



# Supplementary Submission

## Joint Standing Committee on Migration's Inquiry into the Business Innovation and Investment Visa



## **Supplementary MIA Submission to Joint Standing Committee on Migration's Inquiry into the Business Innovation and Investment Programme (BIIP)**

### **Report on MIA BIIP Survey of MIA Members and an MIA BIIP Focus Group Meeting**

The MIA is grateful for the opportunity to provide the Joint Standing Committee on Migration with a supplementary submission requested by the Committee at the hearing on 13 June 2014.

This report summarises the results of a survey of MIA Members on their experiences of the BIIP programme. The MIA also held a Focus Group with its members who are actively involved in submitting BIIP applications. This group discussed the types of businesses attracted by the BIIP programme and the extent to which the BIIP programme is meeting its objectives.

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## **MIA Recommendations**

### **Recommendation 1**

The MIA recommends that consideration be given to offering incentives for higher levels of investment in complying businesses, eg, priority processing or fast tracked PR for those applications.

### **Recommendation 2**

The MIA recommends that consideration be given to allowing a broader range of organisations to provide venture capital investment.

### **Recommendation 3**

The MIA recommends that there be a greater level of data collection to enable a better understanding of the long-term business behaviours of business skills migrants.

### **Recommendation 4**

The MIA recommends that the promotion of the BIIP visa programme be extended to a wider range of countries.

### **Recommendation 5**

The MIA recommends that there should be a greater promotion of the entire BIIP visa programme, rather than the current emphasis on the Significant Investor Stream (SIV).

### **Recommendation 6**

The MIA recommends that State/Territory nomination become the second stage of the BIIP visa application process, not the first.

### **Recommendation 7**

The MIA recommends that the State and Territory Governments have a more supportive role for new businesses.

### **Recommendation 8**

The MIA recommends that business mentoring services be provided to business visa holders.

### **Recommendation 9**

The MIA recommends that business management seminars in the applicant's own language should be compulsory for applicants for business skills visas before commencing business in Australia.

### **Recommendation 10**

The MIA recommends that there be a greater level of monitoring of business visa holders after they have gained permanent residence.

**Recommendation 11**

The MIA recommends that consideration be given to the State and Territory Governments having a monitoring role for their nominated businesses.

**Recommendation 12**

The MIA recommends that consideration be given to the monetary thresholds for some streams of the BIIP visas being reduced to allow greater access to the programme.

**Recommendation 13**

The MIA recommends that consideration be given to making Australia's BIIP more competitive in the global market.

**Recommendation 14**

The MIA recommends that consideration should be given to reintroducing the Independent Executive visa.

**Recommendation 15**

The MIA recommends that consideration should be given to providing an opportunity for overseas students who have graduated from Australian educational institutions to establish businesses in Australia.

**Recommendation 16**

The MIA recommends that consideration should be given to providing a range of realistic residence requirements for provisional business visa holders and for Resident Return Visa holders.

**Recommendation 17**

The MIA recommends that consideration be given to providing other direct permanent resident visa for business migrants

**Recommendation 18**

The MIA recommends that consideration be given to a more realistic approach to the assessment of day-to-day management requirements.

**Recommendation 19**

The MIA recommends that a more realistic approach be adopted for the assessment of an applicant's business and financial history.

**Recommendation 20**

The MIA recommends that the Department of Immigration and Border Protection should only accept applications from registered migration agents.

## 1. Types of businesses used for BIIP visa applications

The Focus Group had little experience of clients investing in '7/11' convenience store type businesses, although some investment in petrol stations was noted.

