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Migrant Intake into Australia
Productivity Commission
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Submission by Liana Allan (Convenor) and Kristie Morgan (Vice Convenor) of Migration Alliance Inc

On Friday the 13th of November the report was released.

The section of the report that pertains to the Investor Visas can be read from page 349 at <http://www.pc.gov.au/inquiries/current/migrant-intake/draft/migrant-intake-draft.pdf>

The damage has already been done by the media headlines calling it a “rort”. The “rort” of loan-backs was stamped out back in the 1 July changes.

<http://www.afr.com/news/economy/scrap-significant-investor-visa-rort-says-productivity-commission-20151112-gkxei4>

It is ridiculous that the SIV is part of the PC Inquiry whilst the DIBP in collaboration with DFAT already had their own review in April 2015 and implemented significant changes to the SIV programme from 1 July 2015.

The concern of Loan Backs and investments which were of low economic benefit to Australia were addressed in the DIBP/DFAT review and changes implemented. Under the new post 1 July 2015 Framework transparency of the investment has increased and is quantifiable.

Without denigrating the Productivity Commission, the expertise of the DIBP and DFAT should be held in higher regard.

Migration Alliance’s views:

1. The SIV was never created to have a material impact on **total** foreign investment to Australia. There is no way that individual investors could match the money that comes into Australia in the form of FDI or carry trade by institutions. The benefit is that it attracts wealthy individuals to Australia out of our migrant mix and they generate economic benefits.

The investment objectives of the SIV laid out in May 2012 and post changes on 1 July 2015 are being met.

Source: <http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2012/027.htm&p ageID=003&min=brs&Year=&DocType>
http://trademinister.gov.au/releases/Pages/2015/ar_mr_150701a.aspx?w=O%2F%2FeXE%2BIYc3HpsiRhVI0XA%3D%3D

2. The statistics used in the PC report are wrong. According to AVCAL's 2015 yearbook:

Total PE investment grew by 54% to \$3.3b in FY2015 with 84 companies invested in throughout the year (a 25% increase on the previous year).

Total VC investment activity in FY2015 fell back to \$224m in FY2015, a 58% decrease from \$535m the year before.

Source: <http://www.avcal.com.au/stats-research/yearbooks>

If 300 SIV cases we granted per year, it **would** have a material impact to VCPE funding!

Statistics used are also 18months old! As at 31 October 2015 **\$5.375 billion** has been invested in complying investments. The PC report chose to state \$1.43 billion as at Jun 2014.

Source: <https://www.border.gov.au/about/reports-publications/research-statistics/statistics/work-in-australia/significant-investor-visa-statistics>

3. SIV supports government policies and initiatives of Growing Innovation, supporting capital starved sectors and Australia as a financial hub.

Innovation:

<http://www.minister.industry.gov.au/ministers/pyne/media-releases/innovation-policy-linked-nations-performance>

Financial Services:

The SIV programme offers a substantial growth opportunity to the Australian financial services industry to manage more of Asia's wealth. Currently the portion of foreign investors funds managed in Australia is very low compared to financial hubs of UK, Hong Kong or Singapore.

The SIV programme attracts wealthy overseas investors and offers their first experience to investment in Australia. This opens the door to further investment into Australia by applicants and by those in their network back in their home countries.

Overseas Investors as share of funds under management:

Australia 3.5%

UK 40%

Hong Kong 71.5%

Singapore 81%

Source:

http://www.fsc.org.au/downloads/file/ResearchReportsFile/2014_0806_EconomicimpactofincreasingAustralianfundsmanagementexports_e64a.pdf

<http://www.theinvestmentassociation.org/investment-industry-information/research-and-publications/asset-management-survey/>

http://www.sfc.hk/web/EN/files/ER/PDF/2014%20FMAS%20Report_English_20150721_Final.pdf

<http://www.mas.gov.sg/~media/MAS/News%20and%20Publications/Surveys/Asset%20Management/2014%20AM%20Survey%20Report.pdf>

4. Australia needs immigration for GDP growth. RBA has downgraded GDP growth forecasts.

<http://www.rba.gov.au/publications/smp/2015/nov/html/06-economic-outlook.html>

5. Industry can show real case examples of the economic benefits of the \$5m plus the economic benefits the migrant brings.

Recommendations:

- Distinguished Talent Visa C Remove successful business people from being able to apply. They can apply for SIV or PIV or other Business Skills visa.
- ENS Subclass 186 - Implement processes to stop fraudulent applicants funding their own salaries. This fraud has been well known for a long time and is still occurring. Not only do cases need to be investigated but a press release needs to be issued outlining the fraud and the consequences. A press release available in the public domain will be a lot more effective in preventing the fraud than having to employ so much resources to investigate many cases. A Chinese version of the press release would be even more helpful. This fraud is marketed offshore by unregistered migration consultants. Very little Australian authorities can do outside of their jurisdiction.
- PIV C Remove the ability to invest in low risk Cash, Government and Semi-Government Bonds.

