

AMCHAM NEWS



American Chamber of Commerce in New Zealand

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Volume 9 Issue 4

April 2010

Annual AmCham Trade Forum 24th May 2010

Each year AmCham holds a Trade Forum for members and companies doing business with the USA to provide feedback on any issues they are facing in doing business or investing in either country, as well as hearing from government & other business leaders on issues that have been raised.

The first round of talks on the Trans Pacific Partnership between Singapore, Australia, Chile, Peru, Brunei, Australia, USA, Vietnam and New Zealand took place in March with the second round due to take place in June. This Forum provides you with the opportunity of hearing from NZ's Lead Negotiator and providing him with feedback.

If you are unable to attend but have an issue please email to us and we will raise it at the Forum

Programme:

Update on Trans Pacific Partnership & Prime Minister's meetings with US Administration - **Mark Sinclair, Lead Negotiator, TPP, Ministry of Foreign Affairs & Trade**

Review of 2010 USTR Foreign Trade Barriers Report – **Murray Denyer, Partner, Cooney Lees Morgan**

Panel on ACTA negotiations, IP/Copyright Act including software patents and Pharmaceuticals

Researched Medicines Industry Association - TBA

Tony Eaton, Executive Director of NZ Federation Against Copyright Theft

Brett O'Riley, Chief Executive, New Zealand Information and Communication Technologies Group Inc

Other topics:

Migration law & issues update – **Chris McCarthy, Practice Manager, Fragomen Global Pty Ltd**

Harmonization with Australia – **Colin Inkster of New Hope Nutrition**

For more details contact: Kathryn@amcham.co.nz

US NZ Council hosts PM

The Council hosted a dinner in honor of Prime Minister John Key at the NZ Embassy April 13 in cooperation with Ambassador Roy Ferguson. Embassy staff and Chef Nathan Bates provided an elegant setting and a superb dinner. Over the course of the evening Prime Minister spoke personally with most of the 160 guests and sponsors in attendance. During the dinner the Prime Minister delivered the keynote address <http://www.beehive.govt.nz/speech/speech+notes+usnz+council> and concluded the evening with investiture of the US-NZ Council President, John Mullen, into the New Zealand Order of Merit.

Prime Minister Key highlighted the increasing cooperation between New Zealand and the United States on political, economic, security and environmental issues. He describe the Trans Pacific Partnership as a gold standard 21stCentury trade agreement, one that was not without its challenges, but overall providing solid benefit to both the US and NZ.

NZ-US relationship has solid foundation – Key
<http://www.nbr.co.nz/node/121479>

Key confident about US trade deal <http://www.nbr.co.nz/node/121694>

Among the distinguished attendees, in addition to executives from thirteen table sponsors and their guests from the business, legal, and financial communities, were Assistant Secretary of State for East Asian and Pacific Affairs, Kurt Campbell; Representative Rick Larsen of Washington, who is Co-Chair of the Friends of New Zealand Congressional Caucus in the House; Dr. Fred Bergsten, Director of the Peterson Institute for International Economics; and two former Co-Chairs of Partnership Forums, Cal Dooley and Clayton Yeutter.

Anti-Counterfeiting Trade Agreement talks

The 8th round of negotiations for the Anti-Counterfeiting Trade Agreement (ACTA) were held in Wellington between April 12 and 16.

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Participants in the ACTA negotiations – which include Australia, Canada, the European Union, represented by the European Commission, the EU Presidency (Spain) and EU Member States, Japan, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland and the United States of America – were welcomed by Minister of Trade Tim Groser at a function attended by a wide range of stakeholders with an interest in the ACTA negotiations.

The 8th round of negotiations proved constructive, enabling a much improved understanding of respective national regimes and how they worked in practice. Based on this understanding, good progress was made toward narrowing existing differences in the areas of Civil Enforcement, Border Measures, Criminal Enforcement and Special Measures for the Digital Environment. In addition the participants held constructive discussions regarding the scope of intellectual property rights covered in ACTA.

ACTA had been prompted by growing global concerns over the growth of trade in counterfeit and pirated goods. In 2007, it was estimated that the value of illegal trade amounted to around US\$250 billion.

