

Review of Australia's business, investment and talent visas Department of Immigration and Border Protection

I welcome the opportunity to provide input into the Review of Australia's business, investment and talent visas programmes, something that is extremely important for economic growth and to create greater opportunities in South Australia and other regional, low population growth and economically challenged jurisdictions of Australia.

As with most migration programs, usage and programme outcomes is heavily weighted towards big cities and areas experiencing high population growth and migration outcomes.

In the 12 months to December 2016 [ABS 3101.0](#) shows that the total population growth of Australia was 372,800.

Australia's top 4 states (Victoria, NSW, QLD and WA) recorded combined growth of 352,100, whilst Australia's bottom 4 states and territories (SA, Tasmania, the NT and the ACT) recorded combined growth of only 20,700.

In a similar vein, the Departments [2015-16 Migration Programme reports](#) shows that the states/territories that attracted the largest number of permanent migrants were:

- New South Wales with an outcome of 61,742 (32.5 per cent);
- Victoria with 47,516 (25.0 per cent);
- Western Australia with 22,488 (11.9 per cent); and
- Queensland with 21,860 (11.5 per cent).

These states attracted 80.9% of the total migration program. This figures do not include student or 457 outcomes or other temporary visas.

The Departments report also includes information on the Business Innovation and Investment Programme (BIIP) which shows that the 2015–16 outcome for the BIIP was 7260 places.

It reports that demand for places in this category decreased by 26.8 per cent in 2015–16, with 8954 applications made compared to 12,225 applications made in 2014–15. This demonstrates that either demand for Australian Business visas is decreasing, or that the relevant rules, guidelines, policy and regulations are not set at an appropriate level.

The BIIP pipeline (applications lodged but waiting to be processed) also decreased over the 2015–16 programme year by 9.7 per cent (1018 persons) from 10,451 persons as at 30 June 2015 to 9433 persons as at 30 June 2016, following an increase in applications lodged in late 2014-15 prior to changes to the Significant Investor Visa (SIV) introduced on 1 July 2015.

In the 2014-15 programme year to the 30th of June 2015, the Departments [State and Territory Migration Summary June 2015](#) at Table 1.09 shows BIIP outcomes.

State/Territory	BIIP Grants (all grants)
Victoria	4,329
NSW	865
WA	666
QLD	274
SA	272
Tasmania	26
ACT	9
NT	<5
Not Specified	39
TOTAL	6,484

Consistent with previous trends, statistics and migration outcomes, Victoria, NSW, WA and QLD account for 6134 out of 6,484 BIIP visa grants to the 30th of June 2015, representing 94.6% of all BIIP visas granted throughout this period.

This review is said to assess whether these visa programmes enable Australia to target and attract the best business migrants, entrepreneurs, investors and distinguished talents who will make a valuable contribution. It is clear from these outcomes that in SA, Tasmania, the ACT and the NT who only attract 5.2% of all BIIP outcomes, that the current settings of the program are not advantageous in attracting business migrants, entrepreneurs and investors to these jurisdictions.

With regards to distinguished talent visas, I believe the number of positions available within the migration program should be uncapped, rather than the current cap of only 200 visas per year. The current cap of 200 total visas (including family members) saw only 82 primary Distinguished Talent visas granted in the 2014-15 programme year ([table 1.13](#)). A new entrepreneurial stream should also be introduced to this programme in addition to applicants who have an internationally recognised record of exceptional and outstanding achievement in a profession, a sport, the arts or academia and research.

With regards to the BIIP programme as with many other programmes within the Australian migration framework, rules, regulations, policy and guidelines are based around big city migration and not on the unique and individual needs of smaller states, territories and jurisdictions where an overall increase in population and migration outcomes would generate economic growth, development and investment, and maintain and create new employment and training opportunities for the local resident population.

While this review will examine the following visa programmes on a national basis, my submission specifically looks at the usefulness of the Australian migration program in smaller jurisdictions and provides evidence regarding why changes to the migration program are urgently required in order to attract higher levels of migration and investment into regional, rural, low population growth and economically challenged jurisdictions of Australia.

