

THE COUNTRY & GOVERNMENT



MERITAS[®]
LAW FIRMS WORLDWIDE

GUIDE TO DOING BUSINESS IN NEW ZEALAND





MERITAS[®]
LAW FIRMS WORLDWIDE

GUIDE TO DOING BUSINESS IN AUSTRALIA AND NEW ZEALAND

PREPARED BY MERITAS LAWYERS
IN AUSTRALIA AND NEW ZEALAND



Published by Meritas, Inc. • 800 Hennepin Avenue, Suite 600

Minneapolis, Minnesota 55403 USA

+1.612.339.8680 | +1.612.337.5783 FAX | www.meritas.org

© Copyright 2015, Meritas, Inc. All rights reserved.

Guide to Doing Business in Australia and New Zealand

This publication has been prepared to provide an overview to foreign investors and business people who have an interest in doing business in Australia and New Zealand. The material in this publication is intended to provide general information only and not legal advice. This information should not be acted upon without prior consultation with legal advisors.

Meritas firms offer clients the ability to access high-quality legal services throughout Australia, New Zealand and worldwide. With nearly 7,000 business lawyers in over 200 cities, Meritas gives your company access to local counsel around the world.

Meritas firms:

- Offer high-quality, worldwide legal services through a closely integrated group of full-service law firms
- Are subject to rigorous selection criteria, ongoing service monitoring and periodic recertification reviews
- Provide global reach and access to local knowledge at market rates
- Offer coordinated service across jurisdictions
- Can be found on www.meritas.org which enables direct access to member firms through a searchable database of lawyer skills and experience plus links to contacts at each Meritas firm

There are over 170 lawyers in six firms across Australia and New Zealand providing clients a local legal partner with deep international resources. Our lawyers are supported by knowledgeable and conscientious patent agents, trade mark agents, notaries, administrative legal assistants, real estate law clerks, corporate clerks and litigation support specialists. We are closely integrated and strategically placed to deliver coordinated, efficient legal services.

The following currency notations are used in this book:

AUD Australian Dollar

NZD New Zealand Dollar

Please be aware that the information on legal, tax and other matters contained in this booklet is merely descriptive and therefore not exhaustive. As a result of changes in legislation and regulations as well as new interpretations of those currently existing, the situations as described in this publication are subject to change. Meritas cannot, and does not, guarantee the accuracy or the completeness of information given, nor the application and execution of laws as stated.

This book is intended to provide practical and useful insights into the 10 most common questions facing foreign investors and businesses:

1. What role does the government play in approving and regulating foreign direct investment?
2. Can foreign investors conduct business without a local partner? If so, what corporate structure is most commonly used?
3. How does the government regulate commercial joint ventures between foreign investors and local firms?
4. What laws influence the relationship between local agents or distributors and foreign companies?
5. What steps does the government take to control mergers and acquisitions with foreign investors of its national companies or over its natural resources and key sectors (e.g., energy and telecommunications)?
6. How do labor statutes regulate the treatment of local employees and expatriate workers?
7. How do local banks and government regulators deal with the treatment and conversion of local currency, repatriation of funds overseas, letters of credit, and other basic financial transactions?
8. What types of taxes, duties and levies should a foreign investor expect to encounter?
9. How comprehensive are the intellectual property laws? Do local courts and tribunals enforce them objectively, regardless of the nationality of the parties?
10. If a commercial dispute arises, will local courts or arbitration offer a more beneficial forum for dispute resolution to foreign investors?

Contributing to this book are the law firm members of the Meritas alliance in Australia and New Zealand. Each firm is comprised of local lawyers who possess extensive experience in advising international clients on conducting business in their respective countries. The firms were presented with these 10 questions and asked to provide specifics about their jurisdiction along with timely insights and advice. In a very concise manner, the book should provide readers with a solid overview of the similarities and differences, strengths and weaknesses of the states and territories of Australia and New Zealand.