ACTA seeks to establish better mechanisms to enforce the rules against counterfeiting and piracy. ACTA will not interfere with a signatory's ability to respect its citizens' fundamental rights and liberties, and will be consistent with the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) and will respect the Declaration on TRIPS and Public Health.

The next round of negotiations, which began in June 2008, will take place in Switzerland in June. The hope is for negotiations to conclude by the end of this year. The latest negotiation round also saw the draft text of the treaty made available to the public. It is available to view at:

<http://www.mfat.govt.nz/downloads/trade-agreement/acta/public-release-16april-2010.pdf>

APCAC 2010 Report to policy makers and business - "Achieving the National Export Initiative: Creating Exports and Jobs Through Trade"

APCAC is pleased to present to you this updated recommendation report for 2010 from the 27-chapter organization of American Chambers of Commerce, known as the Asia-Pacific Council of American Chambers of Commerce (APCAC). In this report, American business leaders across Asia Pacific offer their recommendations for advancing the competitiveness of American products and services in the fastest growing region of the world. See: <http://www.apcac.org/images/79.pdf>

Sixteen countries downgraded since the start of 2010: Rates of recovery will differ markedly around the globe

Sixteen countries around the globe have had their country ratings downgraded since the start of 2010 while five countries have been upgraded, demonstrating that economic and commercial risk are still prevalent despite signs the world economy continues to recover from the global credit crisis.

Dun & Bradstreet's latest *Economic & Risk Outlook Report* reveals that the global recovery now underway will continue throughout 2010 however, rates of recovery from the global crisis will be markedly different across regions and countries. Asian growth is likely to remain much faster than the United States and Europe. Continued high levels of unemployment will undermine overall consumer confidence in the United States and Europe despite demand being supported by continued fiscal and monetary measures. On the corporate side, considerable spare capacity in many developed economies could result in a reluctance to invest and take on more workers.

Regardless, conditions have improved markedly from early 2009. Global growth is expected to reach 2.4 percent in 2010, while the US (2.0 percent), Europe (0.7 percent) and Japan (9.8 percent) will lag behind China (9.8 percent).

http://dnb.com.au/Header/News/Sixteen_countries_downgraded_since_the_start_of_2010/indexdl_6057.aspx

U.S. Government Unveils New Design for the \$100 Note

Officials from the U.S. Department of the Treasury, the Board of Governors of the Federal Reserve System and the United States Secret Service have unveiled the new design for the \$100 note. Complete with advanced technology to combat counterfeiting, the new design for the \$100 note retains the traditional look of U.S. currency.

<http://www.treasury.gov/press/releases/201042111264515644.htm>

Ten new Global Research Alliance (GRA) Fellowships.

The U.S. Government announced today that it will support the participation of developing countries in the Global Research Alliance through ten new Global Research Alliance (GRA) Fellowships. [\[read more\]](#)

Kea launches major NZ2011 initiative

From now until Rugby World Cup 2011, Pass It On gives you the opportunity to win some great Kiwi prizes, while promoting the best of New Zealand to the rest of the world. Nearly NZ\$300,000 of prizes are up for grabs, including "money can't buy" travel experiences to New Zealand.

Pass It On will promote the best of New Zealand as global interest in the country peaks over the next 18 months. With over 25,000 members in 180+ countries, the Kea network has a crucial role to play in this campaign.

Please visit <http://www.passiton.co.nz/> to start sharing the best of New Zealand with the rest of the world.

NZ called to establish a Council on Competitiveness

Deborah L. Wince-Smith the President and CEO of the Council on Competitiveness, was recently in New Zealand and spoke on "The Innovation Imperative" at an AmCham event in Auckland.

The Council is the only place where CEOs, labour leaders and

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Logistics for
the future NOW



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university presidents are working together to ensure that Americans prosper in the global economy. Founded in 1986, this unique business-labour-academia coalition recommends actionable public policy solutions to make America more competitive in the global marketplace.

As President of the Council, Wince-Smith spearheaded the groundbreaking National Innovation Initiative (NII), which played a pivotal role in creating a reinvigorated U.S. competitiveness movement. The NII shaped the bipartisan America COMPETES Act, created state and regional innovation initiatives, and brought a global focus to innovation.