- The Business Innovation and Investment visa programme (BIIP) (subclasses 188, 888, 132)
- The Distinguished Talent (DT) visa programme (subclasses 124, 858)
- The Investor Retirement (subclass 405) visa

In particular I note that the review will assess whether the BIIP programmes' objectives are suitable and achievable with regards to attracting migrants who contribute to the growth of the Australian economy through innovation, investment and business, by:

- generating employment
- increasing the production and export of Australian goods and services, competition and commercial activity
- introducing new or improved technology
- developing links with international markets.

Based on the migration outcomes and statistics provided in this submission and those contained in the South Australian Centre for Economic Studies reports, it is clear that the BIIP programme fails to deliver and meets its objectives in regional, rural, low population growth and economically challenged jurisdictions of Australia, as do many other existing migration programmes.

With regards to the following consultation questions below pertaining to the visa framework for the BIIP program below, I would like to refer the Department to the first and second SACES reports which provides information and articulates why changes to the program are required.

The SACES study built on a series of interviews with businesses and organisations representing business in SA, in particular in regional areas, but also in and around Adelaide. Additional interviews were conducted with Regional Development Agencies (RDA) in SA, organisations providing or promoting training, especially in the vocational education and training sector; and the Local Government Association (LGA). In addition to gathering the view and experiences of businesses, business representatives and economic development agencies, the study analysed secondary data about key demographic trends in South Australia, the structure of the South Australian economy, including wages and costs of living, demographic and migration statistics.

Due to the nature of the SACES research and those who participated in the project, the findings and information contained in these reports which represents a very broad cross section of businesses and organisations representing business in SA, provides strong evidence of why changes to the program are required to deliver on its objectives in SA and other similar jurisdictions.

Consultation Questions

- What kind of people does Australia and should Australia aim to attract through its business, investment and talent visa programmes?
- Are the objectives of Australia's business, investment and talent visa programmes aligned with what Australia needs?
- How well do the current programmes enable Australia to target and attract the best business migrants, entrepreneurs, investors and talented individuals who will make a valuable contribution to Australia?
- How would you construct business, investment and talent-based migration programmes to attract the highest quality business people, entrepreneurs, investors and people with distinguished talents to Australia?
- What are the pros and cons of setting age limits for business, investment and talent migration?
- Should business, investment and talent visa applicants be required to demonstrate English language skills? Why or why not?
- What impact does and should state and territory government nomination have on selecting business and investment migrants? Why?
- How effective is the innovation points test at selecting innovative business and investment migrants?
- What are the pros and cons of the following visas?
 - The Significant Business History stream of the Business Talent (Subclass 132) visa
 - The Venture Capital Entrepreneur stream of the Business Talent (Subclass 132) visa
 - The Business Innovation stream of the Business Innovation and Investment (subclasses 188 and 888) visa (and the associated extension stream)
 - The Entrepreneur stream of the Business Innovation and Investment (subclasses 188 and 888) visa
 - The Investor stream of the Business Innovation and Investment (subclasses 188 and 888) visa
 - The Significant Investor stream of the Business Innovation and Investment (subclasses 188 and 888) visa (and the associated extension stream)
 - The Premium Investor stream of the Business Innovation and Investment (subclasses 188 and 888) visa
 - The Investor Retirement (subclass 405) visa
 - The Distinguished Talent (subclasses 124 and 858) visa.

South Australian Centre for Economic Studies research

The South Australian Centre for Economic Studies (SACES), The University of Adelaide, was commissioned by a consortium of businesses and peak bodies to explore national immigration policy in the context of challenges facing economic and business development in South Australia, particularly for regional South Australia (SA).

SACES is a self-funded applied research unit of the University of Adelaide. SACES provides applied research, analysis and commentary on contemporary economic, social and public policy issues of relevance to South Australia and Australia as a whole. It aims to increase the quality of analysis and debate regarding economic and public policy issues within the State. SACES's contract research and consulting services are regularly engaged by public and private sector clients to address complex research needs.

This project consists of 3 reports.

'Report 1: Key challenges. The potential benefits of reforming migration policies to address South Australia's needs' identifies the key economic and business development challenges faced by South Australia in light of the federal immigration policy environment.

