

submission

As an applicant for the 188B visa, I was invited by Austrade to submit my comments on the home affairs business innovation and investment program review.

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

The investment threshold for the IV is at AUD 1.5m and the SIV at AUD 5m. If this counts for less than 0.7% of the value state government bonds, an increase even by 100% would not have a significant effect.

Most probably the total investment is far higher, as the applicants needs to transfer extra money, based on the state requirements (NSW regional 2.25m and 3m Sydney). Moreover applicants, especially for the IV, relocate to Australia and will bring most of their assets in time to Australia, as they have the obligation to stay 2 out of 4 years in Australia.

An increase to AUD 2m (IV) and AUD 7.5m (SIV) might be an option to reduce the number of applicants slightly, but not significantly.

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 program cannot be considered less attractive as there are more applicants than available space. If you check the worldwide migration numbers of HNWIs, Australia is the number one destination. This is not because of the visa program, but because of the standard of living in Australia.

If I get the numbers right, there is a very high percentage of migrants from China/HK and other Asian countries and a very low number from the rest of the world. I assume that a significant number of visas are granted are to people who are real estate investors in their home countries. The global value of real estate increased dramatically since 2012, therefore far more potential investors are able to match the visa criteria and will be able to match them in the future.

In case these assumptions are correct, a significant number of investor migrants are real estate investors. But a real estate investor might not start a business, grow it and employ people. The benefit for the Australian economy is less, than an investor, who is capable to establish a company with a sustainable business.

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

Besides the 188 visa stream, there is the 132 visa stream. Why not merge the two streams into one? Based on the points, an investor who will start a business in regional Australia will be processed first. The more he invests, the higher his points, the faster he will get the visa. On the other end, a real estate investor (financial investor) who wants to move to Sydney will have to wait longer as this contributes less to the Australian economy.

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

One of the main problems for an investor is the processing time of the visa. Besides the fact, that there is no information regarding the processing time on a specific case, the average processing time is 20-26 month. Moreover, the requested documentation is very time and money consuming. In total, an average timeframe from taking the decision to migrate till the visa is granted is more than three years.

An investor who seeks to start a new business might not be willing to wait three years, a financial real estate investor easily can do so, as the money stays invested in real estate in the meantime.

If the goal is to encourage investments into non-real-estate businesses, it would be helpful to reduce the processing time and give the investor a clearer status of his application processing time. This could be achieved by processing applications with a higher point faster.

The point test could be improved to give higher points to those applicants with a successful business history and high financial assets. For example, the maximum of 35 points for more than AUD 2m turnover is far too low. Why not giving 35 points for more than AUD 10m turnover? Or 5 points for each AUD 1m the investor will bring to Australia.

As well, someone who will bring his family and has dependent children (especially those who still have to go to school), are more likely to settle in Australia and to integrate in society.

For example:

- 35 points to go to regional Australia
- 10 points for every AUD 1m of personal assets (willing to transfer to Australia)

- 10 points for every AUD 1m of business turnover.
- More options/ points for business innovation qualifications
- 10 points for Migrate with a partner and 15 points for each dependent child

Finally, the more points, the more likely the application will be processed faster than the others. Therefore, a high potential applicant will be encouraged to bring more assets and his family to Australia.

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

In my opinion processing times are a significant factor for migrants. The decision to leave the country of origin and move to another country is not a simple one. Preparing the application costs a lot of time and money, especially preparing the needed documentation. The processing time is by far the longest period of the process. Reducing the processing time applicants might be willing to choose regional Australia instead of the capital cities. This could be a factor in the point test by giving extra points to those who are willing to live at least 4 years in regional Australia.

Moreover, the investment requirements for immigrants moving to a capital city could be far higher. Right now, the difference between NSW regional and Sydney is only AUD 0.75m for the IV. By increasing the surcharge for capital cities, the number of applicants for regional should increase.

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

Australia is the number one destination for HNWIs. Pls. refer to the Global Wealth Migration Review by New World Wealth from South Africa. The report shows, that the motivation of the HNWIs is the standard of life, not the business opportunities, why they choose Australia. Therefore, the demand exists and will increase due to worldwide wealth growth and lack of other destinations.

In my opinion, Australia should adjust their business migration program to the fact, that HNWIs are moving to Australia to have a better life. The visa program should support those, who are willing to contribute more to the Australian society and should impede those, who are looking for a second citizenship by investing into real estate/ financial investments.

A clear pathway to PR and citizenship is mandatory to attract the high potentials with a clear commitment to Australia.