

AMCHAM NEWS

American Chamber of Commerce in New Zealand

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Volume 9 Issue 10

October/November 2010

AmCham host's US Secretary of State

Following her high level meetings with Prime Minister John Key and Foreign Minister Murray McCully in Wellington, the US Secretary of State Hillary Rodham Clinton spent a day in Christchurch which included attending a reception for U.S. Exporters hosted by the American Chamber of Commerce at the Centre of Contemporary Art. AmCham Chairman Mark Fitz-Gerald introduced the Secretary, who then spoke about the [Administration's National Export Initiative](#), the Trans Pacific Partnership, and the importance of encouraging free trade.



Secretary Clinton: 'NZ is a great place to do business'

Check the NZ Herald story and video [here](#)

Following her speech the Secretary spent some time talking with some of the guests.

TVNZ video of Secretary of States comments [here](#)

Ambassador David Huebner in his latest blog commented "From all accounts the Secretary thoroughly enjoyed her time in Aotearoa. She commented frequently on the warmth and openness of our Kiwi friends. She was impressed with the natural beauty and vibrant culture of the country. And she was pleased with the steps being taken to deepen and expand what is already a deep, abiding, values-based, strategic, and mutually beneficial bilateral collaboration".

AmCham would like to thank Ambassador David Huebner and the team at the US Embassy and the following sponsors for assisting us in staging this event:

Christchurch International Airport Ltd, Ernst & Young Limited, Pfizer New Zealand Ltd, Westpac Institutional Bank, Fonterra Co-Operative Group Ltd with wine being sponsored by Constellation New Zealand



Index

New Era for NZ/US Strategic Partnership	2
SOS remarks at McCully Reception	2
Treasury announces amendment to tax treaty	2
Rebuttal of bogus claim re fgn. Money in election	2
Amb. Kirk re public release of ACTA text	2
Inaugural APEC Women's Entrepreneurial Summit	3
Comments on Women's Entrepreneurial Summit	3
Pres. Of Democratic Leadership council speaks	4
Basel III to limit world trade	4
Multistate Trade Mission to Aus/NZ cancelled	4
OTHER NEWS BRIEFS	4
NZVCA	4
From NZBio	4
TRADE BUSINESS & INVESTMENT	4
Commercial News USA	4
2nd Maritime Business & Technology Summit	4
Pet Products for Canada & USA	5
MEMBER NEWS	
New Members	5
Pernod Ricard Sell Wines & Assets	5
People on the move	5
FOR YOUR DIARIES	
GENERAL	
Seeking Sponsorship	5
Seeking Work	6
US NZ CONNECTIONS NZ	
Seeking Sponsorship	6
Seeking Work	6
Watch US TV	6
Global Sales Strategy Workshop Jan 2011	6
TRAVEL	
Business Travel	7
US Security Update	7
Pretravel authorisation changes	7
TAX ISSUES	8
Photo's from SOS Reception in Christchurch	9

Trans-Pacific Partnership trade talks move to NZ

New Zealand is hosting the fourth round of Trans-Pacific Partnership negotiations in Auckland from 6-10 December. AmCham will be hosting a meeting & reception with the US delegation on **Wednesday 8th Dec** which will provide the opportunity for US business and NZ companies representing US suppliers to hear from the negotiators and provide them with their feedback.

Invitations will be sent out shortly but any companies wishing to be involved should register their interest by email to mike@amchan.co.nz

We will be looking for sponsorship for this event.

MFAT have advised that for general information on TPP negotiations see [here](#)

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US / NZ Strategic Partnership launches new era

United States Secretary of State Hillary Clinton and Foreign Minister Murray McCully launched a Declaration establishing a new Strategic Partnership between New Zealand and the US.

The Wellington Declaration asserts the establishment of "the framework of a new United States - New Zealand strategic partnership to shape future practical cooperation and political dialogue."

The Strategic Partnership has two main elements.

- First, it commits New Zealand and the US to working more closely together on practical projects in the Pacific, with a focus on challenges such as renewable energy, and natural disaster readiness and response.
- The second aspect of the Strategic Partnership is focused on regular high level political dialogue. Ministerial level meetings will be held regularly, and political military talks will take place at officials level annually.