The first report in a series of three, gathered evidence from businesses and organisations representing business in South Australia; particularly regional areas, and analysed this together with secondary data about key demographic trends in South Australia, the structure of the South Australian economy, including wages and costs of living, demographic and migration statistics. The research specifically focussed on barriers that current visa regulations may impose on utilising international migration to the benefit of the SA economy and aspects of the migration system that may be less effective for South Australian businesses relative to those in more populous, higher wage, states. In doing so, it not only considered skilled labour migration, but also business, student, and temporary graduate student visa access.

Report 2 into 'The Potential Benefits of Reforming Migration Policies to Address South Australia's Needs' identified aspects of the current migration system that did not meet the needs of the South Australian economy or South Australian firms. This Report follows on from Report 1 findings that identified the key economic, business development and growth challenges faced by South Australia, in light of the federal immigration policy environment. It is the second Report, in a series of three, the last of which will provide migration policy recommendations to address South Australian needs.

The second report found that the South Australian (SA) economy faces a triple challenge of an ageing population and labour force, regional depopulation and a disproportionate reliance on owner managers which are, on average, older. In combination, the three lead to, and accentuate, skill and general labour shortages, particularly in regional SA. These labour shortages affect semi and low skilled occupations, as well as skilled occupations.

The report states that the average age of a SA small businesses owner / manager is high, making identifying potential purchasers for their businesses important. In theory, the Business Innovation and Investment Program (BIIP) visa could enable these businesses to sell to suitable migrants. The typical value of SA small and medium enterprises is, however, generally lower than the BIIP investment value, making most of them ineligible for purchase by someone entering on such a visa.

Based on the findings of these reports it was found that the BIIP visas generally do a poor job of increasing the number of entrepreneurs in Australia and the national investment levels set for key streams of this visa made it even less suitable for SA's needs.

Report 1 identifying the key economic and business development challenges faced by South Australia in light of the federal immigration policy environment including research and findings regarding the BIIP programme [can be found here](#),

Report 2 the potential benefits of reforming migration policies to address SA's needs' including further research and findings regarding the BIIP programme and how current settings disadvantage SA [can be found here](#).

Report 3 is currently being finalised and will be submitted to the review upon completing in August.

Recommendations

With regards to the structure of the program in terms of meeting its objectives and in response to the consultation questions, the BIIP program in regional, rural, low population growth and economically challenged jurisdictions of Australia must be changed. This is essential if the Department and Federal Government genuinely want to use this program to create opportunities and stimulate economic growth and development, and to maintain and create new jobs and training opportunities for the local resident population as it is clearly evident based on current program outcomes that the current settings of the programme significantly disadvantage such areas. This is another example of where a one size fits all migration program is not suitable for all jurisdictions of Australia.

I contend that Australia should operate a three tiered migration program. A national program, a regional/low population growth program and a separate program for any regional, rural or low population growth jurisdiction of Australia where economic activity is less than the national average. This would see the introduction of a program specifically designed to assist with and facilitate an economic objective.

It is widely believed and supported by the South Australian business community that enhancements to the Australian skilled migration program would increase economic development and migration outcomes in economic jurisdictions of Australia.

An "Economic Jurisdiction" classification would be based on regional and low population growth areas of Australia where economic activity and Gross State Product is less than the national average. This program would be designed to act as an economic enabler, stimulating growth and prosperity.

Despite South Australia being classified as "regional" for migration purposes and even with existing concessions currently afforded through regional programs, South Australia significantly underachieves in terms of achieving a proportionate share of the Australian migration program. These lower than average migration outcomes continue to have a

negative impact on population growth, economic related activity and the creation of new employment and training opportunities.

Where it can be demonstrated that new business migration programmes operating under a broader regionally incentivised economic migration program will provide tangible economic benefits, maintain and create new employment and training opportunities and strengthen local economies, migration pathways must be implemented to provide increased opportunities to these jurisdictions of Australia.

It can be seen that Australia's one size fits all migration program does not provide or deliver the same economic benefits to SA, Tasmania, the ACT or the NT as it does to NSW, Victoria, Queensland and WA.

Where net economic benefits and increased employment opportunities can be achieved, Australia's migration program should be based on the specific and unique needs and characteristics of those States and Territories who will benefit from increased migration outcomes. Such a program would be primarily designed to attract temporary and permanent semi-skilled workers, international investment, business migrants and international students in order to stimulate economic activity in designated areas of need.

