



Australian Government
Australian Trade Commission



Invitation for Public Submissions - Complying Investment Framework for the Significant Investor Visa (SIV) and Premium Investor Visa (PIV) programmes

Please send your submission to Austrade by close of business 5 January 2015

By email: investorvisas@austrade.gov.au

Please limit your submission length to a total of five pages

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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.

Australian health and medical research (H&MR) is of a high standard and is well regarded globally.¹ There is also significantly more research capacity in Australia than funding. The majority of H&MR in Australia is conducted in the higher education and not for profit sector by publicly funded research organisations such as universities and medical research institutes.² Competition for this public funding is fierce, with success rates for grant programs offered by the National Health and Medical Research Council (NHMRC) and the Australian Research Council (ARC) falling in recent years.

H&MR also receives significant philanthropic funding, and has in the past received some large grants from overseas philanthropists, including Atlantic Philanthropies and the Gates Foundation. These philanthropists have been encouraged to invest in Australia by the quality of Australian researchers; in particular by our expertise in tropical and developing world diseases and our engagement in the Asia Pacific region.³

¹ Australian Government, Office of the Chief Scientist, Benchmarking Australian Science, Technology, Engineering and Mathematics November 2014, p.10

² <http://www.researchaustralia.org/health-medical-research/funding-hmr>

³ See, for example, <http://www.atlanticphilanthropies.org/region/australia>

Although not a specific consideration in the examples provided above, the SIV and PIV could act as incentives for other wealthy foreign residents who have an interest in supporting H&MR and are willing to donate to support such research in Australia. For this reason, Research Australia proposes that **donations to health and medical research organisations (including higher education institutions) that are registered as charities be included in the definition of complying investments.**

Private Ancillary Funds (PAFs) provide a vehicle for philanthropy in Australia. While the definition of complying investments currently includes the use of trusts where the investor and/or their spouse is the beneficiary, it does not include a PAF. Research Australia proposes that **a PAF established for the purpose of supporting health and medical research conducted in Australia should be included as a complying investment.**

While Australian H&MR is of a high standard, it is also well recognised that Australia generally has a poor record in commercialising its publicly funded research, and the Australian Government has recently identified boosting the commercial returns from publicly funded research as a key element of its Industry Innovation and Competitiveness Agenda.⁴ Health and medical research has been identified as one of Australia's research strengths, with the medical technologies and pharmaceuticals identified as a key future growth area. However, a lack of investment remains a barrier to further development. In particular there is a significant difficulty in attracting investors to fund the early stage research & development that is required to take publicly funded research findings to the commercial proof of concept stage. Initial engagement through a donation to support a publicly funded research organisation has the potential to lead to a commercial investment in subsequent later stage R&D which is 'spun out' on a commercial basis. In this manner the donation has two benefits: it advances the research to the point where a commercial investment becomes viable; and it provides the initial basis for establishing a relationship with an individual who can be a future potential investor.

Comments on the inclusion of venture capital funds as part of the complying investment and suggestions on how to structure that inclusion effectively.

While generally supportive of the inclusion of venture capital funds as part of the complying investment, Research Australia has no specific suggestions on the structure.

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.

Research Australia has no comment in response to this question.

⁴ Australian Government, Boosting the commercial returns from research, November 2014

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?

Research Australia has no comment in response to this question.

Suggestions on improving the integrity of the complying investment framework.

Research Australia has no comment in response to this question.