The Council has six key initiatives:

Energy - [Energy Security, Innovation & Sustainability Initiative](#)

Technology - [Technology, Leadership & Strategy Initiative](#) & [High Performance Computing Initiative](#)

Strategy - [Compete 2.0](#)

Global - [Global Innovation Initiative](#)

Regional - [National Innovation Initiative](#) & [Regional Innovation Initiative](#)

Metrics - [Benchmarking: Where America Stands](#)

A number of countries have established global chapters of the Council and Ms Wince-Smith encouraged New Zealand to join them. For info on the council see: <http://www.compete.org>

AmCham would like to thank **Baldwins** for hosting this event.



Mike Hearn, Amcham, Deborah Wince-Smith & Philip Thoreau of Baldwins



Talent Management debate

AmCham hosted a panel discussion on 'Talent Management: How do we keep our best and brightest and how do we attract the best talent from abroad' with Rod Oram Political and Economic Commentator, Sunday Star Times, Ross McConnell Executive Director, Kea NZ, Gareth Chaplin Chief Economist, New Zealand Trade and Enterprise, Paul Kennedy CEO, Student Job Search

There were several clear messages:

- ◆ The skills shortage is a global issue. It can't be cured overnight and we cannot stop talent leaving.
- ◆ Most NZ businesses are SME's with limited opportunities so our talent will look offshore
- ◆ NZ needs better management practices and could learn from foreign owned companies
- ◆ NZ needs good infrastructure and an attractive tax system to keep, retain and attract talent.
- ◆ NZ business needs to better accept and integrate foreign migrants and Maori & Pacific peoples.
- ◆ NZ needs to better leverage our offshore global talent
- ◆ There is a large untapped community of students looking for work that Business need to engage with.

Copies of the panel's presentations are available on our website: http://amcham.co.nz/?page_id=389



Ross McConnell, Executive Director, KEA NZ; Paul Kennedy, CEO, Student Job Search; Rod Oram, Political & Economic commentator, Sunday Star Times & Gareth Chaplin, Chief Economist, NZTE.

FROM NEW ZEALAND TRADE AND ENTERPRISE

Quality revolution brewing in the US - by Ruth Le Pla

New Zealand is extremely well placed to reap the benefits of a quality revolution currently brewing in the US. <http://www.nzte.govt.nz/features-commentary/Features/Our-economy/Pages/Quality-revolution-brewing-in-the-US.aspx>

Signs of recovery in US wine market

<http://www.nzte.govt.nz/explore-export-markets/Export-Intelligence/Pages/Signs-of-recovery-in-US-wine-market.aspx>

Evolution in US food consumer demographics

<http://www.nzte.govt.nz/explore-export-markets/Export-Intelligence/Pages/Evolution-in-US-food-consumer-demographics.aspx>

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Pernod Ricard New Zealand proud supporter of AmCham.

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Darden Restaurants join sustainability consortium

<http://www.nzte.govt.nz/explore-export-markets/Export-Intelligence/Pages/Darden-Restaurants-join-sustainability-consortium.aspx>

US recovery could be stronger than expected

<http://www.nzte.govt.nz/explore-export-markets/Export-Intelligence/Pages/US-recovery-could-be-stronger-than-expected.aspx>

Analysts see US restaurant recovery

<http://www.nzte.govt.nz/explore-export-markets/Export-Intelligence/Pages/Analysts-see-US-restaurant-recovery.aspx>

M&A activity tipped to recover

<http://www.nzte.govt.nz/explore-export-markets/Export-Intelligence/Pages/MA-activity-tipped-to-recover.aspx>

US organic companies investing in supply chain

From Organics New Zealand

One of the biggest challenges to organic companies is ensuring a reliable supply of quality raw materials for their products. For this reason, a growing number of American companies are investing in the supply chain to guarantee that shelves remain stocked.

Judi Beerling, technical research manager at *Organic Monitor*, says this means companies have much better control over the raw materials they are sourcing, ensuring they are free of any contaminants or trace elements that could jeopardise organic status.