"We'll also make sure that our subject experts meet regularly - there's no point in working in isolation on issues like climate change, or non-proliferation and disarmament."

High level officials talks will also be held between New Zealand, the US and Australia, with a focus on Pacific regional priorities.

Mr McCully says the launching of the Declaration is "highly symbolic."

"It turns a new page in the relationship and establishes a framework for close cooperation across a whole range of fields of shared interest."

US Secretary of State's remarks at reception Hosted by New Zealand Foreign Minister Murray McCully in Wellington

<http://www.state.gov/secretary/rm/2010/11/150389.htm>

Treasury announces entry into force of protocol to income tax treaty with NZ

The U.S. Department of the Treasury today announced the entry into force of a Protocol amending the income tax treaty with New Zealand. Approved by the U.S. Senate on July 15, 2010, the Protocol officially entered into force today when the United States notified New Zealand that it had completed the required procedures for bringing the Protocol into force.

Provisions of the Protocol include:

- Elimination of source-country withholding tax on certain direct dividend payments.
- Elimination of source-country withholding tax on certain interest payments, including interest paid to certain banks and financial enterprises.
- Reduced source-country withholding tax on all royalty payments.
- A comprehensive limitation on benefits provision.

A comprehensive provision allowing for full exchange of information

between the U.S. and New Zealand revenue authorities.

With respect to taxes withheld at source, the Protocol shall have effect for amounts paid or credited on or after January 1, 2011. For all other taxes, the Protocol will generally have effect in the United States for taxable periods starting on or after January 1, 2011, and in New Zealand for taxable periods starting on or after April 1, 2011.

U.S. Chamber, Others Rebut Bogus Claim of Foreign Money in Elections

The U.S. Chamber beat back unfounded allegations this week that it uses foreign membership dues for political activities.

At issue was a post by ThinkProgress, a blog affiliated with liberal advocacy group the Center for American Progress. The group ran a piece accusing the Chamber of using "foreign funds" in U.S. political races. The confusion stems from the various American Chambers of Commerce around the world that are members of the U.S. Chamber. These independent organizations are created to represent American companies in overseas markets and do not fund political programs in the United States.

The Obama Administration, including Vice President Biden and White House Senior Advisor David Axelrod, and the Democratic National Committee gave credence to the allegations and questioned the Chamber's campaign funding during campaign stops and on talk shows over the weekend.

The Chamber vehemently refutes the baseless allegations. "CAP's ridiculous blog post is a deliberately deceitful and desperate diversion by people upset about current poll numbers and losing an election," the Chamber's Senior Vice President of Communications and Strategy Tom Collamore said in a letter to the editor printed in [the New York Times on October 7](#). "As we've said loud and clear, the Chamber complies with all applicable laws and no foreign money is used to fund our political activities, which are only a fraction of the work we do to promote free enterprise in America."

Collamore also responded to Vice President Biden's challenge that the Chamber make public how much of the money it's investing in its election efforts is generated from foreign sources. "We accept the Vice President's challenge here and now, and are happy to provide our answer: Zero. As in, not a single cent," Collamore wrote on the Chamber's blog, [Chamberpost.com](#).

Media organizations including the *New York Times* and [the Associated Press](#) also questioned the ThinkProgress post, noting that the group provided no evidence of wrongdoing. "The Chamber of Commerce says it has a vigorous process for ensuring that does not happen, and no evidence has emerged to suggest that is untrue," [the New York Times reported in its October 8 edition](#). "Accusing anybody of violating the law is a serious matter requiring serious evidence to back it up. So far Democrats have produced none," says [nonpartisan FactCheck.org](#).

Ambassador Ron Kirk regarding the Public Release of ACTA Text

U.S. Trade Representative Ron Kirk today welcomed public release of the text of the Anti-Counterfeiting Trade Agreement (ACTA) following the conclusion of the final round of negotiations in Tokyo, Japan, on October 2.

