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State of the nation

Welcome to the April edition of the Catalyst State of the Nation. It seems like the month has flown past and May is bearing down on us quickly. Autumn has certainly hit New Zealand with everyone seeing their fair share of rain over the past few weeks. The farmers are now breathing a sigh of relief again as the country starts to look a lot greener and healthier. The bonus is that the rain has been broken up with more sunshine and Auckland today is still boasting a cosy 20 degrees with a nice weekend ahead.

We have just had a national holiday to celebrate ANZAC Day (Australian & New Zealand Army Corps) here in New Zealand which is the equivalent to Remembrance Day in the UK. The date is specific to the Gallipoli landings in Turkey during World War 1 and is celebrated in New Zealand, Australia, Samoa, Niue and the Cook Islands. Throughout the country 1000's of veterans and the general public gathered at dawn services to celebrate the occasion. It's clear that the importance of the day is growing in New Zealand and over the past few years Gallipoli itself has become an important stop for many young Kiwis' heading out of their overseas experience.

The construction and infrastructure industries in New Zealand remain in an interesting state at the moment whichever sector you care to look at. The engineering consultants remain busy but not enough to encourage them to look at hiring significant numbers of new staff. The requirements for geotechnical engineer and structural engineers with seismic experience remain high but beyond that things are very quiet. The civil contractors are tendering furiously for work throughout the country. Auckland seems to have a big focus on water where as Christchurch seems to have a broader range of tenders across all sectors. The frustration is that the majority of the work is for the second half of the year and so at the moment companies have to hold back on their recruitment; that said they all know that they will have to recruit and so it's only a matter of time before this changes.

Similarly the construction companies are finding the same thing with many of them tendering for upcoming projects. The closure of the red zone in June should see a burst of activity as companies look to rebuild the city centre, and the number of residential building consents in Christchurch has increased significantly over the past month or two. Auckland is also looking busier in the residential sector and from a commercial perspective the education and health sectors will be significantly busier before the year is out. A reflection of this lift can be seen in the PQS market where active recruitment is ongoing. Sam is very keen to hear from anyone with PQS experience wanting to discuss roles throughout the country.

Although much of the industry here is looking to the second half of the year it's important that you don't hold off with your plans for New Zealand. Traditionally it takes around 3 months from securing a position to actually being in New Zealand ready to start so it's important that we're speaking to you sooner than later. Whatever your position, title or sector, if you're serious about a move to New Zealand get in touch with us now. When the tide turns in the market and clients start hiring it's likely they'll all move at the same time which means we need to be ready and so do you so get in touch! As always if you've got a trip planned or your permanent move is already in the calendar, make sure you've contacted us in advance so we can help make your New Zealand experience a success.





Rebuild cost balloons to \$30b and is still on rise

The Canterbury recovery will cost almost \$1 billion more than the value of Cyprus' gross domestic product, almost twice Iceland's and more than double New Zealand's annual health spend.

And while Canterbury Earthquake Recovery Minister Gerry Brownlee says the recovery's price tag is still on the rise, looking set to surpass the latest \$30b estimate, Canterbury Employers Chamber of Commerce chief executive Peter Townsend has now gone further, saying the recovery will cost \$40b.

In December, the Government revealed the bill for the Canterbury quakes would likely push past \$30b, with taxpayers picking up about \$13b.

Speaking at an update on the recovery on Friday, Brownlee said the rebuild would "easily become a \$30b project".

"Treasury estimates started out at about \$15b . . . they were then revised to about \$20 to 25b, and now we're looking at that figure again."

Next month the Government would have a "better indication of just how big that number will go", he said.

Brownlee said the majority of the recovery had so far been funded by the Government, including \$2b on red zone settlements, a \$500 million contract for the Stronger Christchurch Infrastructure Rebuild Team and \$4b worth of settlements from the Earthquake Commission.

One reason for the rising cost could be attributed to the Government taking "options that are not the cheapest", such as the \$600m redevelopment of Christchurch and Burwood Hospitals.

