

# Significant Investor Visa

## Welcome to the SIVAustralia newsletter

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

Basis Point is the market leader in the SIV sector for business intelligence and industry networking. Our eight SIV seminars and conferences, held in Australia and Hong Kong since SIV's inception, have attracted 1100+ attendees, and generated a database of 5500+ contacts.

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

Regards, David Chin, Founder & Managing Director, Basis Point

## Highlights this issue:

- The Australian government is making changes to the SIV programme and is introducing a new Premium Investor Visa class.
- Austrade is to be a nominating entity for SIV and will be the sole nominating entity for the PIV.
- The complying investment regime is expected to change with VC and PE funds/investments expected. Austrade is seeking industry feedback.
- SIV approvals slowed during November with just 27 visas granted to total 517 visas granted to date.
- News on Canada's new SIV equivalent, and UK's investor visa scheme

## Changes to SIV, PIV to be introduced

The Australian government has announced changes to the SIV programme. This 2 page FAQ provides a [useful summary](#) of the changes.

The Minister for Trade and Investment, the Hon Andrew Robb, is now involved in the programme via Austrade, one of the portfolio agencies under his department's remit.

## Key changes

1. A Premium Investor Visa (PIV) to be introduced, offering a more expeditious, 12 month pathway to permanent residency than the SIV, for those meeting a \$15 million threshold.
2. Residence requirement of 180 days per year for secondary (family) applicants for SIV. Residency role between primary/secondary applicant can be 'swapped' to meet the 180 day requirement.
3. Austrade, (in addition to the Australian states and territories), will also be a nominator for SIV Austrade is sole nominator for PIV.
4. Plans to streamline and speed up visa processing and strengthen integrity measures.
5. A new complying investment framework to be established. Criteria for

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eligible investments will be aligned with the Government's national investment priorities and will be directed by Austrade. (see section below)

6. Complying investments must be unencumbered. (e.g. Cannot use the investment as security for a loan)

The refinements will be implemented progressively over 2014/2015. Changes requiring legislative amendments (including PIV) are expected to come into effect from 1 July 2015.

## Austrade seeking feedback to refine investment framework

Austrade is seeking industry submissions for developing a new complying investment framework. 5 questions are being posed by Austrade. Submissions to be no more than 5 pages – deadline of 5 January. Questions below:

1. Suggestions on the scope and products for complying investment that will continue to attract applications, as well as attract more investment into Australia that makes a material difference.
2. Comments on the inclusion of venture capital funds as part of the complying investment and suggestions on how to structure that inclusion effectively.
3. Comments on the inclusion of small and micro capital funds as part of the complying investment and suggestions on how to structure that inclusion effectively.
4. Comments or suggestions on the broad structure of PIV and SIV. For example, should PIV have the same complying investment framework as SIV but just a larger value of investment, or should PIV have a different framework?
5. Suggestions on improving the integrity of the complying investment framework.

Email submissions to: [investorvisas@austrade.gov.au](mailto:investorvisas@austrade.gov.au)

## The new complying investment framework

Venture capital, private equity and small-cap listed companies (*that are focussed on Australia's New National Investment Priorities - see below*) are expected to benefit from the change in the complying investment framework. The following provides hints of the new framework.

### Hint 1

Minister for Trade and Investment, The Hon Andrew Robb, AO, MP, Media release [Submissions sought on investor visa program](#). 27 Nov 2014

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## NAB Private Wealth supporting the Significant Investor Visa

### Attributable to Prini Acharrie, NAB Private Wealth Director

The Significant Investment Visa (SIV) presents a huge opportunity for both Australia and investors and their families looking to participate in the scheme and move to Australia.

At NAB Private Wealth, we are proud to be partnering with investors and business owners who wish to take part in the SIV scheme, and invest in local jobs, growth and innovation while supporting a fantastic opportunity for their families to live, work and study in Australia.

There are many important considerations for investors when applying for the SIV, which go beyond making a decision around investment options for the scheme.

That's why NAB Private Wealth provides a dedicated private client manager to assist our clients in the process, providing advice on everything from investment options and opportunities to finding the right home and top schools in Australia.

We take the time to understand each client's personal financial situation, investment risk appetite and lifestyle goals. We can tailor individual SIV compliant investment portfolios which range from our flagship NAB SIV Cash Portfolio, to government bonds, as well as a range of Australian share and property funds.

Working closely with migration lawyers and tax experts, we assist our clients in determining the most appropriate investments and understand the tax implications their SIV portfolio may incur. For example, income and capital gains are taxed differently for those classed as a "temporary residents" of Australia. The portfolio can be designed to generate relatively low or high dividend income depending on tax objectives, target franking credits and in relation to capital growth, consideration of volatility and portfolio turnover.

For more information, please contact our SIV Concierge Team to discuss this opportunity and how NAB Private Wealth can assist you:

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## 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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## Excerpts:

- We are particularly interested in seeing investment in innovation and the commercialisation of high quality Australian ideas, research and development...
- The Government has reaffirmed that direct investment in real estate has never been a complying investment under SIV and this will not change under the new complying investment framework.
- In addition, indirect investment in real estate through schemes where the dominant purpose is residential real estate will not be a complying investment under the SIV.