Ms Beerling adds, cost control is also a consideration for investing in the supply chain, but generally any cost reductions are likely to come about in the mid- to long-term, as the initial investment in this type of project is often significant.

But she points out there can be disadvantages to investing in the supply chain, especially given that natural and organic players are often smaller, with more limited resources, combined with the fact that many of the projects are in developing countries.

"You need specialists in that country or experts in the company who can help to cut the red tape and ensure that bureaucracy does not get in the way," she stresses.

Organic Monitor's upcoming Sustainable Foods Summit (Amsterdam, June 10-11) will focus on supply chain issues.

USDA lax in policing organics marketing

<http://www.kpic.com/news/business/88727612.html>

Wal-Mart in trouble again over organic marketing practices

<http://www.webwire.com/ViewPressRel.asp?ald=114912>

OTHER NEWS BRIEFS

Air NZ to code share with Continental Airlines

<http://www.nbr.co.nz/node/121295>

New Zealand artist the toast of Washington

<http://www.nbr.co.nz/node/121276>

NZVCA - www.nzvca.co.nz

NZ PE & VC Monitor release <http://www.nzvca.co.nz/NZVCMonitor.aspx>



PE Boot Camp 17-18 May <http://www.nzvca.co.nz/Event.aspx>

From NZBio – www.nzbio.org.nz

NZBIO will be submitting to the Ministry of Health on the development of a New Zealand-based regulatory system for natural health products that are sold in this country. Members with an interest in the regulation of natural health products are encouraged to contact Marc Lubbers to discuss this further. The closing date for this submission is Monday 17 May, only a week after BIO 2010, so please contact NZBIO as soon as possible.

BA interns available in Christchurch.

The B.A internship is project based, constructed around an identified need within an organisation. The interns are selected from the best 3rd year students and drawn from across the entire degree - 33 subjects - from American Studies, to Political Science, to Maori, to Media and Mass Communications. We work with for-profits and not-for-profits.

There are 2 ways organisations can engage with the university. One is to develop a specific project and work with an intern. The other is to donate to a scholarship for an intern to work on a specific project for a non-profit organisation, thereby demonstrating community involvement, developing a relationship with the university, while supporting the community-minded leaders of the future.

If you are interested see: www.arts.canterbury.ac.nz/internships and contact Dr. Jessica Johnston, Director, Bachelor of Arts Internships at the University of Canterbury.

TRADE, BUSINESS and INVESTMENT OPPORTUNITIES

Commercial News USA

The May-June 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_05_may_jun.pdf

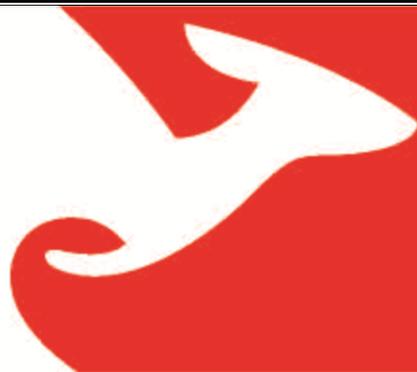
This issue includes the 2010 Think Global Exporters of the Year award winners.

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

See also www.exporthyellowpages.com



Supporting Amcham



Ooh L.A. L.A.

Premium Economy now available
between Auckland and Los Angeles.

For travel completed by 4 July 2010.



For details and to book visit qantas.com

That's the Spirit.



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.

Continental and United: If the plan proceeds, the combination of United Airlines and Continental Airlines will produce the second largest airline in the US, after Delta (which merged with Northwest Airlines). The new airline will be known as United, but we understand the logo and livery will be just like Continental's. The new airline will have 37% of slots at Chicago O'Hare (a United hub), 73% of slots at Newark and 87% in Houston (both Continental hubs). The international networks are quite complementary – Continental having the largest capacity of any airline on trans-Atlantic routes, as well as good South American coverage, and United having its real strength on the North Pacific to Asia. No news as to the plan of combining of the frequent flyer programmes; United Mileage Plus rates easily as one of the world's best frequent flyer programmes. Both airlines are currently members of Star Alliance.

Navigate around JFK: A reminder to opt for La Guardia or Newark instead of JFK when travelling to or through New York. Runway repairs at JFK will continue for another couple of months, and flight delays are inevitable.

