

## Chair/Committee Chairs

Transforming Australia's Visa System  
Department of Immigration and Border Protection  
6 Chan Street  
BELCONNEN, ACT 2616

Via online submission

### **Visa Simplification: Transforming Australia's Visa System**

On behalf of Innovation and Science Australia (ISA) I would like to present the following submission for consideration in the review of Australia's visa system.

ISA is an independent statutory board, with responsibility for providing strategic whole-of-government advice to the Government on all science, research and innovation matters. In February 2017 ISA released its first *Performance Review of the Australian Innovation, Science and Research System (ISR System Review)*<sup>1</sup> examining the ISR system's strengths and weaknesses and establishing a performance scorecard for tracking progress into the future. ISA is currently developing a strategic plan for the Australian ISR system out to 2030. The *2030 Strategic Plan* will aim to contribute to the wellbeing and prosperity of all Australians by ensuring that Australia reaches its innovation potential.

ISA welcomes a review of Australia's visa system that will result in a system that is easier to understand, easier to navigate and is more responsive to our economic, social and security needs.

As part of its work on the 2030 Strategic Plan, ISA has considered the key challenges likely to face Australia's innovation system over the coming decade and beyond. We have concluded that the pace of technological advance is likely to continue to be rapid, and that Australia's ability to secure a position in the top tier of innovation nations will depend critically on our ability to access the kinds of skilled and talented individuals<sup>2</sup> that can take advantage of such change. Investment and improvement in the education system can help ensure we maximise the capability of Australian citizens to participate in these opportunities, but it will not be enough on its own.

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<sup>1</sup> Innovation and Science Australia (2017), *Performance Review of the Australian and Innovation System*, [www.isa.gov.au](http://www.isa.gov.au)

<sup>2</sup> Skilled migration can occur at an individual level, but also as part of facilitating the entry of employees or researchers comprising a larger company or team. Our comments about the benefits to Australia, and the need to facilitate an accommodating process to Australia, should be taken to apply at the individual and group levels.

Our research has highlighted the disproportionate impact that immigrants have previously played in innovation hotspots around the world, and that the global competition for talent to fuel innovation is intensifying<sup>3</sup>. Australia will therefore need to position itself as a welcoming destination for highly-skilled and talented individuals who can help our firms respond to challenges, grow more rapidly, and create a thriving innovation-strong economy. For example, ISA has received feedback from fund managers that limited access to skilled and experienced people can constrain their ability to help Australian early stage companies grow. Moreover, given our distance from key overseas markets we should have the ambition to retain talented people over the long term, not just on a temporary basis: we will therefore struggle to remain attractive without a clear path to permanent residency in appropriate circumstances.

Overall, we believe that immigration policy needs to ensure it gives due consideration to the “upside risks” of value creation and economic dynamism that migration can bring to our economy, as well as protecting against some of the more commonly noted “downside risks”.

Our recommendations below go into these issues in greater detail. A summary of the key issues and recommendations identified by ISA is provided in [Table 1](#).

*Table 1.* Summary of key issues identified in ISA submission

<p><b><u>Modernising Australia’s visa arrangements</u></b></p> <ul style="list-style-type: none"> <li>• More could be done to promote the attraction of ideas, knowledge, talent and capital to Australia, including through international promotion activities.</li> <li>• Visas related to the attraction of innovation, science and research (ISR)-related skills to Australia should include a pathway to permanent residency to ensure attraction of world-class talent.</li> <li>• Relevant work experience, such as that gained during doctoral studies, be recognised for relevant academic occupations ahead of proposed changes coming into effect in March 2018.</li> <li>• ISA suggests reforming the criteria of Entrepreneur visas to facilitate attraction of startup founders including through allowing sponsorship by a recognised startup accelerator program.</li> <li>• ISA supports regular reviews of the STSOL and MLTSSL by one agency (with input from other relevant agencies) to ensure that these occupation lists are agile and keep pace with domestic skills gaps, both now and in the future.</li> <li>• While Australia works on developing its domestic skills, skilled migration remains an important source of skills for Australia’s ISR system.</li> </ul> <p><b><u>Temporary and permanent residence</u></b></p> <ul style="list-style-type: none"> <li>• Following changes to the visa system in April 2017, and readjustments in July 2017, there is still some way to go to ensure that Australia remains open to attracting the talent and investment necessary to support Australia’s ISR system.</li> </ul>
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<sup>3</sup> Withers G, Gupta N, Curtis L and Larkins N (2015) *Securing Australia’s Future Programme: Australia’s Comparative Advantage*. ACOLA Melbourne. pp. 116, 132-133.

