

FINANCIAL REVIEW

SE News
HD **Visa screws get tighter for overseas investors**
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WC 691 words
PD 12 November 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 10
LA English
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Beijing Wealthy **Chinese** people seeking residency in Australia will be required to inject money into venture capital funds under proposed changes to investor visa rules.

Trade Minister Andrew Robb said venture funds could receive a \$500 **million** annual boost from changes he is proposing, which would stop users of the Significant Investor Visa from parking money in low-risk **bonds**.

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"If people want to come here [to Australia] they need to make a contribution," Mr Robb said on the sidelines of the APEC forum in Beijing, where he is also trying to negotiate a bilateral trade deal.

The proposed visa changes come as **Chinese** property investors also face a tougher regime, with the parliamentary committee examining foreign investment in housing considering how to recoup windfall capital gains made by foreigners who don't comply with investment rules.

But the committee's report has been delayed until the end of the month after the conclusion of the visit by **Chinese** President Xi Jinping next week.

The Significant Investor Visa, launched by the previous Labor government, offered a passport to those willing to invest \$5 **million** into a qualifying investment fund, and has been a hit with wealthy **Chinese** wanting Australian residency.

The Abbott government has since unveiled a \$15 **million** "platinum visa", which has even fewer requirements around the number of days an applicant must spend in Australia. But in return the government will overhaul the entire investor visa program and use it to commercialise early-stage technology and drive innovation.

Mr Robb believes Australian venture capital and small **company** funds could see a boost to annual inflows of \$500 **million**. "If we can put half a **billion** a year into some of these areas, it will really fire up innovation," he said.

"In my view if someone wants the fast track [to permanent residency] they need to have some skin in the game."

When the investor visa program began in November 2012 it was expected to provide a boost to the local funds management sector, which offered so-called "immigration compliant" products.

But approved applicants, of whom more than 90 per cent are **Chinese**, have shied away from higher-risk **equity** or venture capital investments in favour of low-risk bond products.

"Frankly, just buying **bonds** does nothing for us," Mr Robb said.

Mr Robb said Australia had a problem marshalling funds to commercialise early-stage technology.

In mid-October, when the government announced its new industry policy, it said funds from the investment visa should be channelled into five priority areas of the economy.

These include: food and agribusiness; **mining** technology and services; **oil**, gas and **energy** resources; medical technology and pharmaceuticals; along with advanced manufacturing.

At the time, Prime Minister Tony Abbott said the overhaul of industry policy was not about picking winners, but "playing to our strengths".

Under the new "platinum" visa, known as the Premium Investor Visa, applicants will be guaranteed permanent residency within 12 months if they invest \$15 **million**.

The \$5 **million** visa provides residency after four years, while both visas have no requirement around English language proficiency. Since November 2012 the scheme has seen \$2.2 **billion** invested in complying funds.

A further \$2.9 **billion** has been committed by applicants awaiting final approval, according to the Department of Immigration and Border Protection.

The investor visa program has been most popular in **China**, where many wealthy business people feel insecure about their wealth and covet Australia's strong rule of law.

The program was also given a boost by Canada's move in August to cancel its "**millionaire**" visa program.

Meanwhile, another potential challenge to the flow of **Chinese** tourists to Australia, the US and **China** have used the APEC summit to introduce a new bilateral visa regime, which will make it easier for **Chinese** tourists to visit the US.

The plan to lengthen the term of validity of their respective visas for tourists and business travellers to 10 years, from one year could give the US a competitive advantage in attracting tourists over Australia, which has a stricter visa process.

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