"Most projects have considerable escalation factors built in, because cost inflation is a known phenomenon in post-disaster scenarios."

Brownlee said the biggest cost would be EQC, with a total liability exceeding \$12b. "Despite EQC having extensive reinsurance, the \$6b natural disaster fund, which was built up over two decades, will be wiped out and the Crown may face an additional \$1.5b cost."

Townsend said \$30b was "an indicative cost" and predicted it would be closer to \$40b. He said the initial injection of funds came from the Government but the longterm recovery of the region would be "underpinned by private insurance". "A big part of the recovery is in housing and commercial buildings so that's where [insurance] funds will come from."

He said the cost of the recovery was "just reality".

Finance Minister Bill English said the cost was "slightly more than expected" but "estimates are stabilising rather than taking off".

While there was no "official limit" as to what would be spent on the recovery, he said the Government was looking to "do a good job while . . . making sure we can get value for money".

The role of the private sector would be "very important", but English understood the need for certainty before investors could make "vital decisions".

"Both the Government and the [Christchurch City Council] need to listen very carefully as to what the private sector's expectations are."

Source: www.stuff.co.nz/the-press



Big Cities in Small Countries

By David Skilling

Cities are increasingly understood to be engines of growth and innovation, and are the primary destinations for internationally mobile people and capital. The economic prospects of New Zealand therefore depend greatly on the performance of Auckland. This is partly due to arithmetic; Auckland accounts for about a third of New Zealand's population, a proportion that is expected to grow steadily. But as importantly, the transformation of the New Zealand economy requires some things that can only happen in a city the size of Auckland.

In thinking through how to best support the contribution that Auckland can make, it is important to take context seriously. In particular, that Auckland is the big city in a small country. This matters because the role of leading cities in small advanced economies is different to that of cities in larger economies.

Small advanced economies are not scaled-down versions of large economies; they have distinctive properties and need to be approached in specific ways. Engagement in the international economy matters much more in small economies, innovation tends to be at the core of the national economic strategies of the successful small economies, and small advanced economies face pressure to develop deep competitive strength in a few areas.

In small economies, the lead city assumes a deeply important role in positioning the country to respond successfully to the specific challenges and opportunities of globalisation. Consider the role that Dublin plays in Ireland, or Copenhagen in Denmark, or Helsinki in Finland. Other regions in these countries also matter, but the role of these cities is pivotal.

The leading cities in these – and other – small countries is a vital source of international connectivity; both in terms of hard infrastructure (ports, airports, broadband) as well as people to people links. These cities are where the at-scale universities and innovation eco-systems tend to exist, even in resource-dependent economies like New Zealand. They provide the support for the national expertise, and are a key destination for inward investment and people flows. It is likely no accident that leading cities in small countries dominate the international quality of life rankings.

The significance of this national position means that there are limits to what can be learned from similarly-sized cities in larger economic systems. The role of Auckland in New Zealand differs from the role of Adelaide or Brisbane in Australia. Although there are some obvious similarities between Auckland and such cities, there are also important differences – reflecting the additional challenges and opportunities that the leading city in a country must deliberately respond to.

To provide guidance on how local and national policy-makers can best support the contribution that Auckland can make, it is most instructive to look at the experience of the lead cities in other small advanced economies. Cities like Helsinki, Copenhagen and Dublin have populations of between 1 and 2 million people, in countries of national populations about the same or only slightly greater than New Zealand. The same is true in other small countries like Sweden and Austria.

These are good examples of how to generate thriving cities that make an obvious, valuable contribution to the national economy. And in a small economy, it is not enough simply to have a successful leading city – it needs to be successful in a way that contributes to the success of the country. The strategies of the leading city and the country need to be tightly linked.

For these reasons, Auckland can learn much from the experience of leading cities in small countries. Auckland (and New Zealand) policymakers should think carefully about the appropriate set of peers for Auckland, and systematically consider the experiences of these countries and cities in developing an approach to policy.