*Peter Kennedy, Managing Partner
Madgwicks Lawyers
Melbourne, Victoria*

AUCKLAND - NEW ZEALAND

Tel: +64 (9) 379 7333 | www.martellimckegg.co.nz



Mike Worsnop

mcw@martellimckegg.co.nz



Craig Nelson

can@martellimckegg.co.nz

Martelli McKegg

lawyers

Martelli McKegg is a reputable, well-established mid-tier law firm based in downtown Auckland, the major city and commercial capital of New Zealand.

Our firm provides quality legal services to New Zealand and foreign domiciled businesses, organisations, trusts and private individuals. We've been doing so since 1921.

As a mid-tier firm, we operate a flat business model, promoting a collaborative and pragmatic approach to work where partner availability and turnaround is paramount.


We are a firm of 28 lawyers, led by 11 partners. This means we are big enough to always have a solicitor available with exactly the right level of expertise to meet our client's needs and can deliver a quality yet cost effective service to our clients.

Our areas of expertise cover a wide range but are divided into four broad departments:

Commercial: including, Overseas Investment in Business Assets, Mergers and Acquisitions, Corporate and Business Advisory, Commercial Contracts, Banking & Finance, Franchising and Licensing, Intellectual Property, Information Technology and Telecoms, Forestry and Wood Processing, Climate Change and Emissions Trading.

Litigation: including, Insolvency and Creditors' Rights, Dispute Resolution, Court and Tribunal Hearings and Employment Relations.

Property: including, Overseas Investment in Real Estate, Property Conveyancing (Sales and Purchases), Subdivision and Development, Resource Management, Commercial and Industrial Leasing, Body Corporate Matters, Leaky Building Claims and Disputes (Property, Building and Construction).



Trusts/Estates: including, Trusts and Asset Planning and Preservation, Wealth Management, Relationship Property, Wills and Estate Administration, Trust and Estate Litigation,.

Our current clients range from private clients and small family-owned businesses through to multi-national organisations a number of whom are stock-exchange listed. We are accustomed to working with international clients and firms and in particular with other Meritas firms and their clients having been a part of the Meritas network for over 22 years.

TOP 10 QUESTIONS

1. WHAT ROLE DOES THE GOVERNMENT PLAY IN APPROVING AND REGULATING FOREIGN DIRECT INVESTMENT?

The New Zealand government regulates foreign direct investment primarily through the *Overseas Investment Act 2005* administered by the Overseas Investment Office (OIO). Generally, overseas investment in New Zealand is actively encouraged.

The OIO reviews applications by “overseas persons” seeking to make substantial investments, whether in land or otherwise. Investments below the set thresholds do not usually require OIO approval in New Zealand.

2. CAN FOREIGN INVESTORS CONDUCT BUSINESS WITHOUT A LOCAL PARTNER? IF SO, WHAT CORPORATE STRUCTURE IS MOST COMMONLY USED?

Yes. Overseas persons or foreign investors may conduct business in New Zealand without a local partner.

A locally incorporated subsidiary of a foreign company is the most commonly used corporate structure for conducting business in New Zealand by foreign investors (although registered branches may also be used).

It is important to note that from 1 May 2015, New Zealand incorporated companies must have either a New Zealand resident director or a director who is both resident in Australia and a director of a company incorporated in Australia. Existing companies have until 28 October 2015 to comply with this requirement.

3. HOW DOES THE GOVERNMENT REGULATE COMMERCIAL JOINT VENTURES BETWEEN FOREIGN INVESTORS AND LOCAL FIRMS?

Other than through specific financial reporting, taxation and overseas investment rules, the government does not regulate commercial joint ventures between foreign investors and local firms.

4. WHAT LAWS INFLUENCE THE RELATIONSHIP BETWEEN LOCAL AGENTS OR DISTRIBUTORS AND FOREIGN COMPANIES?

The law of contract and the Common Law regulate the relationship between local agents or distributors and foreign companies. Prices are expected to be set on an “arms-length” basis and where such pricing is not received, duties may be imposed.

5. WHAT STEPS DOES THE GOVERNMENT TAKE TO CONTROL MERGERS AND ACQUISITIONS WITH FOREIGN INVESTORS OF ITS NATIONAL COMPANIES OR OVER ITS NATIONAL RESOURCES AND KEY SECTORS (E.G. ENERGY AND TELECOMMUNICATIONS)?