Air New Zealand Skycouch pricing out now: Air NZ has given us the pricing on the new 'cuddle class' economy seating. The product will be introduced only on the airline's new Boeing 777-300 aircraft, the first of which goes into service mid-December on the NZ006 and NZ005 flights Auckland to Los Angeles (initially Wed/Fri/Sun, then daily from February). The upgrade charge is dependent on how many travellers you have – if you have three travellers just add \$200 total for three of you, if there are two of you travelling together just add \$400. We expect that these upgrades will increase once the airline has gauged the level of following for the product, and then once it becomes more widely available across the airline's route network. Ask your usual Business World Travel consultants to book you on the Skycouch if you're flying after December.

Qantas Seat Sale closes soon: Qantas has a very good seat sale available to the US, and the deadline for purchasing your tickets has been extended for our Business World Travel clients to 14 May 2010.

There is a great Los Angeles or San Francisco airfare available from \$1699 per adult (children age 2-15 years \$999 return) – and these fares are all inclusive, including fuel surcharges, taxes and transaction fees. Call any of our Business World Travel Consultants to book your travel on this special airfare, or contact our Executive Leisure Team if you'd like to plan a memorable holiday.

California free wheeling: Spring a special treat on the family and suggest a road trip. The nice twist will be that it's through California, where we have access to some great RV's – well appointed motorhomes. Explore magnificent coastal scenery, head into the astounding national parks, or explore beautiful towns such as Santa Barbara. We have a special offer available of an RV from NZ\$1399 per week (for travel 04 October – 29 November 2010). Ask our Executive Leisure Consultant Nigel Seidelin for information (nseidelin@bwt.co.nz).

Next key industry Trade Fairs:

Infocomm International – Information Communications Marketplace

09-11 June 2010 Las Vegas

MAGIC – Apparel

17-19 August 2010 Las Vegas

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>

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



MEMBER NEWS

AUT & AmCham Farewells A Visionary Educator

Professor Des Graydon, Dean of the Faculty of Business and Law at AUT University passed away surrounded by family on April 9 after a short illness.

Professor Graydon leaves a legacy of revolutionary tertiary education teaching and learning in New Zealand and tens of thousands of students and staff have benefitted from his passion and stewardship.

Professor Graydon joined AUT in 1980 as a lecturer in accountancy at AUT after a career in management and chartered accounting.

In 1984 he became the Head of the Accountancy and Law Department, before being appointed as the Dean six years later. As Dean he was a pivotal figure in launching AUT's business degree in 1992 which contributed significantly to AUT becoming a university in January 2000.

Under Professor Graydon's watch the AUT Business School has grown to become the second largest in the country with more than 5,000 enrolled business students from undergraduate through to MBA and PhD, and with 250 staff members.

As Faculty leader, Professor Graydon took an active role in appointing senior academics from New Zealand and overseas universities, growing the faculty's professoriate rapidly and significantly. The outcome has seen growth in AUT's research and scholarship profile to becoming one of New Zealand's leading academic centres in accountancy and finance, and employment relations.

Professor Graydon keenly supported the introduction of AUT's law degree and in 2008 expanded the Faculty to include a Law School. He was delighted too, to launch the AUT Venture Fund in 2009 whereby students could apply for a grant to fund a real business of their own creation.

It was Professor Graydon's wish to establish a scholarship for a business student so 'The Des Graydon Memorial Fund for a student scholarship' has been created through the AUT Foundation.

Professor Graydon served on AmCham Board for over three years. Our condolences to family and the AUT community.

New Member

Auckland International Airport Limited, Auckland - **Matthew Findlay**, Route Manager - Auckland Airport has been voted as one of the 10 best airports in the world two years in a row, and is a major driver of the economy. Auckland Airport generates billions of dollars for the economy, creating thousands of jobs, and making a vital contribution to New Zealand trade and tourism by strengthening connections with the world. www.aucklandairport.co.nz

Congratulations to:

The Icehouse makes *Forbes* magazine's top 10

http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10642353

People on the move

Peter Tuhill has been appointed Managing Director of **SunGard AvantGard**, taking over from **Wes Barnard** who has moved to China.

