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Australia Attracts Chinese Multimillionaires

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An investment of A\$5 million can yield Australian residency under a recently launched visa program. Alan Lee of Moisson Group tells the WSJ's Deborah Kan why his Chinese clients are attracted to Australia.

Australia said that so far it has attracted 170 applicants to a new program to develop foreign investment by offering overseas millionaires the right of residency in return for a portion of their wealth, in a bid to help the country compete better against other nations for money and expertise from abroad.

The so-called significant investor visa was launched in November. If all those made so far are accepted, the applications, believed to be mostly from China, would translate into inbound investment of at least 850 million Australian dollars (US\$877 million).



AFP/Getty Images

Australia's Sydney Opera House in Sydney harbor.

The program lets foreigners settle in Australia for up to four years, then seek permanent residency, in exchange for a minimum A\$5 million investment during their stay. The money can be placed in federal or state bonds, managed funds, Australian companies, or in a combination of those assets.

The push by Australia to start attracting foreign investors by offering them residency comes as the country faces what Finance Minister Penny Wong terms a new reality, as a decadelong mining boom evaporates amid a slowing global economy.

The country is also playing catch-up with others offering visas to the wealthy investors. Its neighbor New Zealand, offers visas to those willing to invest as little as 1.5 million New Zealand dollars (US\$1.3 million). And the U.S., a magnet for Chinese investors, grants green cards to qualifying foreign nationals for investing as little as \$500,000 in a qualified U.S. business that creates a minimum number of jobs. In the fiscal year ended Sept. 30, more than \$1.8 billion was raised by the U.S. this way and 7,641 foreign nationals were issued visas, 80% of them Chinese.

In Australia, successful applicants are allowed later to apply for permanent visas. There is no upper limit on the number of special visas the government can grant. Consultants at Deloitte expect the total to climb to around 700 a year, potentially at least A\$3.5 billion in fresh foreign investment.

But not all applications are guaranteed to succeed.

The department of immigration said it had granted the first significant-investor visa to a Chinese toy manufacturer and his family. A spokesman for the department said that

following a four-month assessment of the his application, the candidate made a A\$5 million investment in Victoria state bonds. The government declined to identify the successful applicant.

"Australia is in active competition with other countries across our region for successful, high-wealth individuals and the capital and business acumen that comes with them," Immigration Minister Brendan O'Connor said last week.

While the program is open to all, Chinese nationals are likely to be among the biggest takers, according to people involved with the program.

Indeed, the ranks of China's wealthy have risen. PricewaterhouseCoopers estimates China has more than a million millionaires and about 60,000 "super rich," or people with more than A\$15 million to their name. The special Australian visa has a unique identifier number "188," making it distinct from the traditional "457" visa given to most temporary foreign workers.

Adding to the allure of the investor visa, the government has created a new subclass of permanent visa to go along with the program, "888," a number many Chinese associate with wealth.

"Clearly, the whole thing has been targeted at China so far," said Bill Fuggle, Sydney-based head of financial services Baker & McKenzie, which advises clients, including many Chinese, on significant-investor visas.

The government's openness to wealthy foreigners contrasts with its approach more generally to immigration, a polarizing topic in Australia, particularly ahead of an election only four months away. Prime Minister [Julia Gillard](#) has pledged to clamp down on the "457" temporary work visas.

The Labor government, which opinion polls suggest will lose the Sept. 14 election to the center-right Liberal Nationals, has proposed changes to the 457 temporary work visa system and has said it would "put Aussie workers first" as the nation's economy has slowed, led by a cooling in the mining sector.

Foreign investment, particularly from China, is a hot-button topic in Australia. Last year, conservative lawmakers, particularly from rural areas, attacked the government for allowing the takeover of a large cotton farm, Cubbie Station, by a Chinese-led consortium.

Treasurer Wayne Swan labeled their views as "xenophobic claptrap" at the time.

In 2011, the government rejected a takeover of Australia's main bourse operator, [ASX Ltd.](#), [ASX.AU_+0.61%](#) by Singapore's main exchange, saying the deal was against the national interest.