- Consider a salary threshold (for example, above \$180,000) as an exemption criteria to the skilled occupations lists (STSOL and MLTSSL) for visa applicants under subclasses 186, 187 and 457, initially limited to an annual quota of 100 places, to encourage attraction of skills in high-demand frontier occupation areas that may not yet be identified on these occupation lists.
- Reinstate the 50 years age limit to the permanent migration programme, particularly in occupations where business, management and leadership skills are required.
- Review the current capping level of the skilled migration scheme in response to a growing economy and competition for international talent.

#### **Simplifying Australia's visa requirements**

- An efficient visa system would be aided by a DIBP website-available schema that represents the wide variety of visas and their relationship to one-another.
- The Significant Investor visa has increased the pool of funds available for venture investments
- Undersubscribed visa classes (such as Entrepreneurs and Premium Investor visa streams) could be further supported through increased promotion, for example, through Austrade's worldwide networks.
- Age limits are not appropriate for investor visa streams.
- Simplification of Australia's visa system should not lose sight of the original policy intent behind each visa class and stream.

ISA has previously raised its concerns regarding the impact of April 2017 changes to the immigration programme on the Australian innovation, science and research system with Minister Dutton (26 May 2017). We have also provided a submission to your review of Australia's business, investment and talent visas (8 August 2017) and were pleased to be part of an industry sector briefing by the Department of Immigration and Border Protection (DIBP) in May 2017 regarding changes to the skilled migration programme and in September 2017 in relation to this review. Many of the issues raised in this submission have been previously raised in those forums.

#### **Modernising Australia's visa arrangements**

We agree with the following statements raised in your Policy Consultation Paper<sup>4</sup>.

- The success of Australia's migration system hinges on our ongoing attractiveness as a destination and our ability to be globally competitive in the market for the world's best and brightest migrants, visitors and students.
- While Australia has traditionally been an attractive destination, this is not something we can take for granted as global competition for visitors and migrants continues to increase.
- A flexible and agile visa system would allow the Government to respond quickly to local and global trends, capitalising on opportunities to attract new and better migrants where they arise.

<sup>4</sup> Department of Immigration and Border Protection (2017) *Policy Consultation Paper – Visa Simplification: Transforming Australia's Visa System*. <http://www.border.gov.au/Trav/visa-reform/policy-consultation-paper>

- Partnering with industry to enhance technological and biometric capabilities will allow Government to more efficiently confirm an individual's identity and assess their risk profile quickly. This will allow for the seamless processing of low risk applicants, and in turn focus resources on higher risk cohorts. This will improve processing overall, therefore removing any potential barriers the visa system might pose to prospective migrants.

In responding to the questions regarding *“Do you think an efficient visa system that is simple to understand and quickly assesses risk will make Australia a more attractive destination? Why?”* ISA would make the following observations:

### *The importance of global connectedness*

We know, based on rigorous analysis<sup>5</sup>, that globally-connected start up ecosystems grow faster and perform better than less-connected places through the circulation of ideas, knowledge, talent and capital. In a rapidly changing innovation system, it is important that Australia has access to cutting edge skills and know-how. We know that there is increasing competition for skilled people. We also know that talent is more likely to be drawn to Australia if there is a pathway to permanent residency.

ISA considers that more could be done to promote the attraction of ideas, knowledge, talent and capital to Australia, including through international promotion activities.

Australia is a country of migrants with over one quarter of our population (28 percent) having migrated to Australia from overseas<sup>6</sup>. The international networks and skills of Australia's migrant population has significant value, although currently underutilised<sup>7</sup>. Silicon Valley and Israel have used their migrant connections to good effect to build their innovation ecosystems and ensure that they remain well connected globally<sup>8</sup>. Canada is making a play for venture capital and tech talent amid recent migration pressures applied under the US Trump administration<sup>9</sup>. Australia has the potential to be a regional innovation hub, and does not want to lose available local innovation talent to regional competition, such as from New Zealand and Singapore.

### *Attraction of world-class talent to Australia*

The changes to the pathways between skilled migration visas and permanent residency have reduced the incentives available for world-class talent to choose Australia as a place to work and live. The ISR System Review found that Australia's desirable lifestyle opportunities is a significant competitive advantage in recruiting the highly skilled talent the Australian ISR

<sup>5</sup> Startup Genome (2017) *Global Startup Ecosystem Report 2017* [www.startupgenome.com](http://www.startupgenome.com)

<sup>6</sup> Australian Bureau of Statistics (2017) Cat no. 3412.0 – Migration, Australia, 2015-16, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3412.0>

<sup>7</sup> Australian Council of Learned Academies (ACOLA) (2016) *Australia's Diaspora Advantage: Realising the potential for building transnational business networks with Asia*, <http://acola.org.au/wp/saf11/>

<sup>8</sup> Startup Genome (2017) *Global Startup Ecosystem Report 2017* [www.startupgenome.com](http://www.startupgenome.com)

<sup>9</sup> Axios (accessed 6 July 2017). *U.S. venture capital and tech expertise are flowing to Canada* <https://www.axios.com/u-s-venture-capital-and-tech-expertise-are-flowing-to-canada-2454091784.html>

system needs<sup>10</sup>. However international relocation from the northern hemisphere is not a decision taken lightly, or with a short-term time horizon.

