

AMCHAM NEWS

American Chamber of Commerce in New Zealand

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Volume 8 Issue 7

July 2009

Growth in US-NZ bilateral trade reflected in award entries - AmCham-DHL Express Award Finalists announced

Twenty six companies make up the finalists in the 10th Annual AmCham-DHL Express Awards, with the winners to be announced at a black tie gala, September 3rd at Auckland's Hyatt Regency. **John Allan**, former CEO of NZ Post & new CEO of MFAT will be the keynote speaker that the gala dinner.

The finalists are innovative companies involved in a diverse range of goods and services reflecting the depth of business links with the USA. A record number of entries were received this year making the judge's job even tougher to select the best.

The AmCham-DHL Express Awards, staged in conjunction with Qantas, celebrate success and innovation in the import, export and investment sectors between New Zealand and its third largest trading partners the US. Prizes include a travel voucher worth NZ\$2,500 to be spent through Business World Travel, on air travel to the USA on Qantas Airways for importer and exporter category winners.

"New Zealand's bilateral trade relationship with the US has grown by just under 16% in the last year & is worth more than \$9.4 billion annually. The American Chamber of Commerce in New Zealand is constantly looking for opportunities to enhance and expand business and trade relationships within the private and public sectors," said AmCham's Executive Director Mike Hearn. "The annual Success & Innovation Awards provides an opportunity to showcase companies that have demonstrated imagination, innovation and entrepreneurship, and to honour and celebrate their achievements. This year being the 10th year is even more special and the evening promises to yet again be the highlight of our year".

The finalists are:

Exporter of the Year - Over NZ\$5M

Argenta Ltd, Contract Resources Holdings Ltd, Endace Ltd, Fonterra Co-operative Group Ltd, Glidepath Ltd, Natural History New Zealand Ltd, Orion Health Ltd

Exporter of the Year - NZ\$500,000 - NZ\$5M

Enech Control Ltd, Mobile Commerce Ltd (M-Com), Maxwell Rodgers Fabrics, Silverstripe, Truescape Ltd, TrioDent Ltd (NZ)

Exporter of the Year - up to NZ\$500,000

Hairy Lemon Web Solutions Ltd, James Madelin (Enlight Photo), Plant Research (NZ) Ltd, RoSEE Ltd., Symansis (NZ) Ltd,

Importer of the Year

California Fruit Tree Agreement, James Crisp Ltd, Observatory Crest Ltd, Pratt & Whitney Air New Zealand Services t/a Christchurch Engine Centre, Tidd Ross Todd Ltd

The Investor of the Year to or from the USA award is a recognition award. The finalists are:

Baxter Healthcare Ltd, Structurflex Ltd, Trilogy International Partners, LLC (Two Degrees Mobile Ltd T/ a 2 Degrees)

In addition to AmCham, **DHL Express and Qantas**, the awards are supported by **Baldwins, Ernst and Young and New Zealand Trade & Enterprise**.

Previous winners of the Supreme Award have included Zespri International, Peace Software, Airways Corporation, HumanWare, Tenon, Orion Health, Zeacom, SMI Group and last year's winner Fonterra.

NZ Government has been listening

Back in November AmCham, on behalf of US business, called on the new National Government to make it easier to do business in NZ.

At that time the clear message to the new National government is "Make it easy to do business here". With New Zealand's economy being small, business wants the government to:

- ◆ Modify unfriendly legislation such as the Employment Relations Act, RMA, ETS
- ◆ Implement a competitive tax rate
- ◆ Do more to attract immigration and stop the ever increasing brain drain overseas.
- ◆ Create an environment to grow our capital markets

In a recent speech the Minister of Finance advised that the Government is looking at regulatory reforms around

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the following: **Resource Management Act, phase 2, Electricity Sector, Telecommunications Act, Emissions Trading Scheme, Building Act, Regulatory quality, Foreshore and Seabed Act, Weathertight Homes Resolution Service, Air quality standards, Securities Act, Food Act, Raw milk regulations; plus Financial market regulation and Local Government Act and regulations**

In the last two weeks the Government has also announced two key reforms, relating to Overseas Investment and the Business Migrant scheme that will generate greater interest in New Zealand from overseas. Both these initiatives are positive and AmCham will be talking with our members to see if these reforms go far enough.

The Government has simplified overseas investment rules to make it easier for local firms to access scarce global funds, Finance Minister Bill English says. The changes are aimed at making overseas investment in New Zealand simpler and more attractive, while at the same time safeguarding our most sensitive assets. The changes are the first part of a two-part review, with the second part focusing on changes to the Overseas Investment Act itself.