The group provided the following examples of businesses for applications they had processed:

- Travertine quarry exporting product from Australia - 15 direct employees
- Property development business worth in excess of 10 million dollars - 5 direct employees – 156 subcontractors
- Winery - \$50 million invested
- Raw cotton export company
- Coaching college – 50 employees
- Commodities trading company
- Meat export to Russia
- Medical products export to Russia
- Two listed Iron ore and heavy metal mining companies
- Onlineshopping - \$1 million turnover - 3 direct employees - over 100 items for sale, eg imported ink cartridges for Australian online distribution
- Newsagency
- Alcohol importation – 10 direct employees in first year of operations
- Hardware retail supplier in rural west NSW
- Travel agency - \$300,000 invested - 2 direct employees
- Ecotourism company – regional NSW - \$600,000 invested - 3 direct employees

### **MIA Survey Question: What types of businesses are your clients establishing or purchasing to meet the Business Innovation stream requirements?**

Restaurants, cafes and fast food franchises formed a high proportion of businesses reported by MIA Members at 62.50%. Import/export businesses accounted for the next largest group at 54.17%, Construction at 33.33% was the third largest group. MIA Members reported that a significant 20.83% of businesses did not fall into the provided categories.

MIA Members provided examples of businesses their clients had purchased or established:

- Exporting medical laboratory instruments
- Exporting wine
- Gaming
- Purchasing and operating wineries
- Construction both residential and commercial
- Export of primary producer products including grains and other agricultural products
- Retail, including some convenience stores and supermarkets
- Export of Australian grains, agricultural products
- Confidential document shredding service
- Air Conditioning installation in large buildings
- Tourism business offering group tours to European tourists
- Importation of construction material
- Manufacturing for mining industry
- Kitchen equipment and supplies importation and wholesale supply
- IT and Investments publications
- Courier businesses
- Swimming pool services
- News agencies

## 2. Business investment

**The Focus Group** believed that the BIIP programme is very prescriptive in its requirements. Savvy applicants will work to only meet the minimum standards for the visa grant and quarantine and protect their other assets from the process. If the programme only requires an investment of 1 million dollars, the question can be raised as to why people would want to invest 10 million in a business until permanent residence is achieved?

The group suggested this may be addressed by offering incentives for higher levels of investment in these complying businesses. (For example, priority processing or fast tracked permanent residence.)

### **Recommendation 1**

The MIA recommends that consideration be given to offering incentives for higher levels of investment in complying businesses, eg, priority processing or fast tracked permanent residence for those applications.

The investor subclasses are favoured by advisors over the innovation subclasses as they are a safer, easier and more relaxed pathway to PR. This is resulting in a low uptake of the 188 'B' pathway.

### **MIA Survey Question: What type of investment vehicles are your clients using to meet the investment requirements for the Business Investment stream of visas?**

Government bonds were the favoured investment for these BIIP visas. This may indicate a preference for safe investment options over possibly higher yield, but more risky investments. 30.77% of MIA Members reported applicants had invested in Australian managed funds and 34.62% in private companies. A small number of investors had used other investment vehicles (7.69%).

### **MIA Survey Question: How much capital was finally invested into the business?**

MIA Members reported levels of investment to generally be between \$200,000 to 5 million dollars, with the majority falling within the range between \$200,000 and \$500,000.

## 3. Venture Capital Stream

### **MIA Survey Question: Can you provide any insight into why the Venture Capital stream of this visa class has not been successful in bringing innovative projects and business to Australia?**

MIA Members noted the venture capital stream was not a viable visa pathway. The venture capital industry is underdeveloped in Australia and unable to offer the required \$1 million to potential business migrants. Countries such as the USA, Canada and Singapore have similar programs with more realistic thresholds and faster pathways to permanent residency.

MIA Members indicated Australia was unlikely to be competitive in attracting venture capital investors under this program.

**MIA Survey Question: Do you know of any potential Venture Capital stream applicants who proceeded with a venture capital type visa with a country other than Australia?**

MIA Members reported potential applicants who have chosen to take up venture capital visas with countries other than Australia. Canada was reported as the preferred destination, followed by Singapore and the USA.

**MIA Survey Question: Do you believe lowering the venture capital investment threshold below AUS 1,000,000 would encourage more business skills applicants to consider this stream?**

64% of MIA Members did not believe that lowering the \$1 million threshold would make this visa stream more attractive.

**MIA Survey Question: Has the need to gain investment from a venture capital partner registered with AVCAL been a barrier to any of your clients contemplating this visa stream?**

MIA Members reported that requiring an AVCAL registered partner was a barrier in 34.78% of cases. 60.78% of MIA Members answered that they did not know, however, this was likely to be a reflection of the small number of applicants seeking out the venture capital stream and the overall lack of information on AVCAL in the marketplace.