"This text reflects tremendous progress in the fight against

(Continued on page 3)

Logistics for
the future NOW



(Continued from page 2)

counterfeiting and piracy – a global crime wave that robs workers in the United States and around the world of good-paying jobs and exposes consumers to dangerous products,” he said. **“The leadership shown by our ACTA partners in reaching solutions on tough issues should send a strong message to pirates and counterfeiters that they have no place in the channels of legitimate trade. We must now work quickly with our partners to finalize the results achieved in the Tokyo. This work represents a significant victory for those who care about protecting and enforcing intellectual property rights.”**

Kirk applauded the work of the U.S. negotiating team headed by Deputy USTR Miriam Sapiro, Assistant USTR for Intellectual Property & Innovation Stanford McCoy, and Chief Negotiator for Intellectual Property Enforcement Kira Alvarez, particularly for working with ACTA partners to lay the groundwork for the outcome achieved in Tokyo. Kirk also expressed his gratitude to the Government of Japan for hosting the round, and to the two senior officials who chaired the meeting: Yoichi Otabe, Japan's Deputy Minister for Foreign Affairs, and Crawford Falconer, New Zealand's Deputy Secretary, Ministry of Foreign Affairs and Trade. You can read the full text [here](#). Also see: comment [here](#).

Inaugural APEC Women’s Entrepreneurial Summit

In October the US Government invited four of New Zealand’s women business leaders to represent New Zealand at the inaugural APEC Women's Entrepreneurship Summit in Gifu, Japan. As the APEC Chairs in 2010 and 2011 respectively, Japan and the United States are planning to move forward with new cooperative projects within APEC that focus on women's empowerment. A total of around 350 people, including 150 women entrepreneurs from Japan and abroad will discuss networking and share their knowledge and experience on ways to establish and grow their businesses.

The delegates were,

- Erica Crawford, Director, Tentpole Holdings**
- Helen Robinson, Managing Director, Markit Environmental Markets,**
- Judy Speight, Chief Executive, Accelerating Aotearoa**
- Sarah Trotman. CEO, Bizzone**

Following their return AmCham was delighted to have Erica, Judy & Helen speak at a forum on their experiences, with the forum being moderated by Verve Cliquot Woman of the Year Kathy Quinn of Minter Ellison Rudd Watts.

AmCham would like to thank Minter Ellison Rudd Watts for the use of their offices for this event.

Comments from attendees of APEC Women’s Entrepreneurial Summit

Judy Speight, Chief Executive, Accelerating Aotearoa writes:

Thinking back on the Gifu meeting I re-call a real sense of shared responsibility, accountability and purpose - with and for the women of our region; 160 women representing each of the 21 APEC economies' interests in this critical area.... Hugely humbling, undoubtedly empowering.

Of course the job now is to ensure we leverage this remarkable framework for partnership and collaboration for the women of New Zealand and the Pacific. With USAid now becoming re-established in the Pacific there are formal partnerships that will enable focus and an agenda supporting women’s entrepreneurship.

What happens next?

We are committed as a team to leading the women of New Zealand and our Pacific neighbours in this exciting challenge. Following on from Secretary Clinton’s visit to New Zealand last week we will be working with US Ambassador to New Zealand David Huebner to advance plans.

Sarah Trotman, CEO, Bizzone, and a business support specialist, was impressed with how the US Government had mobilized support of their small business community since the GFC. She was pleased to see that their officials had a true understanding of the current challenges that business owners face. Trotman also commented that she was further impressed by the work of the US Government in encouraging a focus on business growth and innovation in the region. Trotman, who is franchising her Total Business Support Package internationally, says the APEC WES opened many doors to great entrepreneurs in the APEC region and provided her with an opportunity to reach out, in a mentoring capacity, to some of the women she met from the Pacific

Erica Crawford, Director Tentpole comments. It was an immense privilege and honour to have been invited to attend the WES in Gifu. The Summit was really interesting, women around the world certainly are under utilised and under resourced, the statistics are very clear. The scope of the APEC region is perhaps the most interesting, ranging from sophisticated, developed nations through to developing ones. We sometimes loose sight of the extremes and needs in our busy and ambitious lives.