In the next few weeks the Government will consider the second part of the review, aimed at improving three main areas of the Act. Issues include:

- ◆ Whether the thresholds determining which land and business investments are screened are set at the right level – so we ensure that only genuinely sensitive assets are captured.
- ◆ Providing greater certainty for investors, by removing the ability to substantially change overseas investment rules during applications – avoiding the situation we saw last year with Auckland Airport.
- ◆ Considerably simplifying the screening of investments in sensitive land, while ensuring that overseas investors are subject to a higher standard than domestic investors. This will ensure investors do not have to meet arbitrary requirements of government departments and that, where it exists, other legislation is used to address New Zealand interests.

<http://www.beehive.govt.nz/release/government+simplifies+overseas+investment>

The Government's new business migration scheme recently launched aims to boost economic performance by making New Zealand more attractive for business and entrepreneurial migrants. The new policy package is designed for migrants who want to invest or set up a business in New Zealand and gain permanent residence.

"For investor migrants the previously existing three categories are streamlined to two, with more realistic requirements for capital, language skills and time spent in New Zealand annually, as well as a far greater flexibility in terms of investment vehicles," said Dr Coleman.

For entrepreneurial migrants the new policy introduces a new Entrepreneur Plus category which complements the existing Entrepreneur category. Entrepreneur Plus offers a faster path to residence for applicants who create at least 3 fulltime jobs and invest \$500,000 in their business. The new Investor policy will be implemented from 28 July 2009 and the Entrepreneur Policy from November 2009. For more information please go to www.immigration.govt.nz/migrantinvestment

Section 92A proposal released for consultation

A proposal document for the review of section 92A of the Copyright Act 1994 and how to deal with repeat Internet copyright infringement has been released for public feedback by Commerce Minister Simon Power.

The document was the result of several months' work by a working group comprising intellectual property and Internet law experts assisted by officials from the Ministry of Economic Development.

The section 92A Review Policy Proposal Document is available at: www.med.govt.nz/section92a

Submissions close at 5pm on Friday 7 August 2009 and may be sent to: copyrightact@med.govt.nz

Submissions open on Holidays Act review

Public submissions on the Holidays Act 2003 will be welcomed from 21 July, Minister of Labour Kate Wilkinson has announced. "The Holidays Act affects all business owners and employees. It is a significant piece of legislation but it has been criticised for its complexity, especially in the calculation of relevant daily pay."

An advisory group, chaired by specialist employment lawyer Peter Kiely, was appointed last month to conduct the review.

"The group is keen to hear what Kiwis think about the Holidays Act and what their suggestions are for improving it."

The advisory group has prepared a number of questions it would like people to address in their submissions. These questions can be found on the Department of Labour website at <http://dol.govt.nz/consultation/holidays-act-review/>.

Submissions close at 5pm on Friday 21 August. They should be emailed to ERconsultation@dol.govt.nz or mailed to: Holidays Act 2003 Review (DX SR57080), C/o Employment Relations Policy, Department of Labour, PO Box 3705, Wellington

APCAC calls on Congress to increase funding for FCS

The Asia Pacific Council of American Chambers of Commerce (APCAC), which has 27 chapters in 21 economies across Asia and represents the interests of more than ten thousand American businesses in the Asia Pacific region, have written to urge the Senate to adopt the increase in funding for the International Trade Administration and the U.S. and Foreign Commercial Service of the U.S. Department of Commerce, as recently approved by the Senate Appropriations Committee.

The Senate version of H.R. 2847, includes additional funding in FY2010 over the President's request to address significant staff reductions that have occurred in the Foreign Commercial Service due to inadequate funding, and supports other improvements to the Foreign Commercial Service workforce. APCAC would also support a floor amendment that increased the funding for the Foreign Commercial Service over and above the Committee bill, should one be offered.

U.S. companies of all sizes operating abroad rely on the assistance they receive from the Foreign Commercial Service's Commercial Counselors, officers and country trade experts who enable U.S.

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Logistics for
the future NOW



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companies to leverage their marketing and sales efforts to win government contracts and generate U.S. exports creating jobs at home. Support for the US and Foreign Commercial Service is especially critical to small and medium sized U.S. businesses which may not have the resources to mount marketing operations abroad, and particularly important in the Asia Pacific region due to the economic growth of many key emerging markets. Developing opportunities for U.S. companies to sell their products in key markets in Asia will create new jobs in the United States and contribute to our economic recovery.

Ushering in Change: A New Era for U.S. Regional Policy in the Pacific

On July 29, Alcy Frelick (Director for Australia, New Zealand, and Pacific Island Affairs) gave a statement before the Asia, Pacific, Global Environment Subcommittee of House Foreign Affairs Committee on U.S. Policy in the Pacific. <http://www.state.gov/p/eap/rls/rm/2009/07/126656.htm>

NZ Export Credit Office announcements.