**MIA Survey Question: Do you believe venture capital investment should be able to be raised from sources other than AVCAL partners?**

If the visa pathway was maintained 47.83% of MIA Members agreed that AVCAL was not suitable as the only provider of venture capital and that the range of organisations that can provide venture capital be expanded.

**Recommendation 2**

The MIA recommends that if the Venture Capital stream is continued to be made available, consideration be given to allowing a broader range of organisations to provide venture capital investment.

## **4. Employment creation**

**MIA Survey Question: What size businesses are your clients establishing or purchasing to meet the Business Innovation stream requirements?**

The majority of business migrants were buying or establishing businesses that would employ between 3 and 10 employees (69.57%). 13.04% were employing 11-100 employees and 26.9% were employing 0-2 employees.

## **5. Business retention**

**MIA Survey Question: Do you have any information from previous business skills clients on the length of time they retained their initial business in Australia after visa grant?**

Responses to this question suggested that around a third of business migrants did not retain these businesses for more than 2 years after visa grant, however, this may be because they purchased or

established further businesses. 23.08% were reported to retain their businesses for 2-5 years after grant and 19.23% for more than 5 years. Unfortunately, MIA Members had lost contact with around a quarter of business skills migrants after visa grant.

### **Recommendation 3**

The MIA recommends that there be a greater level of data collection to enable a better understanding of the long-term business behaviours of business skills migrants.

## **6. Business skills**

### **MIA Survey Question: How important do you believe your business skills visa applicants' previous business careers were in establishing a successful business in Australia?**

A very high proportion of MIA Members (76%) felt that prior business experience and skills were important to the success of the applicant's Australian business. While direct transfer into the same type of business as their overseas business was not always possible, the applicants' previous business acumen and expertise were viewed as traits that were highly transferable to other business contexts.

### **MIA Survey Question: Did your business skills clients establish or purchase a business in Australia in the same industry sector as their business/es in their home country?**

Business applicants appear to be more interested in investing in businesses that meet the requirements of the permanent residence visa and were safe investment options than continuing in their previous business sector. If it was possible to continue in the same industry sector this opportunity was taken, but this was often not possible in sectors such as manufacturing where the costs of production are so much higher in Australia. The survey results were equally distributed on the numbers of business migrants who had purchased in their original business sector and those that had not.

## **7. Promotion of the BIIP program**

### **MIA Survey Question: Do you believe the Australian Government is promoting the BIIP effectively?**

Overall MIA Members viewed Australian Government promotion of the BIIP as lacking, in that it was targeted mainly at the Chinese market. It was also commented that the DIBP web pages were confusing to potential applicants.

**The Focus Group** felt that the overseas promotion of the BIIP programme may have created expectations which were not realised in the business migrant's actual experience of doing business in Australia.

### **MIA Survey Question: Do you receive enquiries about the SIV stream visas from applicants who have no knowledge of other possible BIIP or Business visa pathways?**

MIA Members reported that many potential clients are only aware of the SIV visa, especially from China and India. Unregistered practitioners in China are heavily promoting the SIV visas, as are large



numbers of service providers such as banks, financial services and real estate companies, who are chasing the 5 million dollar investments. It is not in their interest to promote the other lower investment options. 63.3% of MIA Members reported they had been approached by potential SIV applicants who had no knowledge of other possible BIIP pathways.

**MIA Survey Question: What estimated percentage of your BIIP (including SIV) enquiries go on to lodge an application for any of the business skills visas?**

The majority of MIA Members (66.67%) indicated that less than 10% of enquiries lead to the lodgement of a BIIP application.

**The Focus Group** members indicated that because of the difficult threshold requirements and the uncertainty of the two stage BIIP pathway, they often advised visa streams other than BIIP, such as the Subclass 457 and Employer Sponsored Nomination (ENS) pathway, where appropriate.

