

Fact not conjecture should determine Australia's approach to immigration

By Blake Briggs, CEO of the Financial Services Council

Australia needs a modern migration program that can help attract skills, but also innovation and capital investment.

Which is why facts, not conjecture, should guide the comprehensive review of Australia's migration program that has been announced by the Albanese Government.

The Significant Investor Visa, established in 2012 by a former Labor Government, attracts entrepreneurial talent and capital into the country by allowing migration on the basis of investment of \$5 million in Australia, of which at least \$2.5 million must be invested in emerging companies and venture capital.

Since the mandatory requirement to invest in emerging companies and venture capital was introduced in 2015, hundreds of Australian companies in areas important to Australian growth have benefitted from investment such as ag-tech, specialist manufacturing, energy, digitech, financial services and healthcare.

As of June 2020, the Department of Home Affairs notes the program has attracted over \$11.8 billion in new complying investments in Australia alone, before we consider the multiplier effect on economic activity, jobs, and additional taxes at both a state and federal level are taken into account.

The program has allowed Australia to compete with other major western countries, and our Asia region to be a financial services hub by allowing Australian companies to gain a foothold in the high-net-worth market, which is several times larger than the entire Australian \$3.3 trillion superannuation pool.

Australian companies can therefore leverage our world class investment expertise to create new export opportunities.

This is good news for the long-held bi-partisan goal of promote Australia as a financial services hub in the Asian region and create growth in high skilled employment.

Detractors of the program have made four main claims that are easily rebuffed.

First, they present a Hobson's choice that places in the SIV program come at the expense of skilled migration. Australia simply needs both skills and capital to boost our productivity. To say we must have one over the other is a false paradigm.

Second, they point to analysis of the lifetime fiscal impact of individuals from under Business Innovation and Investment Program, of which the SIV is a subset conducted by Treasury. But in doing so, they gloss over whether this analysis is fit for purpose for the SIV.

Treasury itself admits it does not try to measure the benefits of the SIV program in this framework, specifically noting that its modelling *"does not attempt to capture any information spillovers, investment effects or indirect employment effects of migration, and that these are key policy objectives of the BIIP migration stream"*.

Third, critics suggest the program is failing because no applicants have been denied under the character test.

It goes without saying the financial services community would strongly support measures to maintain the integrity and confidence in the scheme, but at present no evidence applicants are exploiting the scheme.

Evidence from the Department of Home Affairs instead tell a different story, showing the SIV has a refusal or withdrawal rate of around 30 per cent, meaning almost one in three applicants do not make it through the background and other checks administered by the Department.

The program involves comprehensive source of funds checks which are undertaken by the Department of Home Affairs along with police checks and in some instances security agency advice on specific applications, and all applications are subject to Know Your Client requirements enforced by AUSTRAC before they invest with any Australian financial institution.

Finally, it is alarming detractors of the program are verging on race baiting by highlighting the use of the program by Chinese and Southeast Asian immigrants.

Total numbers in the scheme are relatively modest, at around 300 primary visa grants on average each year, and while most applicants to date have been from mainland China, there is growing evidence the scheme is evolving, with the source of applicants from UK, US, South Africa, and Hong Kong increasing.

Quite simply, the source country of an applicant is irrelevant if they are of good character and focusing on the ethnicity of applicants should have no place Australia's immigration policy. Existing applicants who have come to Australia under a program we promote to the world should not be vilified for contributing to the economy and our multicultural society.

Improving our productivity, via our immigration program should not be a zero-sum game. There should be a place for skilled migrants, job creators, investors, and entrepreneurs.

The Financial Services Council will work constructively with the Albanese Government and the upcoming review to ensure Australia's immigration system can better contribute to nation building, but the review must start with an open mind and consider the facts.

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