I want to congratulate the USA Government and Secretary Clinton on this initiative, it has changed my view on a number of issues and propelled me to get more involved in women’s issues in an effort to harness all that talent and productivity. It has propelled me to look at Board of Directors a lot more seriously, to rid my shoes of their “sticky soles” ad try to deliver value to NZ and global business.

Helen Robinson, MD Markit Environmental Markets says; Statistically women in business contribute significant increases to company profitability and overall to a country's GDP. Whilst NZ is obviously more advanced than some of our APEC sister countries this event reminded us of further opportunities we can leverage. Women often "go it alone" in business - intermingling with some of APEC's most talented women provided some great in-sights and value in furthering our the international connections.



Erica Crawford; Sarah Trotman; Secretary of State, Hillary Clinton; Helen Robinson; Judy Speight.



Pernod Ricard New Zealand proud supporter of AmCham.

(Continued from page 3)

President of the Democratic Leadership Council speaks at event

Edward Gresser, President of the Democratic Leadership Council and Director of the DLC's Project on Trade and Global Markets was recently in New Zealand and spoke at an AmCham event. AmCham members had the opportunity of hearing his views on the US's current trade policy as well as on the upcoming US midterm elections. www.dlc.org

AmCham would like to thank MFAT for bring us Ed Gresser and Westpac for hosting the event.



Basel III to limit world trade

The cost of trade finance could increase five-fold as a result of the new Basel III regulations putting a dent in world trade and threatening the export potential of many smaller New Zealand firms. These are the findings from new research by credit reference agency Dun & Bradstreet.

The report says that the new capital ratio buffers introduced as part of the Basel III regulations will apply to traditional trade finance facilities that currently fund around 30 percent of world trade. Basel III defines these facilities, such as Letters of Credit, as off-balance sheet items and will require their risk weighting to increase from 20 to 100 percent, meaning that capital buffers for these asset backed loans will need to increase five-fold.

Dun & Bradstreet expects banks that engage in trade finance to either pass this increased cost onto their customers or divert these funds to other more profitable activities, reducing their trade credit exposure and restricting access to letters of credit. As a result trade financing conditions are likely to deteriorate for most companies, particularly those exporting to emerging markets where letters of credit are the primary means of securing sales and payment. It is feared that this could negatively impact world trade given its heavy reliance on these types of funding facilities.

During the global financial crisis there was a clear correlation between the decline in available trade finance and world trade levels. During 2009 the gap between demand and supply was so wide that the G20 had to step in and provide a USD250 billion package to support trade finance and ultimately world trade.

A full media release is attached for your reference. For further information or to arrange an interview please contact me on +612 8270 2926 / woodsd@dnb.com.au

Multi-State Trade Mission to Australia & New Zealand cancelled

The Wisconsin Department of Commerce, in conjunction with the [Council of Great Lakes Governors \(CGLG\)](#) and other member states, has been cancelled; may be re-organised for Spring 2011.

OTHER NEWS BRIEFS & SUCCESS STORIES WITH USA

- [Snacking habit on the rise in the US](#)
- [US Federal Trade Commission mulls revisions to 'Green Guides'](#)
- [Call for IT solutions for US food safety](#)
- [US Target stores announce changes](#)

- [Walmart looks to sustainable agriculture](#)
- [Tim Alpe named Ernst & Young Entrepreneur of the Year for 2010.](#)
- [US based leading global technology Media Company TechTarget Inc acquires three websites dedicated to information technology buyers in Australia and New Zealand](#)
- [NZ biotech duo among top 100](#)
- [Pacific Fibre goes on recruitment drive](#)
- [NZ company designs for Starbucks](#)
- [Zeacom dials up growth target](#)
- [American Air deal for Jetstar](#)
- [Windflow Secures US Demonstration Site](#)
- [US university buys \\$28m dairy farm](#)
- [A2 Corporation takes full control of US marketing arm](#)
- [New Zealand based software firm Orasphere acquired by US based CurveDental](#)

NZVCA

www.nzvca.co.nz



From NZBio –

www.nzbio.org.nz

TRADE, BUSINESS and INVESTMENT OPPORTUNITIES

Commercial News USA

The November/December 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/2010_10_nov_dec.pdf