Murray Denyer has been appointed a Partner with **Cooney Lees Morgan**.

The Researched Medicines Industry Association has appointed four new board members:

Sean Evans, GM of Novartis New Zealand

Chris Hourigan, Country Lead at Janssen-Cilag

Stuart Knight, Managing Director of Roche Products (NZ)

Nicholas Leach, Commercial Director of Abbott Laboratories NZ.

New Zealand Trade and Enterprise has made nine appointments to its New Zealand-based management team.

Peter Bull, acting Group General Manager – Corporate Services.

Alan Crofts, Director – Networks

Andrew White, Director – Regions, Research and Business Services

Craig Armstrong, Director – Key Accounts

Dieter Adam, Director – Food & Beverage/Biotechnology

Hans Frauenlob, Director – Specialised Manufacturing

Kefeng Chu, Operations Director – China

Leone Evans, Director-Relationships

Richard Laverty, Director – ICT, Creative and Services

EVENTS & SERVICES

24th May – **Annual Trade Forum** in Auckland, 4.00-5.30 pm

27th May – **U.S. Ambassador David Huebner** lunch in Auckland.

9th June – **Brian Gallagher, Global CEO of United Way** - "Corporate Social Responsibility: Mutually-Beneficial Strategies for Business and Community. Is NZ keeping up?" lunch Auckland

15th June – **Ambassador Designate Mike Moore** in Auckland 4.30-5.30 pm

16th June **The Future of Mobile** Microsoft 22 Viaduct Harbour Ave 4pm. The mobile landscape is constantly changing. There are new products, new applications and companies optimising their web presence to ensure they can be found by potential customers and business partners. Hear from 2degrees, gardyneHOLT, TechnologyOne

16th Sept – **Annual Success and Innovation Awards Dinner** at Hyatt Regency Auckland.

bulletPR

PUBLIC RELATIONS

US NZ CONNECTIONS IN NEW ZEALAND

OSAC New Zealand 2010 Security Symposium - ****postponed****

The 2010 Security Symposium has regrettably been postponed. The Executive Working Group is working with the US Embassy on a new strategy and we will shortly be in contact with US companies here in NZ.

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

GENERAL

Seeking contract

Charlie Bluehawk, International Executive Corporate Consultant with 24 years of experience in Service Management, ICT, and Corporate Governance with companies such as NASA, JPL, Caltech, Raytheon, Hughes Aircraft, Disney, IBM, Toyota, Nissan, Amgen Pharmaceutical, 99 Cent Only Stores (US\$ 1 billion a year retailer), MTV, etc. Seeking contract. For more details see <http://www.charliebluehawk.com>

China and New Zealand teams reign supreme at the Vex Robotics Competition World Championship

Winners of the recently held VEX Robotics Competition World Championship were crowned this by Grant Imahara, host of the Discovery Channel's hit show MythBusters. Shanghai's Luwan high school team and New Zealand's Free Range Robotics and Kristin Doves teams triumphed as the winning alliance after defeating nearly 400 teams through multiple rounds of intense competition. Elite VEX teams from middle schools, high schools and universities representing 14 countries competed at the Dallas Convention Center

on April 22-24 with innovative robots they designed and built using the VEX Robotics Design System.

The VEX robots were engineered to play the game "Clean Sweep" with students applying their programming skills and strategic thinking to defeat the opposition. Participants of the VEX program compete throughout the year and learn critical life skills including leadership, teamwork and technical problem solving. Richard Paul, captain of the Free Range Robotics team from the winning alliance said, "VEX Robotics has taught us how to work together in high pressure situations. We're now better prepared to handle challenges because we've learned how to approach problems with different solutions."

The VEX Robotics Competition World Championship included qualifying teams from 14 countries including Brazil, Canada, China, Colombia, India, Japan, Malaysia, Mexico, New Zealand, Puerto Rico, Saudi Arabia, Singapore, the United Kingdom, and the United States for three days of non-stop, high-energy robotics challenges. The VEX Robotics program is the largest and fastest growing middle and high school robotics competition in the world, featuring 200 events with 2,600 teams representing 20 countries.

