

**Discussion Paper on the Complying Investment Framework (CIF) for
the Business Innovation and Investment Program (BIIP)**

Submission from the Department for Innovation and Skills, Government of
South Australia

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1. Should the ratios currently applied by the CIF to the Significant Investor visa remain?

South Australia aspires to be the destination of choice for new industries and entrepreneurship and the State Government is committed to supporting local startups and entrepreneurs to grow and thrive. Consistent with this, the Department for Innovation and Skills would support a rebalancing of the CIF ratios for the Significant Investor (SIV) visa away from balancing investments and more weighted to investment in emerging companies.

The latest data from Home Affairs shows that Victoria and New South Wales account for 85% of SIV visa grants nationally.¹ South Australia has historically seen a low uptake in the SIV visa, with less than 3% of applications lodged nationally in 2020-21. This is a similar trend to other investment ready, regional jurisdictions.

With the cessation of the permanent subclass 132 visa from July 2021, the ability of the BIIP to deliver benefits for all jurisdictions should remain a focus for the Commonwealth and the settings for the new program. In our submission to the national BIIP review in January 2020, it was proposed that the 'designated regional areas' definition could be utilised to establish concessions that encourage investment in regional Australia.

For the SIV this could be applied as a reduction to the investment threshold from \$5 million to \$3 million for nominating states and territories where the whole of the jurisdiction is defined as a 'designated regional area' (category 2 and 3). This would therefore include South Australia, Western Australia, Tasmania, the Northern Territory, and the Australian Capital Territory.

It is recommended that the SIV application fee (\$7880) also be reduced for these regional areas as a further incentive to encourage investment.

2. How should the CIF be applied to the Investor Visa?

The Department for Innovation and Skills supports the application of the CIF to the Investor (IV) visa as it could provide more economic benefits to Australia than an investment into a government bond would. In relation to the three options for applying the CIF to the IV visa, South Australia supports Option 2 - however, it is

¹ DHA, 2021 January BIIP SMOG Report, p2

proposed that a minimum amount of \$500,000 be set for an investment into emerging companies rather than it being at the discretion of the client.

If the CIF is to apply to the \$1.5 million IV visa, then consideration needs to be given to how it will be distinct from the \$5 million SIV visa. It is assumed that the IV visa will continue to have more onerous eligibility criteria and a longer residency requirement (both length of time and time spent onshore) to achieve permanent residency when compared to the SIV visa.

Similar to the suggestion above for a regional concession to the SIV visa, the IV visa with its lower investment threshold could be reserved for nominating states and territories where the whole of the jurisdiction is defined as a 'designated regional area' (category 2 and 3).

3. Changes to the types of funds eligible to offer complying investments.

The Department for Innovation and Skills supports any measures that the Commonwealth can put in place to enhance the integrity of those funds offering complying investments.

4. What are your views on the following options to address potential integrity concerns, provide greater clarity in the CIF and to ensure the benefits to the Australian economy are realised.

The Department for Innovation and Skills supports any measures that the Commonwealth can put in place that enhances the integrity of the Complying Investment Framework.

5. Should fund managers be required to provide annual independent audit reports to show their compliance with the CIF legislative instrument?

The Department for Innovation and Skills supports any measures that the Commonwealth can put in place that enhances the integrity of the Complying Investment Framework.