The NZECO and Euler Hermes have agreed to a top-up cover arrangement to assist New Zealand exporters. This arrangement enables an exporting client of Euler Hermes to obtain an excess layer of trade credit insurance underwritten by the NZECO. This excess layer of cover may either replace primary cover that Euler Hermes has partially withdrawn on an exporter's buyer, or provide a top-up layer of cover where Euler Hermes has only partially approved the buyer limit that has been requested by the exporter.

[Read the full media announcement](#) [Eligibility criteria and application information](#)

Also the NZECO United States Surety Bond programme will be increased from \$75 million to \$100 million in response to demand from exporters. [Read the full media announcement](#) [Eligibility criteria and application information](#)

NZ US Council assists MPS to Visit Washington

The New Zealand United States Council is sponsoring a visit to Washington DC by Hon Shane Jones and Craig Foss MP, respectively Chair and Vice Chair of the New Zealand United States Parliamentary Friendship Group in the 49th Parliament.

"This visit comes at a time when the relationship with the United States is, in the words of Secretary of State Hillary Clinton, 'the best it's been in 25 years'. That's a remarkable transformation and continuing to enhance Congressional support for the relationship remains central to New Zealand's interests in the United States", said the Council's Executive Director, Stephen Jacobi.

In Washington DC 20-23 July Shane Jones and Craig Foss will meet their counterparts from the Friends of New Zealand Congressional Caucus, Rick Larsen (D – Washington) and Kevin Brady (R – Texas) as well as several Caucus members. They will also meet with Administration representatives, the US NZ Council and a range of business and trade contacts. On 23 July they will travel to Los Angeles to meet with the New Zealand business community and local contacts before returning home.

FROM NEW ZEALAND TRADE AND ENTERPRISE

New FDA standards for manufacturing

The Food and Drug Administration's (FDA) new Current Good Manufacturing Practices (cGMP) regulatory standards went into effect on 25 June 2009 for manufacturers with more than 20 employees (manufacturers with less than 20 employees have until June 2010).

The new cGMP regulations are significantly different from the old standards. They will see nutritional supplement manufacturers implementing new testing, documentation, standard operating procedures and formal training policies.

New Zealand raw material suppliers will need to be prepared for increased testing requirement and trace documentation. The new standards are forcing companies to be more accountable, to reassess their strengths and weaknesses and should improve the reputation of the Dietary Supplement industry.

For more information contact **Jennifer Barclay**, Business Development Associate Biotechnology, New Zealand Trade and Enterprise (NZTE), New York, United States.

US labelling policies for organic wine changed

Labelling policies for wine containing both organic and non-organic grapes have been changed in the US.

Wine labelled with a "Made with Organic Ingredients" statement, and which contains organic and non-organic grapes, must indicate the presence of non-organic grapes in the "Made with Organic..." statement on the label.

In addition, wines restricted to an "Organic Ingredients" statement must indicate the presence of any non-organic grapes in the "Organic Ingredients" statement. An example of such a statement is "Ingredients: Organic Merlot grapes, Cabernet Sauvignon grapes, tartaric acid." Such a wine will also have to bear a percentage statement.

When a wine is restricted to an "Organic Ingredients" statement and contains non-organic ingredients, a Percentage Statement such as "55 percent Organic Ingredients" must also be present on the label. The Percentage Statement must appear on the information panel in proximity to the "Organic Ingredients" Statement.

If a wine bears an "Organic Ingredients" Statement in which no disclosure of non-organic ingredients is made, such as "Ingredients: Organic Grapes," then 100 percent of the ingredients in such wine must be organic. These policies are effective as of 2 June 2009. Source: www.ttb.gov

For more information contact **Dana Johanson**, Business Development Manager - Wine, New Zealand Trade and Enterprise (NZTE), New York, United States.

Bright spots seen in US hotel construction

Industry insiders at the Hospitality Design Expo said projects are moving forward despite the global downturn hitting the hotel sector, in

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Pernod Ricard New Zealand proud supporter of AmCham.

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particular the luxury segment, hard.

During a hotel owner's roundtable held earlier this year, hotel brands and owners indicated that many new build projects, which had already broken ground before last fall, are moving ahead. However build projects not yet financed and not yet under construction are usually being postponed or cancelled.

Others noted that the market will show a greater emphasis on renovation in terms of overall activity in the short to intermediate term, even as the typical six-year renovation term is likely to be extended.

Some other trends in the current market shared by purchasing firm Benjamin West:

The Northeastern United States is showing the largest growth in hotel projects, followed by the Southeast.