Mergers with, and acquisitions by, foreign investors are regulated by a range of statutes including the *Companies Act 1993*, *Takeovers Act 1993*, and *Overseas Investment Act 2005* as well as through the Financial Markets Authority, the Commerce Commission and the New Zealand Stock Exchange. Relatively high thresholds are in place and it is generally only when those thresholds are exceeded that active government steps are taken.

The only specifically regulated national resource which places additional regulation on foreign investment is the fishing industry. Under these rules an overseas person is prohibited from having an interest in fishing quota or having interests in a business (where the overseas person owns a 25% or more interest) that owns or controls interests in fishing quota.

6. HOW DO LABOUR STATUTES REGULATE THE TREATMENT OF LOCAL EMPLOYEES AND EXPATRIATE WORKERS?

The *Employment Relations Act 2000* is the major statute governing the treatment of employees in New Zealand. Various other Acts must also be considered in dealings with employees such as *Holidays Act 2003* (which regulates annual leave and public holidays), the *Parental Leave and Employment Protection Act 1987* (which regulates parental leave), the *Health and Safety in Employment Act 1992* (governing workplace health and safety), *KiwiSaver Act 2008* (a quasi-superannuation scheme), the *Accident Compensation Act 2001* (a no-fault insurance and compensation scheme for workplace injuries) and the *Privacy Act 1993* (in relation to personal information).

Expatriate workers are not treated any differently than New Zealand employees and are subject to the same laws in addition to being subject to immigration criteria which will generally require visas to entitle them to work. If a person is only in New Zealand for a short term or for a specific purpose, New Zealand employment law may not apply, but if the person is employed by an overseas company that is conducting business in New Zealand, local employment laws will almost certainly apply.

7. HOW DO LOCAL BANKS AND GOVERNMENT REGULATORS DEAL WITH THE TREATMENT IN CONVERSION OF LOCAL CURRENCY, REPATRIATION OF FUNDS OVERSEAS, LETTERS OF CREDIT AND OTHER BASIC FINANCIAL TRANSACTIONS?

There are no government-imposed controls on foreign exchange. New Zealand has a floating currency. Private companies and individuals may exchange the New Zealand dollar (NZD) for foreign currencies, repatriate funds (subject to complying with company law regarding solvency, distributions and any tax payable), organise letters of credit and all other financial transactions simply and easily. The New Zealand banking system is extremely efficient and transparent with little government regulation. However the *Anti-Money Laundering and Countering Financing of Terrorism Act 2009* does impose some restrictions on transfer of money to detect and deter money laundering and the financing of terrorism.

8. WHAT TYPES OF TAXES, DUTIES AND LEVIES SHOULD A FOREIGN INVESTOR EXPECT TO ENCOUNTER?

The New Zealand taxation system is administered by the Inland Revenue Department. The general tax rate applicable for companies is 28% and most (there are some exceptions) goods and services sold in New Zealand attract a goods and services tax of 15%. Generally, interest, dividend and royalty payments to a nonresident (company/individual) are subject to nonresident withholding tax (NRWT) at between 5%-30%. New Zealand has double taxation agreements with various countries which limit the amount of NRWT that must be paid. There is no capital gains tax or stamp duty in New Zealand. There are very few import taxes or duties although there are some dumping and countervailing duties imposed. Depending upon the choices made by New Zealand employees of foreign businesses in New Zealand, the employer may be required to make compulsory KiwiSaver payments.

9. HOW COMPREHENSIVE ARE THE INTELLECTUAL PROPERTY LAWS? DO LOCAL COURTS AND TRIBUNALS ENFORCE THEM OBJECTIVELY REGARDLESS OF THE NATIONALITY OF THE PARTIES?

New Zealand has a comprehensive set of intellectual property statutes and regulations including the *Patents Act 2013*, *Copyright Act 1994*, *Trade Marks Act 2002*, *Design Act 1953*, *Layout Designs Act 1994* and *Fair Trading Act 1986*. There are functional and accessible government websites relating to each of these Acts. Nationality of the parties plays little or no role in enforcement by local courts.