**MIA Survey Question: Have you had any potential SIV investor applicants change their minds and choose to apply under another BIIP pathway?**

36.67% of MIA Members reported SIV applicants changing to other visa subclasses, with 26.67% changing to other BIIP streams with lower monetary investment and 20% changing for visas with easier criteria.

**MIA Survey Question: Do you believe the State and Territory Governments are promoting the BIIP effectively?**

Responses to this question were mixed. Some comments indicated the states and territories were doing a better job at promoting these visas than the Federal Government. Some states were better at this promotion than others. Those states that are marketing well and have the more flexible threshold requirements are receiving the majority of applications.

MIA Members commented that it would be easier to promote and process these visas if there was some commonality between the states and territories in their requirements. Currently each state and territory has its own separate set of requirements, with some setting a much higher threshold than others.

**Recommendation 4**

The MIA recommends that the promotion of the BIIP visa programme be extended to a wider range of countries.

**Recommendation 5**

The MIA recommends that there should be a greater promotion of the entire BIIP visa programme, rather than the current emphasis on the Significant Investor Stream (SIV).

## **8. The role of State/Territory Governments**

**The Focus Group** questioned the necessity for State/Territory sponsorship. The state authorities are reportedly unhappy because they have no control over permanent visa holders changing states after

grant. For example, many Distinguished Talent 132 visas were sponsored by the Western Australia Government but the visa holders set up residence in Sydney.

There were some negative comments including restrictive investment options and requiring visa holders to maintain long periods of residency in the sponsoring state. These were believed to encourage only passive investment. It was also questioned whether visa holders need to live in the same state as where their investment are located.

The actual need for state and territory sponsorship was also questioned, with comments that it was just another layer of unnecessary bureaucracy and burden on applicants.

It was suggested the states' role become more supportive of the new businesses and become the second stage of the process, not the first. Currently the applicant applies for state sponsorship and the last and major part of the application is with DIBP. This creates a disconnect between the state government and the applicant, particularly where there is a considerable waiting time for the application to be processed.

#### **Recommendation 6**

The MIA recommends that State/Territory nomination become the second stage of the BIIP visa application process, not the first.

The states could have a role providing business training on relevant topics such as taxation, Work, Health and Safety and Fair Work requirements.

#### **MIA Survey Question: Have any of your clients had problems in understanding the Australian business and legal environment?**

MIA Members reported 57.69% of business migrants did not have difficulties adapting to the Australian business and legal environment. A relatively large proportion (42.31%) did have some difficulties, but as would be expected, those who seek professional assistance and advice appear to become proficient more quickly.

**MIA Survey Question:** Do you believe your business skills clients would benefit from more business support after grant of their visa and move to Australia?

Around two thirds (62.96%) of MIA Members agreed business skills migrants would benefit from more business support after arrival in Australia.

40.74% of MIA Members believed that business migrants should undertake business skills courses (incorporating information on taxation, Work, Health and Safety, the Fair Work Act ) or single subjects on topics such as BAS, payroll tax and employer superannuation obligations.

Government provided mentoring services were also supported by 29.63% of MIA Members.

The State and Territory Governments were seen as the best authorities to provide this assistance due to their broad knowledge and links with their local business sectors.

**Recommendation 7**

The MIA recommends that the State and Territory Governments have a more supportive role for new businesses.

**Recommendation 8**

The MIA recommends that a business mentoring service be provided to business visa holders.

It was recommended that business management seminars in the applicant's own language should be compulsory for applicants for business skills visas before commencing business in Australia.

**Recommendation 9**

The MIA recommends that business management seminars in the applicant's own language should be compulsory for applicants for business skills visas before commencing business in Australia.

**The Focus Group** believed that the States and Territories could also have a monitoring role for their nominated businesses. Six-monthly monitoring to ensure businesses are on track to meet permanent residence requirements may assist business owners and identify any business difficulties earlier in the process. These monitoring results could also be used to determine eligibility for Australian citizenship.

There was some concern expressed about the lack of monitoring of business skills visa holders after they received permanent residence. Ongoing monitoring would ensure business continuity for a period of time and opportunity for improved data collection.

**Recommendation 10**

The MIA recommends that there be a greater level of monitoring of business visa holders after they have gained permanent residence.