20 percent of new build projects and 15 percent of renovations now have a green component. A major global hotel brand noted that interest in sustainability by large corporations has not decreased during the economic downturn, but has in fact increased.

Project lead times are falling, after previously showing increases. 70 percent of hospitality projects involve warehousing prior to installation, while 30 percent are going direct to the facility.

For more information contact **Tanya Shuster**, Sr. Business Development Manager, Sustainability & Creative, New Zealand Trade and Enterprise (NZTE), Los Angeles, United States.

US and Canada sign organic equivalency agreement

An organic equivalency agreement has been signed between Canada and its largest trading partner, the United States. This agreement, which became effective on 30 June 2009, will facilitate the flow of certified organic goods between the two countries.

Canadian farmers and manufacturers will be able to certify to Canada's new organic standards without having to undergo redundant certification to sell into the USA.

Kathleen Merrigan, deputy secretary of the US Department of Agriculture says this agreement is the first step towards global harmonisation of organic standards.

For more information contact **Colleen Wilkinson**, Business Development Manager - Food, Beverage, Wine, New Zealand Trade and Enterprise (NZTE), Vancouver, Canada.

US retailers to cut back on variety

Supermarkets, drugstores and discount retailers in the US will cut back on the variety of the products they stock, according to an article in the Wall Street Journal.

In the next year or so, large retailers are expected to slice the assortment of products in their stores by at least 15 percent industry executives and analysts say.

The article says that this will present a challenge for manufacturers, who have grown accustomed to "churning out incremental variations on popular products to maintain shelf space and keep their brands fresh in consumers' minds".

On the consumer side, the shift means less variety but also less trouble sorting their way through a sometimes-bewildering variety of offerings.

Retailers are now trying to cater to budget-conscious shoppers who want to simplify shopping trips and stick to familiar products. Retailers have found that eliminating certain products can lift sales and profits, in part by cutting excess inventory and making more room for house brands.

Read full article at online.wsj.com Source: *Wall Street Journal* For more information contact **Kelly Duffy**, Regional Manager / Sector Lead F&B, New Zealand Trade and Enterprise (NZTE), Los Angeles, United States.

OTHER NEWS BRIEFS

New Zealand Prime Minister John Key visits New York - September 24th

The North American Kea board and members are honoured that the first address to be made in the USA by the New Zealand Prime Minister John Key who was elected in November 2008 will be made at a Kea North America lunch. This lunch offers the opportunity for you to meet, listen and to ask questions of the New Zealand Prime Minister. [Bookings can be made online](http://www.keanewzealand.com) or contact Geoff Andrews at geoff@keanewzealand.com

Chartered accountants scoop rare free trade deal

New Zealand has become just the fourth country in the world whose chartered accountants are recognised as on a par with their influential US counterparts. The New Zealand Institute of Chartered Accountants (NZICA) and its American equivalents have taken a step towards freer trade relations with a rare Mutual Recognition Agreement. It recognises the quality of the education and professional development received by chartered accountants (CAs) here, and smoothes the way for them to practice in the world's financial powerhouse.

<http://www.scoop.co.nz/stories/BU0907/S00464.htm>

US High School rugby stars for NZ side

<http://www.stuff.co.nz/sport/rugby/2600933/US-high-school-rugby-stars-for-NZ-side>

Two students from a headline grabbing American high school rugby team arrive here tomorrow to spend six weeks playing the game for Auckland's Avondale College.

Salim Lancaster and Alex Pettiford are from Washington DC's Hyde Leadership Public Charter School which has been on front pages of American newspapers and in sports channels as the first US all-African-American high school rugby team.

Hyde's "The Pride" rugby side has developed a close relationship with the New Zealand Embassy in Washington which holds the annual Ambassador Shield match on the school grounds, raising US\$10,000-\$15,000.

Tal Bayer, Hyde-DC's head rugby coach and director of development, told Stuff.co.nz that Salim and Alex are "awesome rugby ath-

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Supporting Amcham

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letes and honour roll students... "They were chosen unanimously by their teammates and coaches for this scholarship programme."

In addition to attending classes, the students will have opportunities to train with the Auckland Rugby Academy and will see several professional and college teams play rugby.

The scholarships are by the **Auckland University of Technology** and the New Zealand Embassy in Washington.