"At the VEX Robotics World Championship, students get to be the stars and are celebrated for applying what they learn in the classroom," said Paul Copioli, president of VEX Robotics. "Our commitment is to engage students in science, technology, engineering and math education to get them excited about pursuing technology careers."

This was the second year the New Zealand had sent teams with a group of 120, representing 16 high school teams, travelling to Dallas to compete. The following were crowned world Champions:

Tournament Champions - **Kristen School & Home School**

Autodesk Inventor Online Champions - **Rangitoto College**

Website Design Online Champions - **Home School**

Glenfield College received the Build Award, **Rangitoto College** the Cooperate Award, **Home School** the Energy Award and **Kristin School** the Think Award.

The New Zealand Robotics Charitable Trust would like to thank **Qantas** for assisting in getting the group to the USA.
www.vexrobotics.co.nz

Marketing Opportunities for Members

Don't forget members have the opportunity of:
For more details - phone 09 309 9140

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

Ring-fencing of rental income losses

As part of the reform of the NZ tax system, the tax treatment of property investment is picked to be one area of inevitable change. Various options have been identified, including those by the Tax Working Group, such as removing the ability to depreciate buildings, to the ring-fencing of rental income losses.

Especially controversial is the latter issue, which if implemented will affect a great deal of investors. As a result, the current tax treatment of rental losses is currently being hotly debated in NZ by various stakeholders, as the May 2010 budget looms.

NZ tax treatment

Under the 2007 New Zealand Income Tax Act, losses from rental income are currently not ring-fenced. This means that the losses are available for offset against other taxable income.

A common way of doing this is to incorporate a company and then register it as a tax entity known as a Loss Attributing Qualifying Company (LAQC). The loss from a rental property is then required to be attributed to shareholders, who then offset their personal share of the loss against their taxable income.

Whether using an entity such as an LAQC, or through direct investment, rental property investment has been enormously popular in NZ for years. The investor has enjoyed in some cases a three-way advantage: an income stream, tax relief through tax losses (after non-cash items such as depreciation have been deducted from cash income), and the potential for long-term capital gain.

There is much discussion in NZ at present as to whether a change in the tax rules for property investors will discriminate against property investors, or whether it is a well-overdue correction in a system that has long been, in the views of some parties, exploited by household New Zealanders.

It is interesting to compare the ability to offset rental losses in NZ with the situation in the United States.

US tax treatment

The ability to offset rental losses under US tax law is far more restrictive than under NZ tax law.

Rental losses fall under the umbrella of passive income and in the US are subject to what are known as the passive activity loss limitation rules. Losses from rental activities are one of two types of passive activities, the other being any trade or business activity in which there is no material participation by a taxpayer. These rules apply to individuals, estates, trusts, personal service corporations and closely-held corporations.

Rental activities are passive despite any material participation that may occur, unless the individual is a real estate professional.

The limitation is that losses from passive activities are generally only deductible against passive activity income. Losses that are incurred

that cannot be offset because there is no passive income against which to make the offset are carried forward and are available for offset against future passive income in future years.

However, some exceptions do enable rental losses to be offset against other non-passive income in limited situations.

Special \$25,000 allowance

Up to US\$25,000 can be offset against non-passive income if there is active participation (as distinguished from material participation).

Active participation in a passive rental real estate activity includes such activities as:

- approving new tenants,
- deciding on rental terms and/or
- approving expenses such as repairs.

The allowance is abated for joint modified adjusted gross income (as defined) of up to US\$150,000.

Exclusions from the definition of passive activities

Some activities are specifically excluded from the definition of passive activities. One such activity is where the taxpayer materially participated as a real estate professional.

The definition of for material participation allows any one of seven different tests to qualify for material participation, based on time (500 hours) substance, and prior years' qualifying as material participation to name a few.

Real estate professionals are defined as having performed more than half of their personal services and more than 750 hours of services in real property trades during the tax year. They are then excluded from the definition of passive activities.

The passive activity loss limitation rules are complex; other restrictions exist.

This article provides general information which is current at the time of publication. The information contained in this article does not constitute advice and should not be relied upon as such. Professional advice should be sought prior to actions being taken based on the information contained in this newsletter.

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