

Significant Investor Visa

Welcome to the SIVAustralia newsletter

We cover developments in the new Significant Investor Visa (SIV) industry, and provide insights on ultra-high-net-worth global investors interested in Australian opportunities.

BasisPoint is the market leader in the SIV sector for business intelligence and industry networking. Our seven SIV seminars and conferences, held in Australia and Hong Kong since December 2012, have attracted 800+ attendees, and generated a database of 3200+ contacts.

We welcome your news and feedback. [Contact us.](#)

Regards, David Chin, Managing Director, BasisPoint

Updated SIV statistics

The following data has been provided to Basis Point Consulting by the Department of Immigration and Border Protection.

**Table 1. Significant Investor Visa: Key indicators
(24 Nov 2012- 31 October 2013)**

EOIs submitted	825
Invitations issued	631
Primary applications lodged	498
Applicants from China (%)	91.0
Primary visas granted	65
Applications on hand (31 Oct 2013)	422
- Less than 3 months (%)	41.2
- 3-6 months (%)	38.6

Update from the Minister of Immigration re SIV

The new Immigration Minister, Scott Morrison, outlined plans for the SIV program in a speech to Migration Institute of Australia on Oct 21st.

Highlights:

- ♦ Program is a good idea but let down by poor implementation
- ♦ Program needs to be 'rebooted,' implementation weaknesses to be resolved
- ♦ 9 month processing time frame is too long. Investment criteria to be more flexible, more capital available to SMEs and start-ups. 'Dual path' potential - for compliant investment and immigration matters to be separate. i.e. investments approved in advance and parallel to the visa process
- ♦ Program seeks broader 'generational' transfer of SIV wealth, knowledge, business networks, as SIV families/children are anchored in Australia and become citizens. Seeks to have the axis of their global business based in Australia i.e. it's not about stapling a visa to an investment product
- ♦ Will have a dedicated SIV assessment team with a high level of skill, sophistication and timeliness for the review process (with implications for a review of fees under this program.)
- ♦ Further announcements to follow when these new SIV plans are ready to be implemented.
- ♦ Assistant Minister for Immigration, Senator the Hon Michaelia Cash, will be involved to 'reboot' the program.

Click [here](#) for a full transcript. (SIV content in final third of the speech).

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85% approval rate potentially for SIV

85% of applications under the Department of Immigration's business innovation and investment program were approved last financial year, according to analysis of the 2012-13 DIAC* Migration Program Report. 8219 applications were made, 7010 were approved.

Applying this success rate to the 498 primary SIV applications lodged (as at 31 October) should see 423 approvals after the 6 -9 month processing period.

A total of 190 000 migration program places were granted in 2012/2013. They consisted of:

- ♦ 128 973 from the skilled stream (of which 7010 were in the business innovation and investment program. SIV is a subclass within this program.)
- ♦ 60 185 from the family stream
- ♦ 842 from the special eligibility stream
- ♦ India was the largest source of migrants with 40 051 places granted while China was second with 27 334.

Click [here](#) for report.

**The Department of Immigration and Citizenship (DIAC) is now the Department of Immigration and Border Protection (DIBP)*

SIV booklet from DIBP

A 46 page booklet on the Business Innovation and Investment Visa (including the SIV subclass) is available [here](#).

HNW Visa Schemes around the world

The backlog of applicants in Canada's immigration programme reportedly reached more than 88,500 at one point, according to the [Wall St Journal](#) without citing sources nor a timeframe. Canada's SIV equivalent scheme (which had a 700 annual quota in its final year) was closed in 2012 due to the back-log of applicants. (Singapore's S\$10 million visa scheme was also closed last year to curb rising luxury property prices).

The Wall St Journal also notes that the UK offers a PR scheme for the equivalent of US\$1.5 million in investments and a five year wait. However, investing approx. US\$15.6 million reduces the waiting period to two years. New Zealand's investment visa requires US\$1.2 million but investing an additional US\$6.8 million waives the need for business experience, English language proficiency and age limits, according to the article.

Meanwhile, the US Securities and Exchange Commission earlier this year filed its first lawsuit against an EB-5 (SIV equivalent) project. The lawsuit alleged that promoters fraudulently sold more than \$145 million in securities based on a Chicago hotel development to around 250 investors primarily in China as a way to secure residency in the U.S.

Impact of SIV on property

Chinese and Asian real estate investment in Australia has been widely reported in the media in recent weeks.

FIRB statistics on foreign investments into real estate and other asset classes in Australia were provided in our previous [SIVAustralia newsletter](#). The FIRB annual report (year to June 2013) is yet to be published.

Significant Investor Visa (SIV)

Australia's Significant Investor Visa programme (launched November 2012) is expected to generate \$6 billion in annual inflows to Australian funds and SMEs from ultra-high-net-worth investors, predominantly from Asia.