Elam graduate wins Fulbright, place at top US filmmaking programme

One of this year's Fulbright scholars is also the first New Zealander to be accepted into the world-renowned Masters of Fine Arts programme at Stanford University in the United States. [Read more about Briar March's Fulbright scholarship](#)

US Stake in Hyperfactory coup for Kiwi brothers

http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10585880

Paul W. Feenstra & Associates Brings New Zealand Content to the United States

<http://www.scoop.co.nz/stories/BU0907/S00770.htm>

Research highlights NZ fisheries as exceptional

<http://www.scoop.co.nz/stories/BU0907/S00822.htm>

Pernod Ricard Pacific Signs Contract With AT&T

<http://www.scoop.co.nz/stories/BU0907/S00437.htm>

Glidepath lands Bahamas deal

http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10584247

US-owned Croxley enters NZ mail market

<http://tvnz.co.nz/business-news/us-owned-croxley-enters-nz-mail-market-2832283>

From paddock to US floor: Push to grow wool carpet market

<http://www.nbr.co.nz/article/from-paddock-us-floor-push-grow-wool-carpet-market-105801?headsip=1>

New 2degrees boss sees 500% market penetration

<http://www.nbr.co.nz/article/new-2degrees-boss-sees-500-market-penetration-105811?headsip=1>

TRAVEL

US Service Security Update

US sites to see for updated information visit www.dhs.gov and www.safetravel.govt.nz

<http://www.tsa.gov/travelers/index.shtm>

TRADE, BUSINESS and INVESTMENT OPPORTUNITIES

Commercial News USA

The July-August issue of Commercial News USA, the official export promotion magazine of the U.S. Department of Commerce, is currently online at http://thinkglobal.us/pdf/2009_07_jul_aug.pdf

Trade Events in the USA <http://www.buyusa.gov/newzealand/en/usevents.html>

See also www.exporthyellowpages.com

Foreign Investment in the US

US attorneys at law Reinhart Boerner Van Deuren s.c. of Milwaukee, WI, have provided AmCham with copies of their guide detailing the most important legal considerations for Foreign Investors in the US. If you are interested in receiving a copy email: mike@amcham.co.nz

From NZBio www.nzbio.org.nz

Biotech incubator for Auckland Uni

Construction of an innovative new research space at The University of Auckland to house an incubator for biotechnology companies began this week, with His Worship, the Honourable John Banks QSO, Mayor of Auckland City turning the first sod. The Inst... [read more](#)

MEMBER NEWS

Digital solutions close the learning gap

A scientific study headed by Dr. Cathy Block and Dr. John Mangieri shows that technology solutions close the gap for ELLs and RTI readers. The AWARD Reading program successfully provides individualized instruction using technology to improve the literacy of the digital native. Students using AWARD significantly outperformed control subjects in rhyming abilities, vocabulary development, emergent reading abilities, and listening comprehension. Results proved that a convergence of literacy curriculum and technology, supported by teachers, really works to close the learning gap.

A full report on this extensive scientific study involving 1068 students will be circulated and available in late August 2009 from www.awardinteractive.com. AWARD Publishing is the imprint in the US of Wendy Pye Publishing, one of New Zealand's leading literacy publishers, who export literacy print and technology around the world.

DHL Bolsters Capabilities with New US\$8.8 Million Investment in New Zealand

- ◆ New facility launched to leverage operational synergies and meet anticipated growth, following 20% company growth in past two years
- ◆ Enables productivity and processing-time improvements of 10%

DHL, the world's leading logistics company, has announced a fresh investment of US\$8.8 million (NZ\$14M) in New Zealand. The investment goes towards a new 11,600sqm (125,000 sq ft) state-of-the-art building in Westney Industry Park, adjacent to the Auckland International Airport. The new DHL Global Forwarding office and warehouse facility will support anticipated business growth and offer

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HYATT
REGENCY
AUCKLAND

Hyatt Regency Auckland
Proud sponsor of AmCham
New member functions

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enhanced logistics solutions to customers from all industry sectors.

"We have seen our business in New Zealand grow 20% over the past two years with the life science pharmaceutical, industrial and FMCG sectors as primarily sectors of growth. In this current economic climate, businesses are looking to improve logistics efficiencies and stay competitive. We see tremendous opportunity ahead and this investment reinforces our commitment to New Zealand," said Amadou Diallo, CEO, DHL Global Forwarding South Asia Pacific.

New Members

Better Business Services Inc, San Antonio Texas, USA – **John Carr**, CEO – The company offers extensive tax preparation and financial planning assistance to a wide cross section of businesses. To further support the clients of the business, John Carr is both an Enrolled Agent with the Internal Revenue Service and a Certified Tax Practitioner. The forty-nine employees in the company have been key to the success of the company. In addition, Mr. Carr has owned and operated several small businesses in a diverse range of industries, from travel and aircraft leasing to printing and computers. www.bbs.co.nz

SunGard AvantGard, Christchurch - **Wes Bernard**, Managing Director- one of the world's leading software and IT services companies servicing more than 25,000 customers in more than 70 countries, including the world's 25 largest financial services companies. SunGard provides software and processing solutions for financial services, higher education and the public sector. SunGard also provides disaster recovery services, managed IT services, information availability consulting services and business continuity management software. www.sungard.com <http://www.sungard.com/AvantGard>

People on the move

Microsoft New Zealand has appointed **Paul Muckleston** as Director Business, marketing & Operations.