**Recommendation 11**

The MIA recommends that consideration be given to the State and Territory Governments having a monitoring role for their nominated businesses.

## **9. Why do people apply for BIIP visas?**

**MIA Survey Question: What reasons do potential BIIP applicants give for wanting to gain an Australian visa?**

Educational opportunities, improved living standards, clean environment and stable political climate were the four top reasons given for migrating to Australia. Given the purpose of these visas, it was interesting to note that business and investment opportunities were low on the list of reasons given. The lowest reason of employment opportunities was understandable, given these visa require applicants to purchase or establish businesses in Australia.

## 10. Low numbers of BIIP applications

**MIA Survey Question: If you lodged any business skills visas under the previous business skills programs (eg SC 160,162, 163, 164,165, 890, 891,892,893), have you experienced a change in the number of applications you have lodged since the new BIIP visas were introduced?**

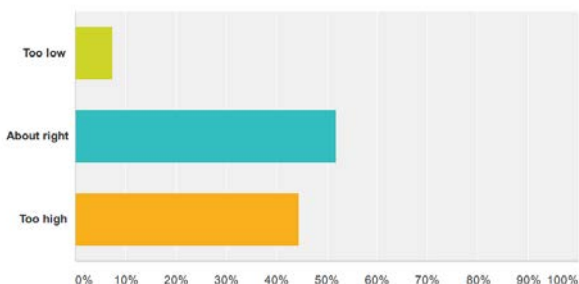
A fall in the number of business skills visa application lodgements was reported by the vast majority of MIA Members (89.29%).

**MIA Survey Question: What do you believe are the reasons for this change in application numbers?**

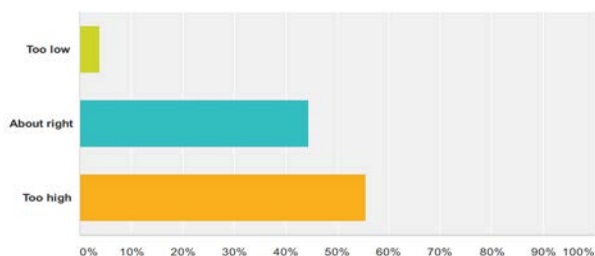
The increase in monetary thresholds was the most strongly reported reason for the drop in applications, with 79.37% of MIA Members reporting this as a factor in the decline. The increase in the applicants' current business qualifying thresholds were cited as the next highest category at 66.67% and more difficult financial assessment requirements as the third highest by 55.56% of MIA Members.

## 11. Monetary requirements

**MIA Survey Question: Are the threshold monetary requirements for the Subclass 188 Business Innovation (AUD 500,000 turnover 2 to 4 last fiscal years and AUD 800,000 personal and business assets) too high?**



**MIA Survey Question: Are the threshold monetary requirements for Subclass 188 Business Investment (AUD 2,250,000 net value in business in 1 of last 5 years and AUD 1,500,000 personal and business assets) too high?**



### **Recommendation 12**

The MIA recommends that consideration be given to the monetary thresholds for some streams of the BIIP visas being reduced to allow greater access to the programme.

## **12. Competition from other countries**

**MIA Survey Question: If you have you had potential Australian Business Visa applicants who have decided to proceed with an application to countries other than Australia, what type of businesses were they considering to establish or purchase in Australia?**

MIA Members reported that some prospective business skills applicants have been lost to Canada, the USA and Singapore, where the business requirements and monetary thresholds were less onerous than those of the Australian business skills visas.

One member reported prospective applicants thought DIBP was too difficult to deal with and ...took the attitude that...*'if they don't want my moneys I will take them somewhere else!'*

The time taken to gain Australian citizenship was again mentioned as a reason applicants chose to go to other countries.

The types of businesses prospective applicants considered were:

- Electronic manufacturing.
- Construction.
- Trades services.
- Import and export.
- Gaming and hospitality.
- Property development
- Building and construction
- Restaurant
- Financial services
- Manufacturing,
- International trade
- Retail
- Real estate.
- Exporters of handcraft items, gems and precious stones
- Trading business that could be operated in Australia under management, with oversight by the overseas visa holders.