For too long regional, low population growth and jurisdictions where economic activity is less than the national average have had to compete and operate within migration programs that are not specifically designed for these areas. Existing "one size fits all" programmes are not conducive to support the objectives and intent of the Australian migration programme in these areas and they must urgently be afforded the opportunity to access a migration program that supports their economic needs.

An economic migration program could apply to existing 'regional Australia' or 'low population growth metropolitan areas' of Australia and where gross state product and economic activity is less than the national average. Eligible jurisdictions could then be able to access this program until they have reached economic activity in line with the national average for a minimum of 3 consecutive years.

This program would be designed to enable direct and indirect economic activity, increase targeted population growth and enliven Australia's demand driven economy in economic areas of need.

In addition to a new business migration program, the introduction of a broader Economic Migration Program could include the following streams;

- Independent Skilled,
- Employer Nominated,
- International Student, and,
- Temporary visas.

Whether within a new economic model or not, Australia's business migration programme should be amended in existing regional areas to include:

1. A designated area Significant Investor stream, part of the Business Innovation and Investment Programme.
 - *A visa is for people who are willing to invest at least \$3 million into complying investments in Australia and want to maintain business and investment activity in a designated area for 5 years.*
 - *A percentage of this investment will need to be made into an approved local “innovation and start up entrepreneurial fund”*
 - *This is a 5 year provisional visa with a pathway to permanent residency once eligible investment have been maintained for 5 years.*
2. A Self-employed small business or skilled migrant program.
 - *This is for people with business skills who want to establish, develop and manage a new or existing business in a designated area. (Applicants must be nominated by a participating state or territory government).*
 - *Applicants must have a successful business background and a minimum of \$250,000 of net assets to invest in a designated area.*
 - *This is a 4 year provisional visa with a pathway to permanent residency upon running the business successfully in a designated area for 2 years.*
3. A Designated area business start-up program.
 - *A visa is for people who are living in a designated area such as, international students/graduates, working holiday visa holders or others, and who have established, developed and managed a new or existing business in a designated area, or,*
 - *For people who obtain funding from an Australian investor or fund to establish, develop and manage a new or existing business in a designated area.*
 - *This is a 2 + 2 year provisional visa with a pathway to permanent residency upon successful operation of a business activity in a designated area for 2 years.*
4. A Designated area entrepreneurial visa.
 - *For international entrepreneurs who want to innovate, incubate, develop and start up new enterprises in a designated area, or, participate in start-up Incubators and Accelerator programs in a designated area,*
 - *This is a 2 + 2 year provisional visa with a pathway to a designated area business start-up visa or permanent residency upon successful operation of a business activity in a designated area for 2 years.*

In addition to these proposals, age limitations, English language provisions, investment requirements, turnover guidelines and staffing levels for the business migration programme in regional, rural, low population growth and economically challenged jurisdictions of Australia must be set at a different level to programmes that operate in large gateway cities and destinations of Australia to deliver improved outcomes.

In a regional, rural, low population growth and economically challenged jurisdiction of Australia, I contend that there is no reason why we should not be encouraging and fostering greater BIMP participation and activity by introducing a program which will make these areas more attractive to international business migrants, investors, business owners and entrepreneurs.

Further to this, I believe that not only should programs exist to encourage more entrepreneurs and start up activities to specific jurisdictions of Australia, programs and pathways should exist to encourage international students and other temporary visa holders currently in Australia to purchase and/or start up new business activities in a designated area as a way to encourage and facilitate increased economic growth and prosperity in these areas and to create new employment and training opportunities for local residents.

Conclusion

Where independent research such as that completed by SACES supports changes to the migration program based on statistical and demographic challenges faced in a particular jurisdiction, new migration programmes and pathways must be introduced to encourage entrepreneurs, start-ups, investment, and business migrants, temporary visa holders and international students/graduates to start up or purchase an existing enterprise in a designated area in order to provide increased economic benefits and to maintain or create new employment and training opportunities in designated areas.

Mark Glazbrook MMIA

CEO | Registered Migration Agent Number 0100185