Dr David Skilling is Director at Landfall Strategy Group, a Singapore-based research and government advisory firm - www.landfallstrategy.com

City	Country	City population (millions)	National population (millions)	Per cent of population
Copenhagen	Denmark	1.95	5.48	35.7%
Dublin	Ireland	1.55	4.40	35.1%
Auckland	New Zealand	1.51	4.44	34.0%
Vienna	Austria	2.64	8.32	31.8%
Helsinki	Finland	1.39	5.30	26.2%
Stockholm	Sweden	1.93	9.18	21.0%
Brisbane	Australia	2.04	22.33	9.2%
Adelaide	Australia	1.20	22.33	5.4%

Source: Statistics New Zealand, Australian Bureau of Statistics and OECD

Regional Database



Findings from Tony Alexander Chief Economist at BNZ (Bank of New Zealand)

Each month we report some of the findings from Tony Alexander who is a mine of useful information for the potential migrant. IF you are of the opinion that banks have managed to get us into this GFC, then you will understand how NZ is riding fairly well compared to other countries when you see how well our banks ranked.

1. NZ Banks Highly Regarded

Looking at the top 500 banks around the world all of the main NZ banks' owners rank in the top 25 according to Global Finance magazine. National Australia Bank ranks 16th, CBA 17th, Westpac 18th, ANZ 19th, and Kiwibank (state-owned and subsidised) ranks 24th, <http://www.gfmag.com/tools/best-banks/12326-worlds-50-safest-banks-april-2013.html>

2. Human Development Index

New Zealand ranked 6th

"The first Human Development Report introduced a new way of measuring development by combining indicators of life expectancy, educational attainment and income into a composite human development index, the HDI. The breakthrough for the HDI was the creation of a single statistic which was to serve as a frame of reference for both social and economic development. The HDI sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1."

The index has three main areas of health, education, and living standards. NZ ranks sixth behind Germany 5th.

Norway
Australia
United States Netherlands
Germany
New Zealand
Ireland Sweden Switzerland
Japan

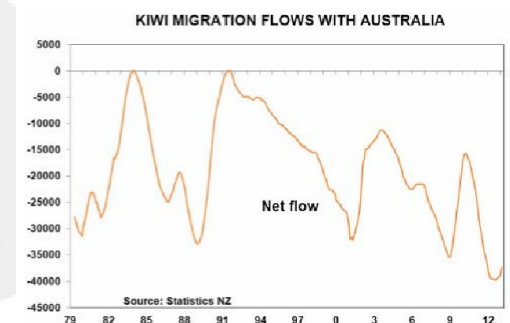
3. Kiwi Loss Across The Ditch

New Zealand is an interesting place. Well removed from trouble spots of the world and absent the tensions and radicalism which generate outcomes like the Boston marathon bombing, the country offers itself as an attractive place to raise a family. Access to the outdoors is available for all whether working or not, the education

system is highly rated, and the economic framework sees NZ ranked right at the top in global measures such as ease of opening businesses and doing business.

But remuneration is low by the standards of most other developed countries and most Kiwis know it. That is why even when the economy is booming we still see each year a strong net loss of Kiwis to the brighter lights and bigger salaries and opportunities offered by Australia.

Apart from the years ending July 1991 (17) and January 1984 (107), NZ has suffered a net citizen loss across the ditch for every 12 month period since the data series starts in 1979. The loss has averaged 19,000 a year since then and the following graph shows a hint of the net loss getting worse from one cycle to the next



Is it likely that this slight deteriorating trend will reverse in coming decades? Not at all. New Zealand's economy has always been and always will be based upon its primary sector, and ability to attract the sort of industries, capital, and people necessary to move up the OECD ladder is limited by a business culture focussed more on continuing the current way things are done rather than shaking things up.