Eric Hertz has been appointed as Chief Executive of **2Degrees Mobile**.

Randy Berry is the new **US Consul** in Auckland.

Peter Gaarkeuken, General Manager of **DePuy NZ Ltd** – a **Johnson & Johnson Company** has returned to South Africa with **Andrew Giles** being appointed as the new GM.

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BUSINESS TRAVEL

News, views and information for Amcham business travellers from **Grant Bevin**, Managing Director Business World Travel.

Business World Travel is an Air New Zealand Gold Partner and a member of the American Express Travel Service Network.

We've launched our new website. Take a look at www.bwt.co.nz. There is access to **Serko Online**, our self-booking tool where our subscribing clients can view Domestic flight comparisons between Air New Zealand, Pacific Blue and JetStar, plus all the options on the Tasman including Emirates and Qantas – all on one screen. Check out restaurant hints, destination profiles, time zones and even aircraft seat maps for most airlines, can be found under www.bwt.co.nz/resources - perfect for when you're heading to a new US or other international destination for the first time. Take a look!

British Airways is threatening the sanctity of the 'piece' luggage system – which has been an IATA regulation allowing travelers to check-in **2 pieces of luggage per person** on flights to/from and via the US. They've just announced that their trans-Atlantic services will revert to **one piece per person**, maximum weight 23kg, which is the new economy class level adopted by most airlines on other international routes. Airlines achieve significant revenue from excess luggage, and we expect most airlines will follow. There is some red-tape to deal with though, before it's a done deal.

United Airlines has an outstanding airfare for economy class travel to the US. Auckland/Wellington or Christchurch to Los Angeles or San Francisco is available from NZ\$1326 return (United adds around \$340 for taxes and fuel surcharges). New York is only \$1556 + those taxes. Flights are through Sydney, where you connect to a UA 747, so it's a good saving if you also combine one of your Sydney business trips. The Tasman connector is included in the fare. Travel is through until 30 November, but ticketing is 10 August 09. Sam Bhula (sbhula@bwt.co.nz), one of our Senior Team in Wellington has this deal, and Nigel Seidlein (nseidlein@bwt.co.nz) has the deal in our Auckland office

Air New Zealand has also given us some discounted **Business**

Class airfares to LAX and San Fran. Buy your tickets by 14 August for travel through to 31 May 2010 – Honolulu from NZ\$3400, or LAX or SFO from \$6850 – plus those taxes.

And keep in mind **Qantas** has an outstanding **Premium Economy** offer with Business World Travel – they've closed off 14 Business Class lie flat Skybed seats in a separate small cabin on their daily 747-400 Auckland to Los Angeles – and they're offering these at Premium Economy fares - from late \$3000's return! That's right, in a Business Class Skybed!

Print09 is a key industry trade fair being held in Chicago – 11-16 September 2009. we have the details on accommodation and airfares to the event.

If you have the time, how about a **cruise** on your way to business in the US! Ask us about **Holland America's luxury Amsterdam** which will depart 15 November from Auckland to Los Angeles (enroute stops include Bay of Islands, Tonga, Apia, Hawaii); arrive in Los Angeles 02 December refreshed and tanned! An Outside Verandah Suite is \$9699 per person share twin, right down to an Inside Stateroom from **NZ\$2199** per person share twin. Ports taxes need to be added. Our very experienced Cruise Specialists Anne Hessell in Auckland (ahessell@bwt.co.nz) and Agota Watt in Wellington (awatt@bwt.co.nz) have the details.

American Express Membership® Rewards® participants are reminded that you can book your holiday travel and personal using your Rewards points as full or part-payment, through our affiliate **Newmarket Harvey World Travel**. The team has now moved to bright new premises next to Columbus Café at **7 Teed Street**, Newmarket, Auckland. Tel. 09 524 5064 – Silvana, Dawn or Heath are on hand to assist.

Check out our website at www.bwt.co.nz

Reviewing your Corporate Travel? Call our Team:

Anna Brown Business World Travel Auckland 09-529 3700 abrown@bwt.co.nz



MEMBER NEWS (Continued from page 6)

Peter Ferguson has completed his term at the **New Zealand Embassy in Washington DC**. **Ben King** has taken over as Counsellor (Trade & Economic).

