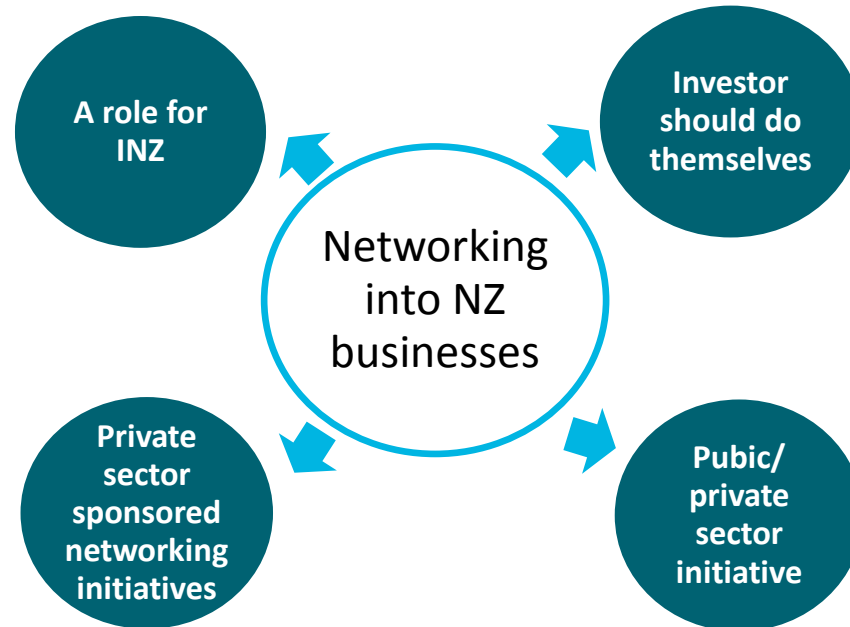
“I’m not sure how relevant or how transferable it [my skills] would be to NZ.”

“Now I realise that Auckland is where the IT is, you know. So, but down here everyone seems to be either part of the port, which is good, or they are dividing up houses as fast they can go which is a little disappointing.” (Investor)

- **Language barriers** – (some Asian investor migrants) a significant barrier and therefore are looking for a lot more support and networking opportunities

There is interest in contributing to NZ businesses

- Many investor migrants said they would be interested in either **setting up** their **own business** or **providing equity** for other businesses once they are settled in NZ and have a better understanding of the business landscape.
- There is not a consistent view on who/how investor migrants should be **networked** into the NZ business community...





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Summary



Summary

- Investor migrants primarily come to New Zealand for lifestyle reasons, (rather than investment or business reasons).
 - **But** – a considerable portion of investor migrants have the will, skills and financial capability to contribute significantly to New Zealand.
- There is a greater will to contribute to New Zealand than is currently being realised.
 - **But** – not all investor migrants have the will or financial capability to contribute further to New Zealand.
- Investor migrants are a diverse group and this has a profound impact on their willingness and ability to contribute to New Zealand.
- Making more of investor migrants' will to contribute more to New Zealand needs to be tailored and timed to reflect this diversity.

Room for leverage

- Increased contribution to New Zealand may be via active investments, mentoring, assisting NZ businesses to make offshore connections and/or adding knowledge to the relevant sectors.
- There is appetite from some investor migrants for receiving assistance to contribute more to New Zealand. (There are mixed views on who should provide this assistance).
- The method and style of delivery of such assistance needs to be diverse, personal and professional. And needs to demonstrate to investor migrants that there is genuine value in their contribution.