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

See also www.exporthyellowpages.com

The 2nd Annual Maritime Business & Technology Summit

The 2nd Annual **Maritime Business & Technology Summit** (MBTS) will be held November 16-17, 2010, aboard the Inspiration Hornblower in San Diego Harbour. Day One is titled "Ocean Science & Business" and will feature a keynote by Dan Basta, Director, Office of National Marine Sanctuaries, NOAA, and panels on Commercializing Ocean Resources (aquaculture & biomedicines); Ocean Energy; Visualization, Mapping & Tracking Technologies; Innovative Boat & Ship Building; and Desalination, Filtration and Purity Detection. Day Two is titled "Maritime Domain Awareness - Security, Logistics & Technology" with a keynote by Craig Hughes, Deputy Director of Innovation, Office of Naval Research, and panels on Ocean Observation; Maritime Transportation Logistics & Security; Port & Maritime Security; Very Large Floating Platforms; and Maritime Robotics. NZ companies that are offering leading solutions in the maritime space and looking to advance in the US market are encouraged to contact Robert Cunningham Robert.cunningham.jr@nzte.govt.nz or Luis Vidrio (luis.vidrio@nzte.govt.nz)



(Continued from page 4)

Pet products for Canada and the USA

Mike the owner of the Trade Centre spent 45 minutes talking with a couple of great women from Canada who are in the pet supply business. While their company manufactures a range of foods and supplements specifically aimed at the health and well-being of pets they also work closely with a large distributor who deals with all manner of pet type products. These products range in type from, collars, leads, rubber bones and other such toys. This distributor who already imports from a number of countries is also seeking products from New Zealand for the pet market. [Click here](#) to enquire further.

MEMBER NEWS

New Members

British American Tobacco, Auckland - **Susan Jones**, Head of Corporate & Regulatory Affairs –

British American Tobacco NZ is part of the world's most international tobacco group. BATNZ has approximately 75% market share, producing cigarettes and loose tobacco with brands like Dunhill and Port Royal. www.bat.com

Health & Herbs International Ltd, Auckland - **Brett Edmonds**, Managing Director - Importation & distribution of Dietary supplements and other health care products including Nature's Way, Jason Natural Cosmetics, American Health, Interhealth, Christopher Enterprises, Stevita, At Last, Enzymatic, Menuco. We are also exporting our own NZ brand – Radiance Nutritionals – www.radiancenutritionals.com and can organize OEM opportunities. www.healthandherbs.co.nz

Pernod Ricard sells wines and assets

Pernod Ricard NZ is selling some of its Gisborne and Hawke's Bay wine brands and assets to Lion Nathan NZ and its joint venture partner Indevin for \$88 million cash.

Pernod Ricard is selling 12 brands to Lion Nathan, while Indevin will take ownership of the Gisborne Winery, all company-owned vineyards in the Gisborne region and the Twin River's vineyard in Hawke's Bay.

Indevin is an independent contracting winemaker and wine making service provider, operating two wineries in Marlborough and Hawke's Bay.

The sale is subject to Overseas Investment Office approval.

The sale includes the sparkling brands Aquila, Bernadino, Chardon, Lindauer and Verde and seven brands in Pernod Ricard's still wine portfolio, including Bensen Block, Corbans, Huntaway, Jackman Ridge, Riverlands, Saints and Timara.

Pernod Ricard NZ managing director Fabian Partigiani said the company would continue in New Zealand with the Brancott Estate, Stoneleigh, Church Road, Deutz, Boundary and Triplebank brands.

People on the move

Tara Pradhan is the new manager of international relations at **Auckland Council**.

The State Services Commission has appointed FRST CEO, Murray Bain, to the role of Chief Executive of the **Ministry of Science & Innovation**.

Beth Coleman has been appointed as President of the **American Club** in Auckland.

Richard Palmer has left New Zealand Venture Investment Fund Ltd and has joined **Movac Ltd** as a General Partner.