## Hint 2

[Op-ed published](#) in the Australian 27 October 2014, by The Hon Andrew Robb, AO, MP.

## Excerpts:

- Investing an additional few hundred million dollars a year in the Australian venture capital space would be transformational.
- Extra funds flowing into the small-cap (ASX-listed) sector...would also have a big impact in terms of lowering its cost of capital and thereby inducing new capital raisings.
- ...the listed small-cap sector tends to focus on: medical product and pharmaceutical research, small explorers in resources and energy, small listed companies involved in developing agribusiness or tourism ventures.
- These are key considerations as we move to enhance the existing Significant Investor Visa (SIV) program.
- Planned changes would hopefully see a new supply of capital aimed at higher risk, higher potential return segments of our economy. This would enable Australian entrepreneurs to more readily find the capital to grow at home, rather than have to relocate to places like Silicon Valley.
- A shortcoming of the existing SIV scheme is it simply attracts more investment into areas of the economy that already attract capital in abundance, without the need to offer the valuable prize of permanent residency in Australia.
- ...our plan is to ask SIV applicants to put more "skin in the game" for Australia. We aim to channel investment into areas that may offer great potential but find it hard to attract investment dollars today.

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- ..in some cases we may seek to unlink the length of time investments are locked up for from the period required to qualify from permanent residency under the visa.

## Hint 3

[An Action Plan for Australia's Future](#) – Media release, Prime Minister of Australia, The Hon Tony Abbott, MP, 14 October.

'The Government will also improve the Significant Investor Visa programme by involving Austrade in the process of determining eligible complying investments, aligning qualifying investments with Australia's five investment priorities...'

(Note: Austrade's five investment priorities are;

1. Agribusiness and food
2. Major infrastructure
3. Tourism infrastructure
4. Resources and energy
5. Advanced manufacturing, services and technology (within this sector, Austrade is focusing medical and materials sciences and technologies, and digital technologies.)

## Latest SIV statistics

517 visas granted as at 30 Nov 2014, - on the 2nd year anniversary of the programme. 38.6% of applications are less than 3 months old, while the expected processing period is 6-9 months.

Item	Total
Expressions of Interest (EOI) submitted through SkillSelect	1908
Invitations to apply for a SIV issued as a result of applicants being nominated by a state or territory government	1633
Primary applications lodged	1357
Primary visas granted	517

DIBP, As of 30 Nov 2014:

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Significant Investor visa: State and territory distribution - 24 November 2012 - 30 Nov 2014

State	EOIs submitted	Invitations	Applications lodged	Visas granted
Any	43	N/A	N/A	N/A
ACT	5	1	0	0
NSW	636	515	432	186
NT	1	0	0	0
Qld	121	98	77	33
SA	49	41	26	10
Tas.	4	1	1	0
Vic.	981	920	774	271
WA	68	57	47	17
Total	1908	1633	1357	517

Source DIBP

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The table below shows the distribution of primary visa applications and visa grants for the top five source countries for the SIV.

Applicants for top five source countries	Percentage of total visa applications	Grants for top five source countries	Percentage of total visas granted
China	90.6	China	88.2
Hong Kong	2.9	Hong Kong	3.5
Malaysia	1.2	South Africa	1.5
South Africa	0.7	Japan	1
Taiwan	0.6	Malaysia	1

Source DIBP

## Other News

Canada has launched a new investment visa scheme where prospective immigrants can acquire residency visas by investing at least C\$2 million (A\$2.1 million) in a venture-capital fund that would in turn invest in start-ups, according to the Wall St Journal.

The new plan begins 1 January 2015 under a pilot scheme and replaces Canada's C\$800,000 visa scheme what was scrapped earlier this year, partly due to too low an investment hurdle.

\*

The US government has announced a suite of new immigration initiatives to be implemented in the coming months. Highlights (relating to SIV)

- US government will seek to allow entrepreneurs to enter the U.S. without a visa in order to establish and build a company, & create jobs. (Details yet to be announced)

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- Foreign students who graduate from a U.S. college can extend their work permit for an additional 17 months after graduation if they major in science, technology, engineering, or math. (STEM) They currently have a 12 month work permit. (i.e the new change means STEM majors can work for 29 months in the US after graduation...increasing the attractiveness of US universities for Chinese students)

The initiatives are 'executive orders' meaning they can subject to repeal in the future.

\*

The UK's Tier 1 Investor scheme has approved 295 Chinese visa applicants (year to June 2014), according to the Times Newspaper. A total of 735 investor visas were approved, with Russian immigrants ranking second at 180 approved.

Women made up the majority of applications, most likely due to the 150 day per year residency requirement. (eg 210 of the 295 visas approved were by women, according to the Times).

The newspaper obtained the figures following a request under the Freedom of Information Act UK. Applicants must invest £1 million for five years, (with most reportedly buying UK bonds). From 6 November 2014, the amount to be invested doubled to £2 million.

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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 Significant Investor Visa (SIV) programme. More than 1100 executives have attended eight conferences and seminars in Sydney, Melbourne and Hong Kong since the SIV program started in November 2012.

David Chin is also the author of :

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

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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## Australian Investment Managers Directory



### 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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