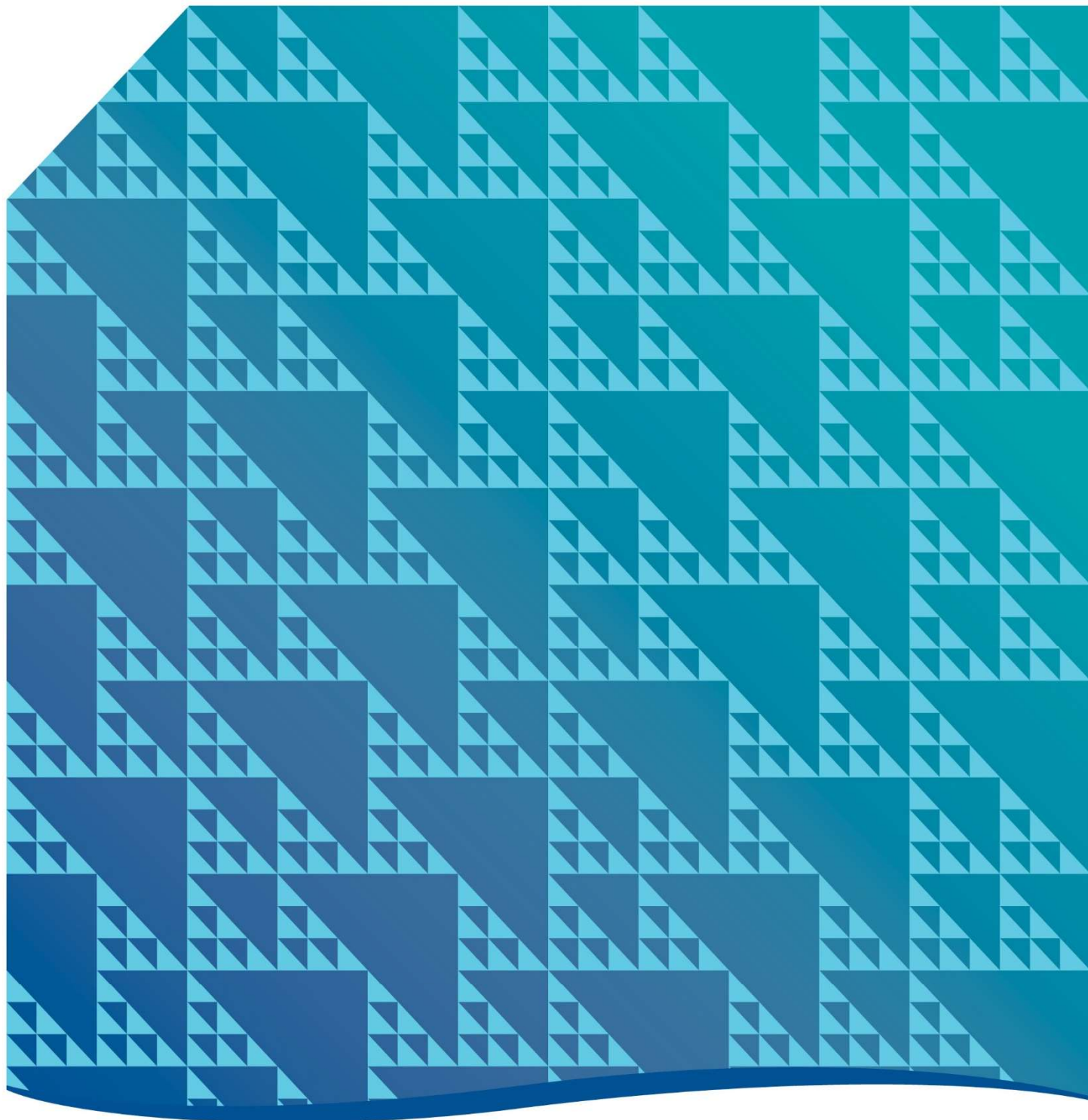


Submission to the Department of Home Affairs on the Business Innovation and Investment Program (BIIP)



Contents

Submission to the Department of Home Affairs on the Business Innovation and Investment Program (BIIP)..... 1

