



## Attracting Foreign Investment in Rural Small to Medium Sized Enterprises (SMEs)

### What's the problem?

Many small rural towns, and even some regional centres, lack the services of some essential small and medium sized businesses. A rising trend is the loss of the services that currently exist due to retiring proprietors facing a dearth of buyers for their businesses. Rural SME's are not necessarily seen as prime investment targets for urban Australians. Aside from the standard butcher, baker and candlestick maker, a quick audit would reveal some surprising gaps that are about to open up in every rural town as aging SME owners retire without selling their Bed and Breakfasts, antique shops, beekeeping businesses, plant nurseries, bookstores, clothing boutiques to note a few examples well known to this writer.

A related problem is stemming the decline of job opportunities in these areas. Economic vibrancy and the availability of services are fundamental to ensuring that rural towns do not become ghettos of dependency on the taxpayer funded safety net.

At the same time, there are many skilled people with investment funds available to them, who would like to emigrate to Australia. They may need help to find non metropolitan opportunities.

### What's the solution?

Bring together the existing notion of a business migration visa, with the specific needs of each town for SME investment. Be pro-active in preventing another looming rural/regional economic stumbling block from emerging.

Allow for SME's to be invested in, or purchased, by people wishing to migrate to rural towns. The investor makes a commitment to live in the town, to use their skills to work in the business, and become a part of the community as a condition of their visa, with a pathway to citizenship.

Enable and encourage private enterprises to be established, to operate as agencies helping to connect local businesses seeking investment or wanting to sell, with individuals overseas wishing to invest/buy and emigrate. Use this assistance as a vehicle for making processing time for business-related visas faster (currently an approximately 2 year wait), to increase efficiency and cycle investment monies through regional areas expeditiously. Matching investors with opportunities is a critical factor for social integration in small towns and local knowledge is essential to making these good matches.

### Why will it work?

- It attracts the 'right' kind of immigrant: individuals (and, if relevant, their families) that have financial stability and relevant skills which they are willing to commit to their future in Australia;
- It gives local councils, chambers of commerce and marketing groups a new source of local investment, and an opportunity to use the unique features and attractions of life in that town to bring in that investment and population growth;

- It secures the provision of key services to the rural communities that need them, in circumstances where recent policies have failed to stem the decline of population and services;
- It ensures that people who are emigrating to Australia do so with a pre-planned destination, work blueprint and accordingly, better prospects for integration into Australian society and in particular, rural communities;
- Once the necessary legislative framework is in place (and the changes needed to immigration law are relatively minor), is performed by private sector agencies. The proposal requires no extra funding or personnel in the public sector.

### **What are the political risks?**

Foreign investment in rural Australia can be sensitive in some places. It will be important to ensure that there is diversity in the places from which the visa recipients are coming, and relevance in the skills that those individuals bring. This will help to ensure good social integration, and help the foreign investment to be understood as an addition to the life and business of the community and economy, rather than a social disruption.

### **What are the political advantages?**

With minor amendments to immigration law and with relatively little cost to the government this policy change has the potential to contribute to greater economic vibrancy in rural areas. It will add to economic viability of areas of Australia that need it most, and select people to emigrate with a financial interest in building better services for regional communities.

This policy can be compared to the education and training sector, in which immigration law and policymakers were in the 1990's empowered to work with private education providers to build an international student industry. As a consequence, education is today Australia's biggest services export.

### **What will be the effects on the budget and the economy?**

The writer does not have independent research on the economic impact of the proposal. However, given that it empowers the private sector to do the vast majority of the work in connecting business opportunities with potential investors/immigrants, it is not expected to add expense to the cost of government administration.

If successful, some small and uncontentious policy changes will help stimulate job retention and economic growth in the parts of Australia with a crying need for investment even in small quantities. This is also expected to provide a boost to existing rural businesses.

Given the current economic climate, the time is right for implementation of a policy of this kind, at least as a part of a trial or pilot program, with a view to expansion if the program delivers the results predicted.

### **Further information**

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