Overview of SIV

- a) \$5 million investment for four years into 'complying' investments including ASIC regulated managed funds investing in Australian equities, property, fixed income, & infrastructure, AND/OR government bonds/cash, AND/OR operating private businesses.
- b) State governments are initially involved in the selection process and have specific requirements in addition to the Department of Immigration complying investment criteria.
- c) Changing investments is allowed during the visa period. Direct investment in property and exchange listed companies is not permitted.
- d) SIV investors are required to stay in Australia for just 160 days within the four year investment period (ie approx. 40 days per year, in any period combination).
- e) After the initial four year period, the SIV temporary resident can apply for permanent residency. However, the initial 4 year investment period can be extended for up to a further four years, (2x2) if desired.
- f) No age and English language proficiency requirements. National security, character and health checks are required.

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A summary of FIRB statistics as it relates to foreign investment in Australian real estate is below.

Country	2011-2012		2010-2011		2009-2010	
	Real Estate (\$b)	Number of approvals*	Real Estate (\$b)	Number of approvals*	Real Estate (\$b)	Number of Approvals*
China	4.2	4,752	4.1	5033	2.4	1766
Singapore	5.7	524	1.5	536	2.1	320
Hong Kong	0.8	123	0.4	97	0.4	47

***all FIRB investments not just real estate**

SIV (as temporary migrants initially) are able to buy residential property under the [FIRB rules](#) summarized below. Their purchases do not count under the \$5 million investment into complying investments.

Temporary residents: (incl. SIV in first 4/8 years and foreign students)

- ◆ Need to apply if they wish to buy an established dwelling.
- ◆ May acquire one established dwelling only and it must be used as their residence (home) in Australia, they must sell the property when it ceases to be their residence.
- ◆ Need to apply to buy new dwellings in Australia. Such proposals are normally approved without conditions.
- ◆ Need to apply to buy vacant land for residential development. These applications are normally approved subject to conditions (such as, that ongoing construction begins within 24 months).
- ◆ Are not permitted to buy established dwellings as investment properties.

Non-resident foreign persons:

- ◆ Need to apply to buy new dwellings in Australia. Such proposals are normally approved without conditions.
- ◆ Need to apply to buy vacant land for residential development. These proposals are normally approved subject to conditions (such as, that ongoing construction begins within 24 months).
- ◆ Cannot buy established dwellings as investment properties or as homes.

Chinese property developers following Chinese migrants

Among the 10,000-plus 'investment' emigrants from China in 2011, nearly half went to Australia, according to the China Daily citing a report published last year by the Center for China & Globalization and the Beijing Institute of Technology.

Overall, more than 150,000 people gave up their Chinese passports in 2011. The top destinations were America, (87,017 granted US permanent residency), followed by Canada, Australia and New Zealand.

Basis Point's SIV Conference

Australia's first Significant Investor Visa (SIV) conference on 9th April, 2013, Sydney Hilton Hotel, attracted more than 310 delegates.

The Hon. Andrew Stoner, NSW Deputy Premier and Trade & Investment Minister, launched the event.

In addition to a 20 strong UHNW delegation from China, attendees included executives with close ties to Hong Kong, Singapore, Taiwan, Malaysia, Philippines, Indonesia, India and Vietnam.

(Interestingly, Korean, Thai and Japanese representatives were not on the list). Several UHNW Australian entrepreneurs also attended. The conference was organised by Basis Point Consulting and was sponsored by....



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Chinese property developers are following this emigration trail –aiming to develop properties offshore to sell to mainland Chinese investors and to Chinese investors already overseas. Opportunities also exist in catering to Chinese student accommodation in overseas markets.

Chinese developers going overseas (cited by a China Daily report) include;

- ◆ Greenland Holding Group – a state-owned Fortune 500 company (property developments in Thailand Germany, Spain, USA, Korea, Australia)
- ◆ China Vanke, the country's foremost home builder (joint venture in Singapore, &recently made its first investment in USA).
- ◆ Wanda, a Dalian-based developer operating 34 luxury hotels across China, (developing a hotel in London).
- ◆ Country Garden, a Guangdong-based developer headed by China's richest women, 32-year-old Wang Huiyan, (developments in Malaysia).

Greenland's CEO Zhang Yuliang told China Daily. "Our Australian partner told us that 80 percent of the country's new homes are sold to Chinese.....We know Chinese customers and Chinese customers know us." In Sydney, Greenland is developing a \$600 million, 60-story residential tower, the tallest in the city.

Click [here](#) for article, which also notes that in (major) US cities, one in seven Chinese homebuyers pays cash.

Meanwhile, Australian residential properties bought by China-based buyers reached \$5.4 billion in 2013, up approximately 25% on 2011, according to an article in the PropertyObserver citing Juwai.com data. Click [here](#) for the article.

China-based events targeting UHNW

The following are HNW investment and immigration related trade shows in China.

