

HD Investor visa changes provide fastrack to residency for premium investors

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In a move to encourage foreign investment in Australia, the Federal Government has recently announced a broadening of the foreign investor visa programme.

In this Alert, Senior Associate Ryan White and Law Graduate Andrew Clements discuss the proposed changes.

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Background

SIVThe Significant Investor visa () was introduced on 24 November 2012 with the aim of encouraging foreign investment in Australia. It is targeted at people wanting to maintain business and investment activity in Australia after their original investment in Australia has matured and offers a pathway to permanent residency for individuals who have an investment of at least \$5 **million** in Australia for at least four years.

As at 30 September 2014, there has been over \$2 **billion** of SIV investment into Australia with 82 percent investing in government **bonds** or management funds. 88 percent of SIV investment has come from **China**.¹

The recent changes to the SIV programme seek to further capitalise on these investments in Australia and diversify the sources of investors under the programme. Changes to the programme will target investors more effectively, and strategically direct these investments at areas of priority to the Australian economy.

In light of competition for investors from countries whose visa programmes often have less onerous application criteria and processing requirements, the Federal Government will streamline the programme's administration.

These changes are part of a broader policy shift by the Federal Government, which is looking for ways to encourage greater international investment in Australia.

The Changes

PIVThe most significant change proposed is the introduction of a new Premium Investor visa (), which will offer a faster 12-month pathway to permanent residency for those who have an investment of at least \$15 **million**.

The key changes planned, include:

The criteria for eligible investments will be changed, so that they align with "the Government's national investment priorities".

The criteria for eligible investments will be determined by the Federal Government's Austrade agency in consultation with the key economic and industry portfolios.

Austrade will also become a nominating body for the SIV (in addition to the current role of state and territory governments' as nominators) and will be the sole agency that can nominate applicants for the PIV.

Administrative changes to streamline and speed up visa processing, better promote the programme internationally and strengthen integrity protections.

We note that one interesting development is the increased role that Austrade will play under these changes. This may take some power away from the State and Territory governments and will facilitate greater investment in areas the Federal Government deems to be key economic and industry portfolios. While the key areas for eligible investment are yet to be identified, it is expected that the areas will be aligned with the Federal Government's investment priorities, including:

Food and agribusiness;

Resources and **energy**;

Economic infrastructure;

Tourism and education; and

Advanced services, manufacturing and technologies.

The increased investment threshold will increase opportunities to attract investment from foreign high net worth individuals. Investors and their advisors must still remain conscious of issues associated with those investments, including the cross border-tax implications and the possibility that over time the Federal Government's criteria for eligible investments may change.

It is likely that the PIV will be introduced from 1 July 2015, while changes to the existing SIV will take place during 2014-2015. Implementation of the changes will be closely followed.

Footnote

¹Department of Immigration and Border Protection, Significant Investor visa statistics available at: <http://www.immi.gov.au/pub-res/Pages/statistics/significant-investor-visa-statistics.aspx>

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The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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