Business Innovation and Investment Program: Getting a better deal for Australia

Consultation process

Introduction

This consultation process seeks views on whether:

- there are opportunities to streamline the Business Innovation and Investment program (BIIP) to maximise the value the 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 (IV) and Significant Investor visa (SIV).

The Department of Home Affairs undertook a review of business, investment and talent visas (the review) in 2017 in conjunction with Austrade. Key findings of this review were:

- monitoring and evaluation were challenges at this early stage of the BIIP's maturity partly as a result of the provisional to permanent visa construct and the young age of the program. As the program was introduced in 2012 and the Complying Investment Framework for the SIV revised in 2015, there was limited data available for evaluation;
- based on the available evidence, Australia is deriving benefits from business and investor migrants. Using updated statistics, since 2012, 2264 primary SIV visas (as of 31 October 2019) have been granted resulting in over $11.32 billion SIV investments in Australia's economy; and
- opportunities to minimise passive investment and drive innovative businesses by recalibrating programs should be explored.

Program overview

The 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. The program includes three visas and nine visa streams for investors, business owners and entrepreneurs.

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 meet certain visa requirements.

All applicants are required to meet Australia's security, character, identity and health requirements as specified in the Migration Act 1958 and Migration Regulations 1994. Funds must be lawfully acquired and unencumbered. Integrity measures include assessing an applicant's financial arrangements and history, including verifying fund sources with the Australian Transaction Reports and Analysis Centre (AUSTRAC) and referring cases, where appropriate to the Australian Federal Police.

In 2019-20, 6,862 visa places have been allocated to the BIIP, representing 6.3% of the skill stream of the migration program.

Category	2019–20 Planning Levels
Skill stream	
Employer Sponsored	30,000
Skilled Independent	16,652
Regional *Skilled Employer Sponsored Regional* *Skilled Work Regional*	25,000 10,000 15,000
State/Territory Nominated	24,968
Business Innovation and Investment Program	6,862
Global Talent Program	5,000
Distinguished Talent	200
Skill Total	108,682
Family Stream	
Partner	39,799
Parent	7,371
Other Family	562
Family total	47,732
Special Eligibility	236
Total Migration Program	156,650
Child (outside the Migration Program ceiling)	3,350
Total permanent migration places	160,000

Providing a submission

We welcome written submissions in response to the consultation questions. Please send your submission to us by email: by close of business **14 February 2020**, and address it to:

The Director, Skills and Innovation Policy Section

Migration Planning and Visa Policy Branch

Department of Home Affairs

Submissions received after this deadline may not be considered. Please note that we do not intend to publish submissions but might share the content with other parties such as state and territory governments or other Commonwealth agencies. Please advise in your submission if you do not want it to be shared outside the Department of Home Affairs.

Consultation topics

Your input on the following topics will assist in the development of the review, noting that the key objective is to maximise the benefits of investments to the Australian economy through the Business Innovation and Investment program.

Minimum investment amounts for investor visas

The minimum investment thresholds for Australia's IV and SIV have not changed since the visas were introduced. These are:

- Investor – $1.5 million for four years, introduced in July 2012
- Significant Investor – $5 million for four years, introduced in November 2012

Demand for the visas exceeds the supply of visas currently offered through the Migration Program.

Internationally, over 100 countries have programs to encourage business and investment migration. Despite Australia's thresholds being higher than many other countries, this program has had continued and increasing demand.

Currency fluctuations have had little impact on demand for investment visas, indicating that there is a low correlation between demand from a given country and the value of the minimum threshold in home-country currency.

Investment behaviour and measures of wealth indicate that applicants have some capacity and willingness to invest above the current thresholds.

These factors suggest that demand is not very sensitive to changes in the minimum investment thresholds at the margin. An increase in investment thresholds for investor visas is one way therefore to maximise returns to Australia's economy.

Our question to you

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

Investment composition of investor visas

Significant Investor visa (SIV) holders must make investments that meet the requirements specified in the Complying Investment Framework. It currently requires each SIV holder to invest:

- at least $500,000 (10%) in eligible Australian venture capital or growth private equity (VCPE) fund(s) that invest in start-up and small private companies.
- at least $1.5 million (30%) in an eligible managed fund(s) or Listed Investment Companies (LICs) that invest in emerging companies
- the remaining portion of the $5 million investment amount in managed fund(s) or LICs that invest in eligible assets, including Australian listed securities, eligible corporate bonds or notes, annuities and real property (subject to a 10 per cent limit on residential real estate).

The current format for the Complying Investment Framework was introduced in July 2015, and directs part of SIV investments to higher risk investments that support emerging enterprises, the

commercialisation of Australian ideas, and research and development. Prior to that, the focus of investment was into passive options including government bonds.

The Investor visa directs investments into Australian state or territory government bonds. It is not subject to the Complying Investment Framework.

There are currently over $250 billion of state government bonds on issue in Australia.[1] Since their introduction, there have been 1,193 IVs granted to primary applicants (as of 31 October 2019), meaning a total of $1.79 billion required to be invested in state of territory government bonds. This accounts for less than 0.7% of the value of all state government bonds currently on issue.

Our question to you

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

Streamlining the BIIP visa program

Currently, the program includes three visas and nine visa streams for investors, business owners and entrepreneurs, including two direct to permanent residence streams, five provisional to permanent residence streams and two extension streams.

Multiple visa options with different visa requirements for the same cohorts of clients may make the program less attractive to prospective migrants.

Our question to you

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

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

The Business Innovation and Investor streams of the BIIP program are points tested. Prospective migrants are required to meet the pass mark, currently set at 65, of the Business Innovation and Investment points test. It awards points to personal and business innovation attributes and includes objective measures of business performance and investment experience.

The points test is designed to remain flexible in responding to changes in the economy by selecting migrants who can offer the best economic benefit to Australia.

While the points test seeks to rank migrants according to their potential contribution to the Australian economy, visa processing occurs on a first come first served basis, without reference to how high they have scored in the points test or the size of the investment an applicant may be proposing to make.

[1] RBA, 'Bond Issuance' (September 2019).

The Business Innovation and Investment points test

Factor	Description	Points
Age	18–24 years	20
	25–32 years	30
	33–39 years	25
	40–44 years	20
	45–54 years	15
English language ability	Vocational English	5
	Proficient English	10
Educational qualifications	Trade certificate, diploma or bachelor degree	5
	A Bachelor degree in business or STEM	10
Financial assets (net business and personal assets)	Not less than AUD800,000	5
	Not less than AUD1.3 million	15
	Not less than AUD1.8 million	25
	Not less than AUD2.25 million	35
Business turnover	Not less than AUD500,000	5
	Not less than AUD1 million	15
	Not less than AUD1.5 million	25
	Not less than AUD2 million	35
Business experience (Business Innovation stream only)	Not less than 4 years within the preceding 5 years	10
	Not less than 7 years within the preceding 8 years	15
Investor experience (Investor stream only)	Not less than 4 years	10
	Not less than 7 years	15
Business innovation qualifications	Registered patents or designs	15
	Registered trademarks	10
	Joint Ventures	5
	Export trade	15
	Gazelle business	10
	Government grants or venture capital	10
Special endorsement	From the nominating State or Territory government	10

Our questions to you

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?

Implementation of changes

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