

My name is Craig Brownie I have worked in New Zealand legal and financial sector for over 25 years. The last 12 have been as Managing Director of Bancorp New Zealand Limited, a leading investment and private banking organisation in New Zealand. My association with Japan spans many years and our business is heavily involved with the Japan New Zealand Business council and Support Our Kids Japan New Zealand exchanges.

### ***New Zealand as an investment destination***

When I look at promoting New Zealand as an investment opportunity the first thing I do is to imagine I am in the investor's country. They can invest anywhere in the world so why New Zealand?

I don't suggest for a minute that anyone should invest all their money offshore, so we are only talking about investing a portion of someone's wealth. In addition, as part of imagining a global investment market, I don't expect or encourage people to invest in New Zealand financial products that are no better than they can obtain in other jurisdictions.

Because everyone's reason for investing offshore is probably different I will limit my reasons for why so many people have invested in New Zealand to the financially focused ones.

### ***Key points I think***

- New Zealand actively encourages foreign investment and so its laws and rules around foreign investment help make it easier to invest;
- A free funds flow into and out of New Zealand means that investors are able to gain ready access to their investment and increase or reduce the amount they invest depending on their needs;
- Withholding taxes can now be minimised or eliminated on interest and dividends;
- In recent times, New Zealand has had one of the highest interest rates available in the OECD;
- It is easy to purchase property in New Zealand and title to that property is assured by law;
- The political environment is stable;
- Immigration to New Zealand exceeds emigration and so the population continues to grow and diversify in ethnicity; and
- There is a stable and growing economy, evidenced by a strong credit rating, AA+ Standard and Poor's<sup>1</sup>

### ***New Zealand history***

The indigenous people of New Zealand are known as Maori and it is believed that they have been inhabitants of New Zealand for over 1,000 years. Their name for New Zealand is Aotearoa, meaning land of the long white cloud. It is generally considered that the first documented European exploration of New Zealand was in 1642 by the Dutch explorer Abel Tasman. To this day the sea between New Zealand and Australia remains named the Tasman Sea. However it was not until Captain James Cook sailed the Endeavour to New Zealand in 1769 that the British really became involved in New Zealand's history.

On the 6th of February 1840 a treaty was signed between the British Government and New Zealand Maori known as the Treaty of Waitangi, Waitangi being the location in New Zealand

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<sup>1</sup> As at May 2011

where the Treaty was signed. From that time English law became the basis for New Zealand laws, politics and social structure development.

### ***New Zealand General knowledge***

New Zealand is located towards the bottom of the Pacific Ocean around 2,000 km South East of Australia. New Zealand is made up of two main Islands, innovatively called the “North Island” and the “South Island”. The North Island has around 2/3rds of New Zealand’s approximate 4.4 million people with just over 1.3 million of those located in the greater Auckland region. The Capital City is Wellington, located at the bottom of the North Island. However, internationally, due to their high tourist attraction the cities of Christchurch and Queenstown are often better known.

New Zealand’s national sport is Rugby and the national team is proudly known as the All Blacks. Before every international game the All Blacks perform a Maori Haka which is recognised around the world. The country has a mild climate with summer maximums rarely past 30C and winter lows around -10C in the lower South Island but usually around 4C-6C in the top of the North Island.

Being surrounded by water, people love the sea, rivers and lakes. Auckland reputedly has more boats per capita than any other city in the world. On this basis Christchurch probably has more grass and trees than any other city on a per capita basis.

People are generally very friendly, love the outdoors and recreation and they also love to travel.

A great source of independent information on New Zealand is the Government web site [www.nzembassy.com](http://www.nzembassy.com) or [www.tourismnewzealand.com](http://www.tourismnewzealand.com)

### ***The core driver of NZ economy***

When I think of myself as a person from outside looking in to New Zealand I want to know the core driver of the economy, The answer is simple - FOOD!

New Zealand is an agricultural and primary industry based economy and is the largest exporter of dairy products in the world. Most people know New Zealand has a lot of sheep, 34 million at the last official count<sup>2</sup> or 8.5 sheep to every person in New Zealand. On top of this other major exported food groups include; seafood, fruit (e.g. Kiwifruit), vegetables, wheat and barley and wine. About 50% of New Zealand’s exports are food.

New Zealand’s food is also of a very high quality, naturally grown and free from genetic modification. Whilst New Zealand is small in size it is very efficient in its agricultural production. The quality of New Zealand food is recognised around the world and this is why it is often said that New Zealand can’t produce enough food to satisfy the demand.

When the world enters a recession New Zealand is not immune but neither is it reliant on selling consumer goods, or manufactured goods, financial services, IT or other products that consumers can ultimately do without. New Zealand sells food!

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<sup>2</sup> Statistics New Zealand Agricultural Production Statistics: June 2008 – Media Release

The negative for New Zealand is that a lot of food products fall into the category of commodities and are sold at an international USD spot price. When New Zealand's dollar goes up it makes less on its sale proceeds and when the New Zealand dollar weakens it makes more. It is also vulnerable to other countries using agricultural subsidies to push commodity prices lower or tariffs on imported agricultural products. Having said that, I would rather be exporting food products than cars!

### *New Zealand banking system*

New Zealand, like many Western countries, has anti-money laundering and counter terrorism financing legislation and Banks are governed and regulated by the Reserve Bank. As such opening a bank account is subject to certain requirements.

Typically a bank requires at least two forms of identification which for non resident accounts would typically include a passport and other photo identification and often proof of residential address and may require a Notary Public certification if not completed in New Zealand.

However, once these things have been established the account opening procedure and timing is very quick given New Zealand's advanced banking system. Following the subprime and extended financial crisis there was global concern over bank stability. However, in 2008 the New Zealand banking system was rated in the top 10 in the world<sup>3</sup> ahead of that of Hong Kong, Japan the US and the UK.

New Zealand financial organisations can provide bank accounts in most currencies and of varying terms from call accounts to term deposits.

In this article I have tried to give a very brief over view of the country and why it should be on any international investor's list. In the next article I will focus on what drives the economy and New Zealand's growth which is forecast to continue and reach around 3.5% or higher in the next 12 months.

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<sup>3</sup> SOURCE: World Economic Forum Global Competitiveness Report 2008-2009.