10. IF A COMMERCIAL DISPUTE ARISES, WILL COURTS OR ARBITRATION OFFER A MORE BENEFICIAL FORUM FOR DISPUTE RESOLUTION TO FOREIGN INVESTORS?

Access to local courts or arbitration hearings are the same for local and foreign investors. There is no preferential treatment for or among investors in New Zealand. Whether formal court procedure or alternative dispute resolution methods would be appropriate will depend very much upon the nature of the dispute and any governing documentation.

THE COUNTRY

New Zealand is an island nation in the South Pacific with a population of approximately four million five hundred thousand people from a diverse range of ethnic backgrounds. A significant majority of the population lives in urban areas with almost one-third living in the greater Auckland region. The largest ethnic group is of European descent with English being the major language. English, Maori and sign language are New Zealand's official languages.

GOVERNMENT

New Zealand has a Westminster system of government based on the UK system. Representatives, or members of parliament, are elected on a three year basis, using a mixed member proportional representation (MMP) system, to a single house of parliament. The government is led by the Prime Minister, elected by the caucus of the governing party (or governing coalition, as has largely been the case since the first MMP election in 1996).

The government, based in the capital city of Wellington, has the power to regulate for all New Zealand residents and businesses. In addition, local and territorial authorities make various regulations and bylaws which may affect residents living and businesses operating within their respective territories.

Accordingly, residents and businesses in New Zealand must be aware of and comply with the laws enacted by the central government and the regulations and bylaws of each local and territorial authority of the region where they are located.

MERITAS FIRM CONTACTS

AUSTRALIA

AUSTRALIAN CAPITAL TERRITORY

Deakin

Snedden Hall & Gallop Lawyers

43-49 Geils Court
Locked Bag 3003
Deakin ACT 2600

Dennis Martin
lawyers@sneddenhall.com.au
Tel: +61 (2) 6285 8000
www.sneddenhall.com.au

NEW SOUTH WALES

Sydney

Swaab Attorneys

Level 1, 20 Hunter Street
Sydney NSW 2000

Fred Swaab
fxs@swaab.com.au
Mary E. Digiglio
med@swaab.com.au
Tel: +61 (2) 9233 5544
www.swaab.com.au

VICTORIA

Melbourne

Madgwicks

Level 33, 140 William Street
Melbourne VIC 3000

Peter Kennedy
peter.kennedy@madgwicks.com.au
Tel: +61 (3) 9242 4744
www.madgwicks.com.au

QUEENSLAND

Brisbane / Cairns / Townsville

MacDonnells Law

Cnr Shields & Grafton Streets
PO Box 5046
Cairns QLD 4870

Russell Beer
rbeer@macdonnells.com.au
Luckbir Singh
lsingh@macdonnells.com.au
Tel: +61 (7) 4030 0600
www.macdonnells.com.au

WESTERN AUSTRALIA

Perth

Williams + Hughes Pty Ltd.

25 Richardson Street
Perth WA 6005

Damian Quail
damian.quail@whlaw.com.au
Tully Carmady
tully.carmady@whlaw.com.au
Tel: +61 (8) 9481 2040
www.whlaw.com.au

NEW ZEALAND

Martelli McKegg

Level 20, PWC Tower
188 Quay Street
Auckland 1141

Mike Worsnop
mcw@martellimckegg.co.nz
Craig A. Nelson
can@martellimckegg.co.nz
Tel: +64 (9) 379 7333
www.martellimckegg.co.nz



800 Hennepin Avenue, Suite 600
Minneapolis, Minnesota 55403 USA
+1.612.339.8680 www.meritas.org

Prepared by Meritas Law Firms

Meritas is an established network of 176 full-service law firms serving over 230 markets, all rigorously qualified, independent and collaborative. Connect with a Meritas law firm and benefit from local insight, local rates and world-class client service.

www.meritas.org enables direct access to Meritas law firms through a searchable database of lawyer skills and experience.