FOR YOUR DIARIES

- 11th Nov** **Sally Anderson**, Freefall International, leading Executive & Leadership Coach, afternoon forum in Auckland.
- 25th Nov** **AmCham Sustaining & New Member reception** hosted by at the **Hyatt Regency Auckland**
- 8th Dec** **US Trans Pacific Partnership negotiators forum and reception in Auckland.**
- 25th Feb 2011** **AmCham Auckland Golf Tournament**, The Grange.

GENERAL

Seeking sponsorship

As National winners of the 2010 NZ Young Men in Harmony Chorus Contest, The Saints have been invited to attend the 2011 International Youth Chorus Festival (IYCF) being held in Las Vegas, USA from January 25th – 30th. This came about as a result of numerous successes competing in both regional and previous national choral and barbershop contests.

Current pledges and fundraising activities committed to date exceed NZ\$25,000 leaving some **\$45,500 to be raised**.

Specific areas to be funded are:

- ⇒ NZ\$10,000 for the Musical Director and minimum two chaperones to attend (as required by the Barbershop Harmony Society).
- ⇒ NZ\$3,000 for Corporate Sponsor of the November Golf Day Event to be held at Miramar Links Golf Course.
- ⇒ Marketing activities circa \$5,000 for sponsors. (via media comments).
- ⇒ Remaining \$27,500 to support accommodation/air flights contributions for the group.

Included in this \$27,500 are the naming rights to The Saints and numerous sponsorships including Platinum (2), Gold (3) and Silver (20) sponsorship package opportunities.

Contact: Peter Ryan peter@biteconsulting.co.nz
Tel 021-282-0222

(Continued on page 6)



Supporting Amcham

(Continued from page 5)

Seeking Work

My name is Danielle Petrisko. I recently moved to Auckland from Florida with a year work visa. I graduated from the University of Kentucky and was a member of the women's tennis team. At Kentucky I met my New Zealand boyfriend who was also on a tennis scholarship. After graduation, I worked for Morgan Stanley Smith Barney for four years as an executive assistant/office manager. I am looking for a position in the sales/sports marketing or in event management, as I have had experience in all of these fields. I can be contacted via email at dtennis07@aol.com

US NZ CONNECTIONS IN NEW ZEALAND

OSAC New Zealand

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

Kiwi Expat Association – www.keanewzealand.com

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

American Club Thanksgiving 21 November

Celebrate Thanksgiving with us at the Allely House, at the corner of Old North Road and Highway 16 in Kumeu. This event also celebrates the friendships of Americans and New Zealanders with friends and family. The price is \$55, adult members (\$65 for non-members); children: \$12. (age 4-8), \$22. (age 9-15) **Social hour:** 11:30am-12.30pm **Dinner:** 12.30pm-3pm Please RSVP to Louise Brown at americanclub@xtra.co.nz or on the web at: www.americanclub.org.nz

Watch US TV

USTVNow is offering a free service for people who want to watch **ABC, CBS, CW, FOX, NBC, and PBS** from anywhere outside the USA. Just go to <http://www.ustvnow.com>

'Global Sales Strategies' workshop Jan 2011 with Ken & Laura Morse

Ken and Laura Morse, serial entrepreneurs and global sales veterans, are coming to Christchurch and Auckland to deliver 2-day workshops for NZ's most ambitious companies to help them grow

their sales. Laura Morse, formerly a VC partner with Atlas Venture and 20-year Partner at Russell Reynolds and Heidrick & Struggles co-teaches the recruiting and compensation portions of the workshop with Ken.

They always speak about sales as the number 1 challenge:

- NZ Companies must continuously increase sales, market share, repeat business, and customer loyalty in New Zealand, and everywhere else!
- NZ Companies want to build a high performance global sales team and achieve effective sales and distribution worldwide, while facing a tsunami of global competitors.

Ken has been coming to New Zealand for ten years. This year we will feature new case studies of Kiwi firms that have successfully gone global, using learnings from earlier workshops. We guarantee all the participating CEOs and their top sales executives who attend:

- sales will increase
- the sales cycle will become shorter
- the sales pipeline will become more dependable
- repeat business will increase and grow
- you will leave with ready-to-use tools & techniques
- you will have the opportunity to interact and network with other ambitious CEOs and senior sales executives.

