

FINANCIAL REVIEW

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HD **Fears \$15m visa will inflate house prices**
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Advisers have cheered the creation of a \$15 **million** fast track to permanent residency for wealthy foreigners, in a move by the Abbott government to harness Asia's wealth to boost economic growth and job creation.

They said it puts Australia on the front foot in the competition for rich investors looking to safeguard their wealth in stable offshore markets.

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"Australia competes with many countries for high net wealth migrants, making it an attractive prospect is in the national interest," migration lawyer Alan Rigas said.

The premium investor visa program, announced on Tuesday as part of the government's competitiveness agenda, gives permanent residency to applicants investing \$15 **million** in certain assets after 12 months.

"The changes can only **lead** to more investment," Prosperity Fountainguard Advisers' Luke Malone said, who led a nine city investor roadshow throughout **China** in June.

Fountainguard has a second investor delegation currently en route to Shanghai, where it will present to more than 20 individuals looking to invest up to \$20 **million** each. He said the visa, available from July 2015, will be "highly attractive" to this group.

But business migration agent John Findley feared much of this investment will be attracted to property assets. It will drive up prices, which many, including **billionaire** Lang Walker, said are already inflated by a flood of **Chinese** developers.

"The likelihood of the \$15 **million** going into property is very real and very high," said Mr Findley. Investment choices to broad

He said investment choices for compliant funds are too wide and the government should direct it towards infrastructure, or new investment in small and medium businesses.

NSW recently scrapped the requirement for significant investor visa applicants to park \$1.5 **million** into low yield Waratah **Bonds**.

As part of the changes announced on Tuesday, Austrade will be handed responsibility for drawing up the list of complying investments.

While details are yet to be released, the government has indicated compliant investments will align to five sectors earmarked for growth: food, agri-business, **mining** technology and services, gas and **energy** resources, medical technology and pharmaceuticals, and advanced manufacturing.

Latest figures show that to July 1 2014, the federal government has granted 286 significant investor visas, out of a total of 1027 applications, bringing \$1.4 billion worth of foreign investment. Most came from China.

The significant investor visa program, which began in 2012, grants permanent residency to foreigners who invest a minimum of \$5 million in prescribed assets after four years. A review by the department of immigration found other countries with similar investor visa programs "have less onerous application criteria and processing requirements".

The government wants to "target premium investors more effectively", and streamline the administration of the program. It also wants to "diversify the sources of investors" under the program, while maintaining safeguards to ensure it is not abused. Safe haven risk

Basis Point managing director David Chin said investment from China has only just begun. "Research indicates that 5 per cent of the wealth of Chinese high net worth individuals was allocated outside of China.

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