The **University of Otago** has appointed **Dr. Brian Young** as Research Director

Exceltium Ltd has appointed **Barney Irvine** as Senior Consultant

Michael McCarthy has joined **Lowndes Associates** as a Partner in our Dispute Resolution and Litigation team.

Carolyne Hughes is the new Executive Officer of the **New Zealand Pacific Business Council Inc.**

EVENTS & SERVICES

12 August **Class of '08" - meet the new MP's elected to Parliament in 2008** including Hon. Steven Joyce who will be speaking at this event. Afternoon function, sponsored by Exceltium, event host Deloitte **SOLD OUT**

3 September **AmCham-DHL Express Annual Success & Innovation Awards Dinner** in association with Qantas Airways. Keynote speaker at the dinner, John Allen, CEO of MFAT. For tickets email: Kathryn@amcham.co.nz

8 Sept **Alan Pease book launch lunch** in Auckland "Why men want sex and women need love"

22 Sept **"A guide for businesses as to what is happening in the capital markets"** (Angel, Venture, Private Equity) in Auckland 4.00 – 5.30pm.

22 Oct **Steve Williams – the "Kiwi Caddy" lunch and auction** in Auckland at the Hyatt Regency Auckland

US NZ CONNECTIONS IN NEW ZEALAND**OSAC New Zealand – 2009 symposium date changed again ***** now 19th November**

The 2009 OSAC Security Symposium will be held in Auckland on 19th November 2009. OSAC will shortly be canvassing US companies operating in New Zealand with regard to topics of interest for inclusion on the programme.

Membership of OSAC New Zealand is **free** for US companies and provides members with advices of Special Notices re security warnings, threat analysis and other security advisory services. For more info on OSAC see www.ds-osac.org (there is also a New Zealand county specific site at this website) or contact OSAC New Zealand Secretariat, Mike Hearn on tel: 09-309-9140 or email mike@amcham.co.nz

American Club – Auckland <http://www.americanclub.org.nz/>

American Women's Club – Auckland www.awcauckland.com

New Zealand-American Association – Wellington www.nzaa.org.nz

Wanganui New Zealand American Association donnarush@clear.net.nz

American Women's Network – Wellington www.awn.co.nz

American Club of Christchurch – www.american-club-chch.org

GENERAL**Interested in business or investment opportunities in New Zealand?**

New Zealand based Connect Ltd (www.ambientconnect.com) are visiting New York in August and would like to meet with individuals or companies who are interested in investment or business opportunities in New Zealand.

At Connect, we draw on our extensive experience, market expertise, and networks to help identify suitable opportunities for you or your company. Once we understand your requirements, we will pre-screen opportunities and provide you with only the best deals to suit you – and these services to potential investors are free of charge.

We have the flexibility to tailor our services to best support your needs. These might include providing information on all aspects of doing business in New Zealand; business and investor immigration, connecting you with industry, commercial and key government contacts; and research.

We are also able to provide you with travel services to support any trip to New Zealand, include hosting, itinerary planning, luxury travel, transfers, activities, accommodation, and orientation tours.

Feel free to contact Glen on glen.beattie@ambientconnect.com or phone +64 21 340 096 to discuss our services, or arrange a time to meet with us in New York from 17 – 28 August.

Think. Create. Build. Amaze. NZ Robotics Charitable Trust needs a National Manager to complete our team! - 12 Month Fixed Term Contract, Initially 3 days per week, North Shore location, Auckland.

The primary goal of the NZ Robotics Charitable Trust is to provide inspiration and recognition of science and technology through the New Zealand Vex Robotics Competition which encourages and celebrates the skills of young people. We are committed to providing opportunities to further motivate kids to be passionate about science and technology. Vex Robotics does this by offering students an exciting platform for learning about areas rich with career opportunities spanning science, technology, engineering and Math. Key sponsors include Smales Farm, Glidepath, New Zealand Trade & Enterprise, Massey University, FedEx Express and Fisher & Paykel Healthcare.

The successful candidate must be community focused with a passion to impart knowledge to encourage and attract children to engineering, technology or science. Sponsorship is the key part of this role; you will promote more interaction between schools, universities and the business community. A tertiary qualification in science, engineering or marketing, coupled with strong sales and business development skills would be an advantage however the successful candidate must have the following skills.

- ◆ Experience in negotiating and managing sponsorship
- ◆ Exceptional communication and networking skills
- ◆ Advanced organisational capabilities

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Marketing Opportunities for Members

Don't forget members have the opportunity of:

Platforming your visiting CEOs by having them speak to AmCham

Sponsoring an events including the Annual Success & Innovation Awards Dinner

Sponsoring a professional speaker

Launching products/service through AmCham

Hosting of Forums,
Sustaining Member Events or Committee meetings
Use us for your Event management
Advertising in our monthly newsletter
Direct mail or fax marketing to members

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- ◆ A desire to inspire and to share knowledge to create a passion for learning.