### **Recommendation 13**

The MIA recommends that consideration be given to making Australia's BIIP more competitive in the global market.

## **13. Independent Executive visas**

**The Focus Group** reported that former Independent Executive pathway provided quality applicants, with business experience. Since this pathway has been removed the quality of the applicants has fallen and many people choose the Subclass 457 to Employer Nomination Scheme pathway to permanent residence. Consideration should be given to reintroducing the Independent Executive pathway.

**MIA Survey Question: Would the introduction of an additional visas stream that allowed an applicant to self sponsor (similar to the previous SC 457 Independent Executive visa) add value to the current business skills program?**

MIA Members were strongly in favour (80.77%) of reintroducing a program similar to the previous Subclass 457 Independent Executive, where skilled or professional applicants could 'self sponsor' to start a business in Australia.

The original 457 Independent Executive program provided a 4 year temporary visa that required the applicant to develop a business in Australia that was required to reach a specific turnover and employ a specific number of Australians for the executive to be eligible for permanent residency.

MIA Members who had experience with the 457 Independent Executive visa subclass reported that many of these businesses still existed today, as the executive often provided the physical skills set (eg trades) or professional expertise (eg accountants, lawyers) that ensured the longevity of these businesses and made these businesses more difficult to 'recycle' than, for example, a retail business.

*Member's comment:*

*As an example, my clients Andy and Julia, with barely \$300,000 after selling everything in UK, arrived in Australia in 2001. They bought a small business with one employee and worked from 5am to 10 pm daily. They now have two businesses with 15 employees. The business is now worth over \$1 million dollars, assets and houses over \$6 million. They are still working and expanding their businesses. His only business experience in UK was buying and renovating two houses - this would not qualify today!*

**MIA Survey Question: What type of businesses would be acceptable for this additional category to invest in?**

MIA Members indicated that the type of business was not as important as the benefit it should be required to provide to Australia, through the development of overseas trade, employment for Australians and the contribution it made to the economy.

**Recommendation 14**

The MIA recommends that consideration should be given to reintroducing the Independent Executive visa.

## **14. Graduate entrepreneur visas**

**The Focus Group** felt that consideration should be given to providing business visa opportunities for overseas students graduating from Australian educational institutions. A large number of these students have spent several years studying in Australia, have some familiarity with Australian society and can have access to significant financial resources from their families overseas. This would also be a way of preserving the educational asset within Australia rather than it leaving the country.

**MIA Survey Question: Would an additional visa stream that allowed overseas students who have studied in Australia to start a business in Australia add value to the current business skills visa program?**

A large proportion of MIA Members (76.92%) indicated this was a potentially successful model for developing business within Australia. Advantages were gained from the graduate student having

studied in Australia for some time, which allowed them to have become accustomed to the Australian way of life and possibly provided a better insight into conducting business in Australia, than a newly arrived business migrant may have.

The high cost of studying in Australia as an international student also ensured that many of these graduates came from families who were business owners, who had the financial capacity to assist them to fund start up companies here and could provide business knowledge and expertise to support the graduate.

The links to overseas businesses these graduates have was also noted as a further advantage to establishing international businesses based in Australia. A number of MIA Members reported cases of overseas students who were already successfully running small businesses in Australia prior to graduation.

MIA Members indicated that enquiries on starting or purchasing business in Australia from overseas students studying here were common. One respondent questioned why Australia would want to lose the expertise of these educated graduates, after investing the energy in educating them to our high educational standards?

*Member's comment:*

*They often worked in family businesses and receive financial support from family to [start a business in Australia]. This is currently occurring under 457 program and is very successful with my clients. For example, one student commenced a business here which is a franchise that his family commenced and owns in o/s country. Student is about to franchise the business throughout Australia once he gets his permanent residency.*

**MIA Survey Question: What skill level would be required for the overseas student to do this?**

MIA Members were mixed in the minimum level of qualification that should be acceptable for this type of visa, ranging from vocational training for trades to degree level qualifications. Business training/education or business experience in Australia was suggested by some and a minimum level of financial investment eg \$100,000.