[GIPI 2013 - 2013 China \(Guangzhou\) International Property & Investment Exhibition](#)

(15-17 Nov 2013)

[IPEX Chengdu 2013 - Chengdu International Property Exhibition 2013](#)

(16-17 Nov 2013)

[Guangzhou Rendez-Vous 2013 - 2013 Guangzhou International Quality Lifestyle & Property Expo](#)

(28 Nov- 1 Dec 2013)

[COIFAIR 2013 - The 5th China Overseas Investment Fair](#)

(3-4 Dec2013)

[LPS Shanghai 2013 - The Luxury Properties Showcase 2013](#)

(6-8 Dec 2013)

[WZOPIE 2013 - The 4th Wenzhou Overseas Property Investment Expo 2013](#)

(14-15 December 2013)

[The 10th Investment and Financing Expo of 2013 \(Shanghai\)](#)

(27-29 Dec 2013)

Australian Investment Managers Directory 2013



Highlights:

- 209 firms control \$279 billion in FUM
- 148 independent managers (mostly long-only, benchmark-unaware) with \$235 billion FUM
- 61 hedge funds with \$44 billion FUM
- \$85 billion (41% of sector AUM) allocated to global equities, global fixed income and CTAs/global macro.
- The 76-page (hard-copy only) directory has 35 pages profiling each of the 209 management firms.
- Plus details on 42 service providers (brokers, fund admin, operational, software/data/IT, business services) and global managers marketing into Australia.
- Plus 10 pages of qualitative and quantitative analysis on Australian institutional and HNW investors

The directory is available for **A\$495**.

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Details at:

www.basispoint.com.au

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Hurun Rich List 2013 released

The Hurun Research Institute has released the Hurun Rich List 2013, the 15th annual ranking of the 1000 wealthiest individuals in China.

Highlights

- ◆ The number of dollar billionaires increased from 64 to 315 individuals this year. A decade ago it was zero.
- ◆ One in four made their money in real estate which exceeded manufacturing and became the key source of wealth for the Hurun Rich List.
- ◆ 44% of UHNW made their fortunes from real estate and manufacturing. 140 UHNW are based in Beijing. Shenzhen and Shanghai follow with 76 and 71 UHNW respectively. See tables below.

	Wealth creation by industry	% of UHNW
1	Real estate	23.5
2	Manufacturing	20.3
3	Finance+ Investments	9.6
4	IT	7.0
5	Pharmaceuticals	6.7
6	Natural Resources	6.6
7	Apparel	3.9
8	Iron & Steel	3.7
9	Retail	3.1
10	Construction	3.0
	Total top 10	87.4

Source: The Hurun Research Institute 2013

	UHNW by location	Number of UHNW
1	Beijing	140
2	Shenzhen	76
3	Shanghai	71
4	Hangzhou	51
5	Guangzhou	44
6	Hong Kong	28
7	Suzhou	24
8	Wuxi	22
9	Chengdu	21
10	Nanjing / Shaoxing (tied at 20 per city)	20
	Total top 10	517

Source: The Hurun Research Institute 2013

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Insights into Chinese UHNW

Hurun Report has released a profile of affluent mainland Chinese travellers

- ◆ Profile of wealthy Chinese traveller who spends more than \$US10,000 per trip
- ◆ Prefers to travel to: France, US
- ◆ Stays at: Shangri-La, Hilton, Peninsula
- ◆ Reason for travels: Shopping, culture, cuisine, business potential
- ◆ Travels via: First class (13 per cent), business class (62 per cent), economy (25 per cent)
- ◆ Length of stay: 7.4 days
- ◆ Accompanied by: 1 to 2 people (16%), 3 to 10 people (68%), more than 11 people (16%).
- ◆ Luxury brands preferred Louis Vuitton, Chanel, Apple, Hermes, Cartier
- ◆ Favourite sports: Swimming, golf, mountaineering, yoga, badminton

Click [here](#) for report.

Meanwhile, a report by the private-wealth division at Barclays reveals China's high-net-worth individuals put 17% of their wealth into alternative investments (art, home grown liquor, stamps etc.), compared to 9% of America's rich and only 7% of the British wealthy. Click [here](#) for article.

2013 Australian Investment Managers Directory



A limited number of complimentary copies are available to global and Australian pension funds, APRA regulated superfunds, family offices, sovereign wealth funds, asset allocation consultants, and funds of funds.

- 76-pages, hard-copy only.
- Profiles on 209 investment managers
- Top 10 managers ranked by AUM and by strategies
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About Us

Basis Point Consulting (founded in 1996) provides business & marketing intelligence on the financial & investment markets in Australia & Asia.

Our clients and sponsors include exchanges in Europe, the US and Asia, prime brokers, private banks, fund trustees & administrators, and legal & accountancy firms. They use a combination of our bespoke intelligence reports, directories and targeted networking events to better connect with their clients in order to capture business opportunities.

Basis Point has also established itself as the leading information and networking portal for Australia's recently launched Significant Investor Visa (SIV) programme. More than 800 executives have attended seven conferences and seminars in Sydney, Melbourne and Hong Kong since the SIV programme started in November 2012.

David Chin, founder and managing director of Basis Point is also the editor and publisher of the [Australian Investment Managers Directory](#)

He is the author of several Australian Trade Commission (Austrade) reports including;

- [Hedge Funds Industry Report](#)
- [Investment Management Industry Report](#)
- [Alternative Investments Report](#)

And is consulting News Editor for TripleA Partners' [Australian Hedge](#)" (covering the hedge funds industry)

And Author, [Thy Fiefdom Comes](#), a fantasy/science fiction novel

He was previously Head of Marketing at Sydney Futures Exchange (SFE) from 1990-1996

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