If you don't achieve significant positive results in 6-8 months, your fee will be refunded. To learn more, see testimonials from previous workshops survivors, and to register, please go to

www.entrepreneurshipnewzealand.com Christchurch on 14 & 15 January and/or in Auckland on 18 & 19 January.



Ambassador Heubner, Kate Roff, Hillary Clinton & David Naidoo at AmCham Reception for Secretary of State



Jenny Harper Christchurch City Art Gallery, Steve McKenzie New Zealand Restaurant Assoc, Hillary Clinton and Barry Quayle New Zealand National Fieldays Society



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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 a member of the American Express Travel Service Network.

Business World Travel's team of very experienced Travel Management experts is currently working with clients to re-define corporate travel policies. As we do with our own business, we encourage continual improvement through all parts of our business, and right now it's the best time to ensure that your own travel policy meets current trends. This is on the back of the Pacific Blue cancellation of their New Zealand domestic flights, and Air New Zealand's change of strategy on their trans-Tasman flights, and so it's the right time to review. If you're not currently one of our clients, it's not too late to join! Call Jane Higgie in Wellington, or Grant Bevin, Marie Easton-Myers or Tanya Warman in Auckland if you'd like to hear about what we can do for your company's travel management.

Business travellers and holiday makers to Fiji must now note that passports must have at least six months validity remaining in your passport.

IATA reports to us that September saw an increase of 10.5% year on year growth in international traffic. The jump put North American carriers under pressure with US traffic back to pre-recession levels, with a 11.8% increase over the previous September, out-stripping a 7.2% capacity increase. The figures are also typical of the NZ-US non-stop routes.

Skyteam, the airline network which features Delta Airlines, welcomes Aerolineas Argentinas to its membership.

There have been no less than five new hotel openings in New York. At the ultra-luxury/chic end of the spectrum is the Setai Fifth Avenue, not far from the Empire State. The James is SoHo cool, and has 114 designer rooms as well as a roof-top pool and bar. Downtown is a popular new location for hoteliers – W New York, the design brand of

the Starwood group adds its 4th NY property. Smaller boutique style is the The Chatwell, which was once the city's Lambs Club; this art-deco property is in the heart of Theatreland. Not much under US\$350++ per night for this new selection!

Travelling on holiday? Our Executive Leisure Team is now able to accept Westpac Hotpoints vouchers to use towards your flights and accommodation. Simply request to convert your Hotpoints to 'First Travel Group' travel vouchers from Hotpoints and send them through. First is our travel consortium buying group.

If you require executive level airport transfers in Auckland, we've been recommending Platinum Chauffeur Drive. PCD operates a fleet of latest BMW 7-Series, all of which will meet your expectations in terms of comfort, experience and environmental friendliness. They also offer round town and on-call service, longer distance transfers. Contact PCD directly on +64 9 354 3777.

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>

DHS announces Pre-Travel Authorization Program for U.S.-Bound Travelers from Visa Waiver Countries

Beginning on September 8, a fee of US\$14 will be introduced for a new or renewed electronic travel authorization (ESTA). Please [click here](#) for further information and [here](#) for FAQs.

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

Reviewing your Corporate Travel? Call our Team:

Jane Higgie Business World Travel Wellington 04-470 6044 jhiggie@bwt.co.nz

Grant Bevin Business World Travel Auckland 09-529 3700 gbevin@bwt.co.nz



TAX ISSUES

Repeal of NZ Gift Duty

By Gina Wallace

The New Zealand government has gone ahead with its plans that were announced earlier this year that indicated a possible repeal of gift duty. This is intended to become effective from 1 October 2011.

Not a large earner for the government, it expects to lose around \$1 million a year from this move, revenue which currently involves a cumbersome and inefficient process for all stakeholders.

The amount of revenue from gift duty has decreased by approximately 30% in the past seven years with only \$1.6 million collected for the 2009/10 year. This costs the government approximately \$430,000 per year to collect, with only 0.4% of the 225,000 gift duty statements filed with Inland Revenue resulting in gift duty receivable.

Underpinning these administration costs is the requirement to file gift statements even when no liability to gift duty exists, as well as the outdated method of filing gift statements manually instead of electronically.