**Recommendation 15**

The MIA recommends that consideration should be given to providing an opportunity for overseas students who have graduate from Australian educational institutions to establish businesses in Australia.

**15. One step permanent residence**

**The Focus Group** expressed some criticism that the Distinguished Talent visa was the only visa currently available that provides immediate permanent residence without the need for a prior provisional visa. Further pathways within the business skills arena were recommended.

The conversion rate from provisional residence to permanent residence was reported as only 35%. The current tax advantage and the difficulty of meeting residency requirements were suggested as possible reasons for this.

However, there was also recognition that there are some advantages in the provisional/permanent residence model. Applicants can use the provisional residence to 'test the market' and experience

conducting business in Australia before committing to moving all their business and livelihood to Australia.

There are significant tax advantages for some applicants in maintaining provisional residence, including the ability to quarantine overseas income from the higher Australian tax rates.

The current onshore residency requirements for the non-SIV BIIP provisional visas are also seen as unrealistic in today's global business environment. It is unrealistic to expect business people with global markets and businesses to spend the majority of their time in Australia to gain residency. This can also adversely affect their ability to meet Australian Citizenship residency requirements, or to obtain a Resident Return Visa.

### **MIA Survey Question: What were the applicants' reasons for deciding not to apply to Australia?**

56.52 % of MIA Members reported that not being able to gain permanent residency immediately was the reason they had decided not to apply to Australia for a business visa. This was greater than any other reason provided for choosing another country over Australia.

#### **Recommendation 16**

The MIA recommends that consideration should be given to providing a range of realistic residence requirements for provisional business visa holders and for Resident Return Visa holders.

#### **Recommendation 17**

The MIA recommends that consideration be given to providing other immediate permanent resident visas for business migrants

## **16. Administrative barriers within the system**

### **(i) Day-to-day management requirement**

**The Focus Group** believed that the programme encourages entrepreneurial applicants but then ties them to mundane day-to-day management of business tasks. For example, when assessing the 892 visa, case officers assess the day to day management on the 'petty' measurement of the amount of time spent working 'in the business', rather than working 'on the business'.

It is reported that case officers do not 'believe' financial reports presented with applications and then focus on day-to-day management behaviours. This drives safe behaviours rather than entrepreneurial behaviours, leading applicants to invest in businesses where the day to day management process is very visible, eg managing a retail establishment.

#### **Recommendation 18**

The MIA recommends that consideration be given to a more realistic approach be adopted to the assessment of day-to-day management requirements.



## (ii) Scrutiny of applicants

### **MIA Survey Question: Do you believe the DIBP 'source of funds' requirements and scrutiny negatively affect potential business skills applicants' decisions to choose Australia as a destination?**

MIA Members highlighted two aspects of the DIBP requirements, the funds gained through inappropriate methods and lack of historical funds records due to some countries not having effective accounting and tax systems.

MIA Members strongly supported Australia's position on ensuring funds are legitimately obtained from reputable sources. The opportunity to launder money through the Australian system was seen as a potential problem.

Differences in business practices and reporting requirements were identified as barriers for some applicants. The DIBP on the one hand assumes that business practices are the same as those here and on the other, greatly exceed these requirements. For example, by requesting business documents from the start up of an overseas business began, whereas in Australia documents are often only kept for 7 years. In some cases the presentation of historical documentation has been impossible and prevents applicants applying for these visas.

Comments were made on the harsher assessment of source of fund documentation from China to that of other locations.

*Member's comment:*

*I accept that DIBP want applicants who are honest but the arrangements of tax affairs to optimise personal assets is not a crime. In Australia countless business people pay far less than the 30% corporate tax rate by planning their finances accordingly. That is not a crime or unacceptable business practice.*

#### **Recommendation 19**

The MIA recommends that a more realistic approach be adopted for the assessment of an applicant's business and financial history.

## (iii) Quality of applications

**The Focus Group** believed that lengthy processing timeframes can often be attributed to poor quality applications and suggested this could be improved by only accepting applications from registered migration agents.

#### **Recommendation 20**

The MIA recommends that the Department of Immigration and Border Protection should only accept applications from registered migration agents.