You will have overall responsibility for the successful Robotics Competition in New Zealand which is held on an annual basis, and to increase the participation and public awareness of the competition. Initially this role will be three days a week with the possibility of it turning into a full time role as the programme develops and more schools get involved. As a result flexibility is a must; you must be willing to get involved which may include working on the weekend and travelling nationally throughout New Zealand.

Help develop the engineers, scientist and entrepreneurs of tomorrow. Apply now - email your CV to kiwibots@fphcare.co.nz

<http://www.seek.co.nz/job/national-manager/auckland-north/15773759/63/1/>

Importing services into New Zealand

By Gina M Wallace CA PP and John M Carr MBA CPA CFP CVA CFE EA

In an attempt to discourage the importation of services into New Zealand which provided consumers with an alternative to using domestic services that were subject to Goods and Services Tax ('GST'), the New Zealand government introduced a "reverse charge" GST on services that are imported from 1 January 2005 in certain situations.

From that date GST is required to be collected, and paid to the Inland Revenue Department ('IRD') by the recipient of imported services of more than \$40,000* if the recipient of the services does not make supplies of which at least 95% are taxable supplies and are thus subject to GST output tax.

The rationale behind the charge is that recipients that do not make taxable supplies of at least 95% have previously had an incentive to secure supplies that were not subject to GST, by using an offshore provider as a substitute for a domestic provider of services. The IRD was thus denied the output tax from the provider of those services, as the provider was offshore and the services were not subject to GST.

The charge corrects this anomaly by removing the incentive for certain entities to seek cheaper supplies of services offshore by stamping the 12.5% charge on to the transaction, making the purchaser accountable for GST rather than the offshore provider.

The rules pertaining to the supply of some financial services being exempt from GST apply equally to the supply of financial services from offshore, to make those supplies exempt as well. Similarly, supplies that are zero-rated for GST can in most cases be zero-rated where the supplier is offshore.

In the course of meeting the requirement to remit the GST output tax, the reverse charge, to the IRD, the recipient of supplies from over-

seas must observe the Goods and Services Act 1985. This includes the need to register for GST, keep proper records and observe other provisions including the anti-avoidance provisions.

On its own, the charge can force non-registered persons and other entities to register for GST purely to meet the requirement to collect and remit the GST to the IRD.

For example, an individual making improvements to a residential property with no commercial element involved, engaging the services of an offshore architect whose fees exceed \$40,000, can suddenly find themselves caught in the reverse charge mechanism.

Not only does this place an administrative burden on the individual, it exposes the individual to the risk that they will need to pay the IRD out of their own pocket. This can occur where GST has not been negotiated on the fee in advance. It is highly unlikely that the offshore provider will be willing to accept their fee being clipped by 12.5% to pay a foreign tax department, the result of which can be a nasty surprise to the importer of the services.

Further points on the reverse charge:

- ◆ The charge only applies to supplies made by a non-resident supplier to a resident recipient. Supplies consumed entirely outside New Zealand are not subject to the charge.
- ◆ In determining whether sufficient taxable supplies have been made to avoid the charge, the recipient needs to have made, in the last 12 months, and expects to make in the next 12 months, supplies of which at least 95% are taxable supplies (and thus subject to GST).
- ◆ To be subject to the reverse charge the supply needs to be a taxable supply if it were to have been made in New Zealand.
- ◆ Persons who import less than \$40,000 of services in any 12 month period may be required to register for GST if the value of those imported services together with other taxable supplies exceed \$40,000.
- ◆ Cost allocations from an overseas related party need to be separated into costs which are exempt from GST (including salary, wages and interest) and costs that would be subject to GST normally, for the purpose of calculating the amount of the reverse charge.
- ◆ The normal time of supply rules generally apply for the purpose of the reverse charge. The time of supply is the earlier of when an invoice is issued or payment is made.
- ◆ An input tax claim is not available for the reverse charge. However, depending on whether the recipient of the imported services makes principally exempt or principally (but not 95 percent) taxable supplies, under the change in use provisions the person may claim back the GST paid to the extent that the services were acquired for the purpose of making taxable supplies.

* We are checking with the IRD whether this has been aligned with the new threshold for GST of \$60,000 and will advise in a later news-

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Entity Selection (LLC, S Corp, C Corp)

Tax return preparation

Sales tax and State income tax

Income tax preparation (personal/business)

Payroll preparation (multiple states)

Income tax equalization

Tax residency assessment

Company formation

Company formation, Registered Agent

Contact either Gina or John for an initial free review of your issue, question, or situation



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