



# CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION

▼ *The Entrepreneur Visa*

Department of Immigration and Border Protection

March 2016

## CCIQ Position

1. As Queensland's peak business body, the Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide a submission to the Department of Immigration and Border Protection on the new Entrepreneur Visa.
2. The Entrepreneur Visa as announced under the National Innovation and Science Agenda (NISA) on 7 December 2015 was established for entrepreneurs from overseas with innovative ideas and financial backing from a third party.
3. CCIQ supports the introduction of the Entrepreneur Visa (the visa) as a means to drive prosperity by attracting talent and entrepreneurial skills from abroad. It is anticipated that the visa will allow for those with ideas and the ability to convert their ideas into businesses to provide a strong and much needed boost to the Australian economy through innovation.
4. Australia's tax system, rigorous rules around immigration, complex business regulations, and relatively expensive business operating environment currently makes it an undesirable place for many to do business. Together with a high cost of living, many entrepreneurs abroad would favour other countries as a place to build their businesses.
5. The visa is expected to make it easier for people abroad to establish businesses in Australia, and affords the country and citizens with tax benefits, employment opportunities, a greater productive capacity, access to innovative products and services, as well as added skills to our workforce.
6. In order to show how strong an ecosystem we have and how good the opportunity is to start a company here in Australia, such visa is needed to keep attracting great global people, companies and capital into our ecosystem – which will have further ongoing and self-propagating positive impact.
7. As such, CCIQ provides the following commentary to the consultation questions that seek to strengthen the case and processes of the new Entrepreneur Visa.

***QUESTION 1: Should the entrepreneur require nomination from a state or territory government in order to apply for the Entrepreneur visa, consistent with the other streams of the Business Innovation and Investment Programme (BIIP)?***

8. The success of the visa depends on the process being as streamlined as possible. The process should minimise duplication as well as provide efficiency to the process for the applicant. Instead, processes with the Department could be restructured and simplified so the vetting process does not impose a large burden on government officers.
9. State and Territory Governments can indeed play a role where applications are specific to state-wide challenges or demands. However, it is to be noted that CCIQ does not oppose a

requirement for nomination by State or Territory Government to apply for the Entrepreneur visa, if the process as it currently stands for the Business Innovation and Investment Programme is considered to be efficient and effective.

***QUESTION 2: Is four years an appropriate period for the provisional visa to enable the entrepreneur to develop and commercialise their innovative idea in Australia?***

10. Four years is considered an appropriate period to enable the entrepreneur to develop and commercialise their innovative idea. It is assumed that entrepreneurs have already commenced their business, however early in the lifecycle their business may be, when applying for the visa. However, entrepreneurs should be afforded *easy* and adequate extension on their visas if it is demonstrated that they have significantly progressed their business and are on track for continued growth.

***QUESTION 3: Should an extension of the provisional visa be permitted for individuals who have not established a successful and innovative venture in the relevant time period, to allow them additional time to do so?***

11. As mentioned above, an extension should only be granted where the entrepreneur has demonstrated that they have significantly progressed their business and it is clear that the growth of the business is likely to continue.
12. If it is deemed that the entrepreneur has not significantly progressed their businesses within four years, the visa should be cancelled to protect the integrity of the visa and allow for other entrepreneurs the opportunity to be granted a visa. It is a concern that the visa could be used, particularly by wealthier immigrants, as a means of permanent settlement in Australia without satisfying any of Australia's other visa requirements.

***QUESTION 4: How would success of a venture be measured to enable the entrepreneur to progress to permanent residency, and is there an appropriate form of third party verification that could be used to verify the success of the business venture? For example, should measures include a specific level of business turnover, number of Australian employees et cetera?***

13. Each business will require an assessment on its own merits where clear indicators are not present. General criteria would include the number of employees, sales figures, activity/subscribers, etc., but it is essential that before any proposed cancellation of a visa that sufficient assessment of a business be undertaken. Some businesses, particularly those that are high-value and more complex, indeed require a number of years to gain traction.

**QUESTION 5: Should grant of permanent residence be contingent on success of the original idea put forward for development or would other successful business ventures in the timeframe also be considered? If so, how could this be defined?**

14. The granting of permanent residency must be contingent on the value in which the entrepreneur has provided to the economy. As such, it should include any other successful business ventures within the timeframe, if these ventures also satisfy the criteria for an ‘innovative company’. The definition as proposed under the Crowd-Sourced Equity Funding Bill would be appropriate in this instance.
15. Many innovative companies are likely to “pivot” to a new idea mid-way through building their business. Pivoting adds value and is a sensible strategy for iteratively searching for a repeatable and scalable business model.

**QUESTION 6: Are there particular sectors that should be targeted (or limited to) which demonstrate a high level of innovation and provide significant benefit to Australia such as Science, Technology, Engineering and Mathematics (STEM) and Information Communications Technology (ICT) sectors? Are there particular sectors which should be excluded, such as residential real estate development or residential real estate schemes?**

16. Sectors should not be defined as innovation is essentially an approach, rather than specific to an industry. Innovation can occur in science as much as it can occur in manufacturing or even services. Where apprehensions are raised about specific industries, take for example real estate and the concerns that property wealth could be transferred offshore, other systems (such as corporate tax transparency) must be looked at and strengthened to ensure that this cannot occur.

**QUESTION 7: What third party backing should be acceptable to ensure a robust process of assessment and investment has taken place? For example, some BIIP visa pathways require third party funding to come from members of Australian Private Equity and Venture Capital Association Limited.**

17. Third party backing should be accepted from third parties outside of Australian venture capital firms. Evidently, proof that third parties are legitimate would be required. This allows for money from abroad to then be brought into Australia but then potentially, an amount of equity may therefore be held offshore.
18. However, it is important to acknowledge that this criterion is essentially placing the cart before the horse by substantially restricting the visa’s potential catchment pool to people who have already raised capital. The capital is therefore driving the process more so than the talent, defeating the purpose of the visa.

19. Furthermore, many large and successful businesses are built upon not having third party funding, and in some instances, raising capital is not an objective or desire from some entrepreneurs.

***QUESTION 10: Would the Business Talent (Permanent) (subclass 132) Venture Capital Entrepreneur visa stream still be required as a visa option once the Entrepreneur visa is implemented?***

20. For the purpose of reducing complexity, the number of visas in this field could be narrowed. Preferably, all visa applicants should be directed to the new visa if the criteria can be met, and an assessment of the number of applicants who do not meet these criteria but are eligible for the visas will provide the basis for such assessment.

## **Further enquiries**

21. We thank the Department for the opportunity to provide comment and welcome any feedback. Please contact Catherine Pham, Policy Advisor, at [cpham@cciq.com.au](mailto:cpham@cciq.com.au) for matters relating to this submission.