Introduction:..... 1

 The Tasmania context:..... 1

 Minimum Investment amounts for Investor visas:..... 2

 1. How can the investment thresholds be increased to provide the best outcome for Australia? 2

 Investment composition of investor visas: 2

 2. How could we achieve better outcomes for the Australian economy through the composition of designated investments for the Investor and Significant Investor visas?..... 2

 Streamlining the BIIP visa program..... 3

 3. How could a simplified BIIP framework make the program more efficient and effective in maximising benefit to Australia? 3

 Encouraging higher levels of investment and more investment and business innovation activity in regional Australia..... 3

 4. How can the points test be adapted to encourage investments above the minimum threshold?..... 3

 5. How can incentives be provided to encourage prospective migrants to operate a business in regional Australia?..... 4

 Implementation of changes 4

 6. What factors should be considered in introducing any changes, including phasing in changes over time?..... 4

Introduction:

Migration Tasmania, administrating the Tasmania Government's Business and Skilled Migration nomination program, welcomes this opportunity to provide input on the Business Innovation and Investment Program (BIIP) via this consultation process.

Please find below submission from Migration Tasmania in response to the consultation questions outlined in the consultation paper: Business Innovation and Investment Program: Getting a better deal for Australia.

The Tasmania context:

Although the numbers of nominated business migrants are low, ranging from 11-18 nominees annually across the past few years and peaking with 20 nominations in 2018-2019, the economic contribution of their investments into Tasmania continues to increase.

For instance, investments reported in FY2012-13 totalled \$4.7 million, increasing to \$23.5 million in 2015-16 and \$31.55 million in 2018-19. From 01/07/2018 to date, the 36 nominated businesses have undertaken to create 172.5 full time jobs and to generate 61.66 million into the Tasmania economy.

	2018-2019	1/7/2019 to date	(Totalled) 1/7/2018 to date
Nominations	20	16	36
Promised investment	\$31,550,000	\$30,110,000	\$61,660,000
Promised Full time job creation	68	104.5	172.5

Majority of Tasmania's nominations are for Business Talent subclass 132 visa - Significant Business History Stream and for Business Innovation and Investment subclass 188 visa - Business Innovation Stream and Investor Stream.

In Tasmania, state-nominated business migrant investments take many forms including property developments, farming projects including the purchasing of premises and equipment, leasing of retail outlets, agricultural exports, tourism, accommodation and consultancy services.

Tasmania's economy has experienced extraordinary growth with ABS data recording Tasmania's Gross State Product (GSP) grew by 3.6 percent last year - the fastest pace in 15 years. However, the Tasmania Government is keen to see the economic growth being shared across the entire State, especially in its Northern regions in Launceston and Devonport. Accordingly, the Tasmania's business migration nomination requirements have encouraged prospective investors to invest outside Greater Hobart.

Minimum Investment amounts for Investor visas:

1. How can the investment thresholds be increased to provide the best outcome for Australia?

Migration Tasmania recognises that the current BIMP investment thresholds have remained unchanged since its introduction in 2012 and supports them to be reviewed and adjusted to reflect the contemporary needs of state and territories and the Australia economy.

Migration Tasmania supports a three-tiered minimum investment amounts to be introduced in view of the new regional definitions with higher investment amounts being required for major cities, followed by a modest increased threshold being introduced for city and major regional centres such as Hobart.

To encourage prospective investors to invest outside Hobart and to help drive growth in our northern regions, Migration Tasmania supports the current investment thresholds to be maintained for investors seeking to invest in regional centres and other regional areas.

Migration Tasmania supports the following increase for prospective investors investing in city and major centres:

For subclass 188/888 - Business Innovation and Investor (for city and major regional centres):

Business Innovation stream: net transferrable assets to be increased from \$800,000 to \$1,000,000 for business owners to establish or conduct a business in Australia.

For subclass 132 - Business Talent (for city and major regional centres):

For current threshold requirements to be increased requiring business investors to have:

- an annual business turnover of at least AUD\$3 million to 4 million in their existing business
- more than 10% ownership to more than 15% ownership of a publicly listed company or more than 30% ownership to 40% of a business with more than \$400 000 to \$500 0000 turnover or 51% ownership of a business less than \$400 000 turnover to \$500 0000 turnover.
- transferable assets of more than AUD\$1.5 million to more than 2.5million.