Migration Alliance Inc also supports the comments made by Stacey Martin, *Specialist Wealth Advisor, Expatriates and Significant Investor Visas*, at the following link:

<http://expatadvisorscommunity.com.au/updates/migrant-intake-into-australia-insights-from-an-siv-perspective/>

Information Request 11.1

Feedback on the use of CSOL in the immigration pathway from temporary to permanent Employer-Sponsored skilled immigration. Is this list sufficient to allow both temporary skilled (subclass 457) visas and employer nominated permanent visas to meet their stated objectives?

No, the CSOL is too restrictive for regional employer sponsorship needs, for both temporary and permanent visas.

Regional Employers are struggling to secure skills across all skill levels of ANZSCO. (file:///C:/Users/kristie/Downloads/http---www.aphref.aph.gov.au-house-committee-primind-ruralskills-report-chapter1.pdf)

Regional employers continue to struggle to fill semi/low skilled positions with local labour. Labour agreements (which are currently the only option for lower skilled positions) are costly, and therefore not an option for small regional businesses. Industries currently experiencing these problems include Dairy, Transport and Agriculture. It is heavily documented that farmers are struggling. Including lower skilled positions in the CSOL would have a significant impact on these regional businesses.

Relying on Working Holiday Visa makers to fill permanent roles in lower skilled positions creates undue pressure on businesses, due to the continual need to re-train staff.

Whilst it is acknowledged that lower skill level positions need to be available to Australians (in particular the needs of Australia's youth is being highlighted), it needs to be considered that regional employers are facing real difficulties securing Australian's who are willing to participate in lower skilled work. Whilst these lower skilled positions are available to Australian youth, regional employers are facing increased difficulties with the use of ICE, and this is impacting on their ability to hire from the local market (<http://www.heraldsun.com.au/news/law-order/ice-epidemic-methamphetamine-linked-to-nearly-all-crime-in-victorias-country-and-regional-areas/news-story/399f5025e25e67df962b80e41ee54a6d>)

These contributing factors need to be examined further, as they are a genuine issue in regional Australia. Whilst it is acknowledged that every effort needs to be made to deal with these external issues, Employer Sponsorship can provide a way for regional Australian businesses to secure semi-low skilled staff until such issues are able to be appropriately managed.

Information Request 11.2

Consideration of the English language requirements for TRT stream of employer nominated visas, including the costs and benefits of having a lower English language requirement, or an exemption where the applicant has at least five years of education delivered in English.

There needs to be harmonisation of the English language requirements, and consideration given to the needs of regional employers.

An applicant who can competently perform their role on a 457 with vocational English, should logically be able to perform the same role via permanent employer sponsorship, with the same English proficiency.

There needs to be incentive to apply for permanent employer sponsorship in a regional area. Currently, there is no incentive. English requirements for Direct Entry subclass 187 should be vocational English. This will provide applicants with an incentive to consider regional employer sponsorship. Regional Employers need a way to attract these skills outside metropolitan areas.

One way of doing this would be to harmonise the English language requirements, so that skilled applicants can access this concession in return for their **two year commitment to regional Australia**.

Two years of commitment to remain with a regional employer is a substantial amount of time. Visa holders need an incentive to do this. In most instances, they will need to accept a lower salary level in a regional location. There needs to be something to bring these migrants to regional areas.

Harmonising the English language requirements between subclass 457 and 187, will promote regional employment and help to alleviate the issues faced by Regional businesses.

Information Request 13.1

Views on potential impacts of the following alternative visa charging models, in conjunction with retaining the qualitative criteria under the current system:

OPTION 2 – Fiscally reflective charge by visa subclass:

To encourage migrants to look at options outside of metropolitan areas, and into regional locations, visa charges could be lowered for regional employer sponsorship.

Regional businesses do not turnover as much as their metropolitan counterparts. The cost to businesses and applicants is therefore higher than for metropolitan areas.

Application fees on permanent employer sponsored visas should reflect the objective of encouraging migration to regional areas.

OPTION 3 - An additional charge in exchange for relaxing specific selection criteria:

This could be an option for regional employer sponsorship. If English requirements could be relaxed for Direct Entry employer sponsorship, applicants would be enticed to consider regional opportunities. This would benefit both employer and applicant.

For regional employers, relaxation of skill-level requirements (to enable access to semi/low skilled workers) in exchange for a higher nomination application fee, would be an option for those employers who are unable to retain lower skilled workers from the domestic market.