The move should be welcomed by the private sector, with expected savings estimated to be \$70 million a year.

Leading to such large compliance costs has been the wide-spread use of gifting programmes for transferring assets into family trusts.

New Zealand has had gift duty since 1885. This is currently imposed by the 1968 Estate and Gift Duties Act as a buttress to estate duty. Gift duty is imposed on 'dutiabable gifts', regardless of where the property being gifted is located, and is the liability of a donor who is domiciled (as defined by case law) or incorporated in New Zealand at the date of the gift.

Gift duty was retained after estate duty was abolished in 1992. This was meant to be a temporary measure as it was recognized that there were probably some benefits in retaining gift duty, including creditor protection.

Gift duty is imposed on a progressive scale, with 0% chargeable up to \$27,000, being the aggregate amount of gifts which can be made every 12 months without attracting gift duty. A limited amount of exceptions apply, including gifts to charitable trusts.

As a side-note, the annual exclusion for the donor is US\$13,000 of gifts to one donee in the United States. Gifts can be made to more than one donee without attracting gift tax. There are also more opportunities for exclusions, such as those for certain gifts between spouses (the marital deduction), and gifts to charities (the charitable deduction).

As mentioned above, it has been wide-spread practice in New Zealand to incorporate a gifting programme in to the management of a family trust. The initial transfer of an asset such as a family home in to a trust at market value, together with a loan to the trust in exchange has resulted in the practice of 'gifting' \$27,000 per person to the trust every 12 months, by way of forgiveness of the same amount of the debt owed by the trust. This practice has enabled donors to successfully avoid gift tax for decades.

In order to set up a gifting programme, documents are required to be furnished to Inland Revenue on an annual basis including deeds of acknowledgement of debt, and deeds of forgiveness of debt.

The government consulted practitioners on the cost to prepare and file the deed of forgiveness, the average of which stands at \$285 plus GST every 12 months.

Multiplied by 225,000 (the number of gift statements furnished annually) this equals the estimated \$70 million cost to the private sector to comply with the current legislation.

More than one review of the effectiveness of gift duty has occurred since the repeal of estate duty. However, gift duty has been kept in place until the government and other stakeholders have been satisfied about the effect of removing it.

The government acknowledges that not all concerns have been completely eradicated, and that this may never occur.

In the past two years, the case for abolishing gift duty has advanced quite rapidly, created by several concurrent forces at work. These forces include requests received by the government for exemptions from gift duty, resulting in amendments to recent legislation, and requests from the public to increase the annual threshold of \$27,000.

The recent alignment of the top personal rate with the trustee rate, removal of income-testing for New Zealand Superannuation and other legislative changes have also assisted.

Public interest and media coverage were also stirred by the government's indications in June 2010 that gift duty might be repealed.

The most recent review has shown that gift duty fell far short of the expected benefits of retaining it. It did not provide the level of protection to the tax base (including income tax) or to non-tax areas such as creditor protection and means testing that was previously perceived. Any benefit from retaining the duty was subsequently identified as incidental.

The repeal of gift duty is expected to be included in the Taxation (Tax Administration and Remedial Matters) Bill being introduced this month.



AmCham Christchurch Function for Secretary of State Hillary Clinton - (Photo's Ola Thorsen US Embassy)



Mark Fitzgerald, Chairman AmCham introduces Hillary Clinton, Secretary of State



Hillary Clinton, Francis Benge, Pfizer New Zealand & Tony Eaton, Motion Picture Association of America



Ambassador Huebner, Lance Wiggs, Pacific Fibre & Hillary Clinton



Ron & Susie Deder, MagTek with Hillary Clinton



Hillary Clinton & David Madoo, University of Canterbury



Team from Christchurch Engine Centre with Secretary of State Hillary Clinton. Anura Fernando, Carol Allan, Michael Eller, Caroline Brown & Brendon McWilliam



AmCham Exporters Reception for Secretary of State, Hillary Clinton



Mike Reiger, Subcom; Lance Wiggs, Pacific Fibre; Hillary Clinton; Chris Madden, Tyco Electronics; John Lek, Tyco Electronics