That does not mean however that the country has a poor long term outlook or that there are not exciting developments underway. Demand for the safe and quality food products which NZ supplies is rising strongly and assisted by a recent drought dairy prices are now twice what they were in May last year. Perhaps this past



Findings from Tony Alexander – article continued from page 4

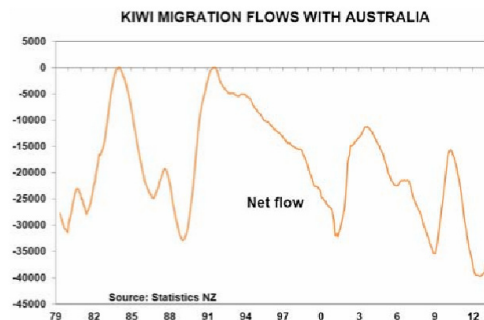
month the most positive piece of economic news was an announcement from dairy giant Fonterra that they will begin selling infant formula in China.

In addition repats can find plenty of exciting developments to become involved in across a wide range of industries. In the high value manufacturing sector we aim to highlight some of those companies each month with a look this issue at Kerr Scientific Instruments.

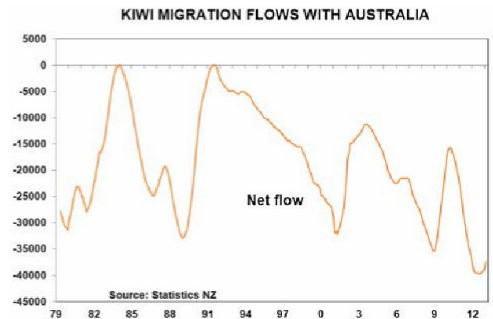
Two months ago we also highlighted the EPIC development in Christchurch, last month the Callaghan Innovation institute, and in coming months we shall examine other incubator/innovation centre type developments.

There are also some interesting projects being developed such as the Pacific Park film studios development in Upper Hutt, and possible Technology Park in a nearby location.

Looking briefly at what we have learnt about the state of the NZ economy this past month, thankfully the news is a lot better than that offshore where developments have led to growth forecasts for most countries being scaled back. Export prices have risen, dwelling consent issuance is rising, consumer confidence has strengthened, and business sentiment measures remain well above average though with some impact evident from the drought in our BNZ Confidence Survey.



The housing market continues to rise and as people slowly feel more wealthy there will be additional activity in the retailing sector. Our monthly BNZ-REINZ Residential Market Survey shows that a net 29% of real estate agents are seeing more investors in the market (twice average), and a net 35% are seeing more first home buyers (average). A well above average net 17% feel there is now a seller's market. A year ago a net 4% felt it was a buyer's market. The main thing to change in the past year has been a jump in awareness that there is a property shortage.



That shortage of course is bad news for expats still thinking that because the excrement hit the fan in the US and Europe NZ must have gone under as well with plummeting house prices. That never happened. NZ addressed its banking, economic structure, and government financing issues a couple of decades ago and is viewed by many around the world as a safe haven in these ongoing uncertain times – times so uncertain that desperate central banks are deliberately trying to replicate the 2000s credit boom with a liquidity surge aimed explicitly at pushing asset prices upward. Hence rising sharemarkets and property markets in a growing list of countries.

Weight of printed money looking for a home is one of the many factors explaining the strength in the NZD – now above 55 pence – and why that strength is going to continue.

For expats wondering what to do with regard to their GBP funds all one can suggest is that given the divergent NZ and UK outlooks one chops the amount into portions equal to the number of months remaining until the funds are needed and transact one lump per month. When the NZD occasionally weakens then a couple or three months might be transacted into NZDs at once. Good luck. Nothing short of a new global meltdown or outbreak of foot and mouth in New Zealand suggests that the NZD is going to fall away to any substantial degree in the next three years.