Investment composition of investor visas:

2. How could we achieve better outcomes for the Australian economy through the composition of designated investments for the Investor and Significant Investor visas?

Migration Tasmania recognises that better outcomes can be achieved through a better targeted composition of investments for the Investor and Significant Investor visas.

Migration Tasmania supports the approach of the composition of investments to go beyond government bonds. As the needs and investment opportunities for different state and territory varies, Migration Tasmania welcomes a framework that affords the Tasmania government more flexibility in putting forth timely investment compositions that encourage investors to channel investments to particular projects, funds and industries to help boost Tasmania's economy.

Streamlining the BIIP visa program

3. How could a simplified BIIP framework make the program more efficient and effective in maximising benefit to Australia?

Migration Tasmania supports a clear articulation and purpose of the BIIP program, whether it is to support regional investment or attraction of entrepreneurs or seasoned investors, this can help identify its purpose as well as its remit.

Noting the low uptake of the entrepreneur stream under subclass 188, Migration Tasmania recommends for the removal of this stream, especially in view of similar products that could be harnessed to include similar investors under the Global Talent visa. Alternatively, a better linkage could be provided between this stream to the temporary subclass 408 visa piloted under the Supporting Innovation in South Australia (SISA) so as to provide applicants under the piloted visa a permanent visa pathway.

Given the low up-take and the challenges of potential fraud associated to the 132 Venture Capital Entrepreneur stream of which Migration Tasmania has limited resourcing and legislative backing to investigate and assess, Migration Tasmania supports the removal of the 132 Venture Capital Entrepreneur stream or for the stream to be re-directed to an existing visa product that does not require state nomination.

With 132 Business Talent stream, Migration Tasmania recognises that to maximise benefit of this visa to Australia, the current monitoring and compliance framework will need to be reviewed and necessary changes being made to introduce new conditions to the 132 visas and a more robust second-stage monitoring and compliance framework mandating re-endorsement of state and territory nomination and more cancellation powers being introduced to address fraudulent claims or failure of businesses to deliver promised investments and/or jobs creation in nominated state or territory.

While Migration Tasmania supports the streamlining of the program, it is important that appropriate resources are dedicated to support the processing and monitoring/compliance activities associated to the program.

Encouraging higher levels of investment and more investment and business innovation activity in regional Australia

4. How can the points test be adapted to encourage investments above the minimum threshold?

Migration Tasmania recognises limitations in the current points test and recommends the following changes to be made:

- Redistribution of points be awarded towards business turnover and net assets compared to age.
- Redistribution of points with more points awarded to business experience compared to age and qualifications.
- Redistribute points awarded from business innovation qualifications towards businesses that create a potential pathway for younger business investors, including international graduates, to start a new business or purchase an existing business that is beneficial to state and territory, with extra points awarded to businesses that contributes to key industries in the state and territory.
- Extra points provided to business established in cities and major regional centres with further points for businesses established in regional centres and other regional areas.
- extra points or priority processing be provided at the 888 stage for businesses that demonstrates that it has excelled and created more economic benefits and jobs beyond what has been expected as a minimum.

5. How can incentives be provided to encourage prospective migrants to operate a business in regional Australia?

Further to responses provided in question 1 and 4, Migration Tasmania supports more incentives to be provided to business migrants that operate a business in regional Australia in cities and major centres as well as regional centres. Incentives can include priority visa processing, waivers (such as age concessions), higher quota being provided to regional areas and extra points allocations for businesses established in regional areas.

Implementation of changes

6. What factors should be considered in introducing any changes, including phasing in changes over time?

Migration Tasmania welcomes genuine consultation being undertaken as part of the change process. In particular, Migration Tasmania supports a lead time of at least 6 months coupled with additional quota being provided to state and territory partners during the transitional year/ period to tackle spike in applications prior to the new changes being introduced.

Migration Tasmania supports grandfathering arrangements to be provided and clearly articulated to state and territory partners as well as key stakeholders such as Migration Institute of Australia (MIA).

Migration Tasmania also supports any changes made to the program to remain for at least 4 years to allow for data collection and analysis on the effectiveness of the new program settings.



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