

Business Innovation and Investment Program

- Australia's Business Innovation and Investment program (BIIP) targets migrants who have a demonstrated history of success or talent in innovation, investment and business and are able to make a significant contribution to the national innovation system and the Australian economy.
- Within the BIIP, there are provisional and permanent visa options for:
 - **Business people** with a range of business skills who want to establish, develop and manage a new or existing business in Australia.
 - **Entrepreneurs** who have a funding agreement from a third party to undertake an entrepreneur activity that is proposed to lead to either the commercialisation of a product or service or the development of a promising, high-value business in Australia.
 - **Investors** who want to make a specified investment in the Australian economy and maintain business and investment activities in Australia.
- The majority of BIIP migrants enter Australia on a provisional visa for a minimum of four years. After this period they can apply for a permanent visa if they can demonstrate they have fulfilled the requirements. An extension of the provisional period is available for two streams.
- The BIIP has continued to fill its allocated Migration Program places. Since 2014-15 places were set at 7,260, places were reduced in 2019-20 to 6,862, and increased to 13,500 in 2020-21.
- The BIIP made up 4.6% of the Skilled stream grants in 2019-20.
- The current program was created in 2012, to replace the previous Business Skills program. At this time the direct to permanent Business Talent streams were retained, but the provisional to permanent pathway was substantially altered, removing the independent streams to focus on a State and Territory nominated program.
- The top ten nationalities for BIIP grants are: China, Vietnam, Malaysia, Iran, Hong Kong, South Africa, India, Bangladesh, United Kingdom and Taiwan.

BIIP consultation findings

- On 19 December 2019, Minister Tudge announced a public consultation process, seeking submissions from stakeholders to inform the Department's review of the Business Innovation and Investment program (BIIP) with a view to getting a better deal for Australia. The consultation process closed on 14 February 2020.
- Stakeholders were asked for their views on whether:
 - There are opportunities to streamline the BIIP to maximise the value program generates.
 - Increased investment thresholds and different investment types could provide better economic benefits to Australia compared to the current settings used for the Investor visa and Significant investor visa.
- Stakeholders provided written responses to six questions outlined in the consultation paper:
 1. How can the investment thresholds be increased to provide the best outcome for Australia?
 2. How could we achieve better outcomes for the Australian economy through the composition of designated investments for the Investor and Significant Investor visas?
 3. How could a simplified BIIP framework make the program more efficient and effective in maximising benefit to Australia?
 4. How can the points test be adapted to encourage investments above the minimum threshold?
 5. How can incentives be provided to encourage prospective migrants to operate a business in regional Australia?
 6. What factors should be considered in introducing any changes, including phasing in changes over time?
- 41 written submissions were received and nine roundtable discussions were held with a range of stakeholders, including state and territory governments, Commonwealth agencies, fund managers and migration agents.

BIIP consultation findings: summary (part 1)

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

- Changes to thresholds should be approached with caution.
 - One fifth of responses suggested increasing the Significant Investor visa (SIV) to between \$6 million and \$10 million. More than half of those who commented on the SIV advised not to change the threshold.
- More agreement that the Investor visa (IV) threshold could be increased from the current level of \$1.5 million.
 - Close to half of responses on the IV suggested increasing it to between \$2 million and \$3 million.
- There was more general agreement that business asset and turnover requirements should be increased.
- There was more general agreement that business asset and turnover requirements should be increased from the existing levels of \$800,000 and \$500,000. Some suggested increasing by 50 per cent; others advised to double it.

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

- The Complying Investment Framework (CIF) is now generally understood and supported, moving away from this should be treated with caution.
 - Mixed feedback on the composition of the CIF.
 - Common suggestions include allowing more flexibility by combining Venture Capital (VC) and Emerging Companies sections, or supporting more innovation by increasing VC component. Some stakeholders advised that increasing the venture capital ratio above 10 per cent would create greater risk to the applicants by raising the risk profile of their investments beyond normally advised levels.
- More than a third of submissions agreed that IV funds should be moved away from state and territory government bonds into more active investment. Most of these suggested using parts or all of the existing CIF.

BIIP consultation findings: summary (part 2)

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

- Many submissions supported simplifying the BIIP by reducing the number of streams. The provisional to permanent streams are the most supported, with many noting it is hard to manage compliance for the direct to permanent streams.
- The most common visas suggested to be ceased are the:
 - Premium Investor visa (more than half of submissions)
 - Entrepreneur visa (a third of submissions)
 - Venture Capital entrepreneur visa (two thirds of submissions)
- There were multiple suggestions to cease the IV if the investment was to be continued into state and territory bonds.

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

- There is common agreement that additional points could be offered for higher investments above the IV requirements as a means to select higher value investors for limited and valuable BIIP migration places.

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

- There were many suggestions that additional points could be awarded for committing to a regional business.
- Priority processing could also be offered to encourage regional businesses or investment.

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

- Most agreed that a lead time of at least four months would be necessary to enact changes.
- Good communication of the implementation timeframe would be best and many supported a phased implementation.
- A plan would also be needed to deal with any spike in applications that would occur prior to the changes coming into effect.

Review Outcomes

The Government will put in place measures to ensure the BIIP is well-placed to support Australia's post-COVID-19 economic recovery by maximising its economic contribution.

Key changes (in effect from July 2021):

- From 1 July 2021, the program will be simplified from nine to four visa streams: Business Innovation, Entrepreneur, Investor, and Significant Investor. There will be a clear pathway to permanent residency for each category.
- The Premium Investor, Significant Business History and Venture Capital Entrepreneur visas will be closed to new applications from 1 July 2021. Applications already lodged for these visas will still be processed.
- Provisional visa holders in all four streams will be able to apply for permanent residence if they meet the requirements after three years, but the provisional visa will now be valid for five years, meaning they have additional time to meet the requirements.
- Business Innovation and Significant Investor visa holders will also continue to be able to extend their provisional visas if they do not meet the business and residence thresholds in the required timeframes.
 - Business Innovation provisional visa holders can apply for a two year extension provided they demonstrate a realistic commitment to continuing to manage a business that has been actively operating in Australia for the previous two years.
 - Significant Investor provisional visa holders can apply for two 2 year extensions provided they continue to maintain their complying significant investment.
- The requirements for Business Innovation visa holders will be increased to ensure the program is attracting migrants with proven business skills. Business Innovation visa holders will be requirement to hold business assets of \$1.25 million (up from \$800,000) and have an annual turnover of \$750,000 (up from \$500,000) to prove their business acumen.
- The \$200,000 funding threshold required for Entrepreneur visa applicants will be scrapped, but applicants will need to be endorsed by a State or Territory government.
- The Government will also be consulting widely with industry to inform changes to the Complying Investment Framework.

Implementation: July 2021

- Legislative changes to give effect to these measures are scheduled for introduction in July 2021.
- Any changes to the framework will be announced in the early half of next year, with sufficient time for businesses and investors to adjust.
- Further information about the changes will be made available on the Department of Home Affairs website.