The article continues with other data – if you wish to read – please click on the link -

<http://tonyalexander.co.nz/topics/brain-gain-nz/>

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Dawn Lynn

Case study of moving to NZ

Dawn was working in the UK when she first made contact with Catalyst in February 2012. Dawn and her husband were preparing for him leaving the army in August 2012 and planning to move to New Zealand as soon as possible after that time. Catalyst first spoke with clients in May and her first interview took place in July. The client's involvement with the Christchurch Blueprint delayed a second interview but once that was complete an offer arrived in October. The position didn't start till January so that allowed Dawn and her husband to sort out their visas and to enjoy a final Christmas in the UK before travelling out to New Zealand. Dawn joined RCP as an Intermediate Project Manager on January 21st and is thoroughly enjoying her new life in New Zealand.

What inspired you to consider moving with your family to New Zealand?

I had always wanted to visit NZ but had put it off due to the fact that you can get a couple of holidays a year in Europe for the cost of a flight to NZ. However when my cousin (who had moved here around 10 years ago) decided to marry a Kiwi girl, I jumped on the excuse to visit. I came over with a cousin for about 3 weeks and we spent most of the time travelling around and doing activities like diving, swimming with dolphins, fishing, white water rafting, black water rafting you name it we did it! I loved that you had all these activities so available and to top it off the Kiwi's are probably about the friendliest bunch you could come across. Unfortunately my husband couldn't make the trip as he was in the Army, posted abroad but I knew the place was perfect for us, as we both loved the outdoors.

Has New Zealand lived up to your expectations?

Most definitely. We spent the first few weeks exploring the Christchurch area trying to decide where to live and finding a house. The whole settling in and sorting out banking, cars and a house that you need to do when you get here was made so easy by the level of personal help and great customer services you tend to get over here. As Brits I think we could learn a lot from the Kiwi's on that one! We are only now at the stage where have started to explore further a field and there are so many things we have planned. However it won't be long till the ski season starts so we will be sticking around here for that with maybe a little trip to Queenstown in June.

How has your life changed since moving to New Zealand?

Since moving to NZ my husband and I have finally managed to buy our first house together which has been something we have been holding off doing for a long time. At the right time of year, if we want we can go skiing in the morning and diving in the afternoon! We love having the opportunity. There is also greater surety about the weather and we can plan to go camping or tramping. Our lives are much more outdoors based compared to in Scotland where the horizontal rain normally put a stop or curbed the enjoyment of most outdoor activities.

What one thing would you have done differently?

Nothing. I have no regrets about how we have gone about any of this in fact I would have done anything to get here.

What one thing do you wish you had known about before moving?

There is nothing that I have discovered since arriving that would have changed my mind about coming here. TV is a bit rubbish, Sky is expensive and phone networks are not great but that isn't why we came here. If you are thinking of coming out to Christchurch to help with the rebuild it is probably worth knowing that there isn't really a city centre with the vibe you would expect, it is pretty much a construction site. But again for us that isn't a big deal as we are not really into city life anyway, if you are it could be a bit of a culture shock.

What advice would you pass to someone commencing the process?

Get an Immigration Consultant. They will tell you straight away whether you will get in and how to go about it. They make the process go smoothly and if the Immigration rules change part way through the process (as they did with us) can advise very quickly what the implications are. Also get a good recruitment consultant i.e. Catalyst (you can buy me a drink later Phil!), as most people will need a job offer before they can get in.

Looking back with hindsight, do think you have made the right move for you and your family?

We do obviously still have friends and family in the UK that we miss, some are getting old too and it does make you start to think about the future also missing my God Daughter and Son growing up, but they are all happy for us and understand our reasons for the move.

There is no doubt in my mind that we have made the right move, I can't actually remember a time when I was looking forward to doing so many things, it might sound a bit selfish but your only here once. When we left UK so many people said they almost did it or wished they had done it. I would rather try it and fail than regret not doing it at all!

Useful Facts:

1st contact to interview	149 days
1st Interview to offer	85 days
Offer to arrival	87 days
Time since arrival	106 days