We have received consistent feedback from fund managers across the innovation system that limitations on access to skilled and experienced staff is limiting their ability to assist early stage innovative companies succeed. This qualitative evidence highlights the importance of the Australian visa system for assisting early stage Australian businesses to grow.

ISA recommends that visas related to the attraction of ISR-related skills to Australia should include a pathway to permanent residency to ensure attraction of world-class talent.

#### *Work experience requirements for postgraduates*

We commend the initiatives introduced as part of the Government's National Innovation and Science Agenda to assist in bringing entrepreneurs and other innovative talent to Australia. This includes the introduction of the Entrepreneur stream visa, enhanced pathway to permanent residency for high quality science, technology, engineering and mathematics (STEM) and information and communications technology (ICT) post-graduate students, and active encouragement of talented individuals to Australia using existing overseas networks<sup>11</sup>.

ISA is concerned regarding changes to the skilled migration scheme (including subclasses 186, 187 and 457) due for introduction in March 2018 where skilled migrants will be required to have two or three years' work experience in their relevant field. This creates a risk that the Australia ISR system may be denied access to talented PhD graduates from the world's finest universities, often experts in cutting edge research fields and technologies. This may have the flow on consequence of impacting Australia's access to opportunities for international collaboration.

ISA recommends that relevant work experience, such as that gained during doctoral studies, is recognised for relevant academic occupations ahead of proposed changes coming into effect in March 2018.

The ISR System Review noted that skilled migration contributes significantly to Australia's skills base<sup>12</sup>. Skills shortages are occurring all over the world, and competition for skilled people will increase<sup>13</sup>. A number of countries have established visa programmes for entrepreneurs. This includes Canada's Start-up Visa program, which since 2014 has included incubator sponsorship to their eligibility requirements<sup>14</sup>, the UK's Tier 1 (Entrepreneur) visa<sup>15</sup>, France's Tech Visa for Founders<sup>16</sup> which requires involvement in partner incubators and accelerators, New Zealand's

<sup>10</sup> Innovation and Science Australia (2017), *Performance Review of the Australian and Innovation System*, p82. [www.isa.gov.au](http://www.isa.gov.au), p76. [www.isa.gov.au](http://www.isa.gov.au)

<sup>11</sup> <https://www.innovation.gov.au/page/supporting-innovation-through-visas>

<sup>12</sup> Innovation and Science Australia (2017), *Performance Review of the Australian and Innovation System*, p82. [www.isa.gov.au](http://www.isa.gov.au)

<sup>13</sup> Ibid, p76.

<sup>14</sup> <http://www.cic.gc.ca/english/immigrate/business/start-up/eligibility/entities.asp>

<sup>15</sup> <https://www.gov.uk/tier-1-entrepreneur>

<sup>16</sup> <http://visa.lafrenchtech.com/3/french-tech-visa-for-founders>

Global Impact Work visa<sup>17</sup> and Singapore's Entrepreneur Pass Scheme, the last of which is renewed on the condition that the migrating entrepreneur meets the job creation outcomes and business expenditure thresholds including involvement with a government-recognised incubator or accelerator<sup>18</sup>.

ISA recommends reforming the criteria of Entrepreneur visas to facilitate attraction of startup founders including through allowing sponsorship by a recognised startup accelerator programme<sup>19</sup>.

### Regular review of STSOL and MLTSSL

ISA supports regular reviews of the Short-term Skilled Occupations List (STSOL) and Medium and Long-term Strategic Skills List (MLTSSL) (currently undertaken by the Department of Employment and Department of Education and Training) to ensure that these occupation lists keep pace with domestic skills gaps, both now and in the future. The Foundation for Young Australian's *The New Work Mindset*<sup>20</sup> found that over a third of 15 year olds are not proficient in the skills they need for the future of work such as digital literacy, financial literacy, problem solving, science and maths. Consultations undertaken by ISA have also noted a need for business access to skills including 'new economy' job roles not typically covered in traditional occupation listings for visa eligibility. Review of STSOL and MLTSSL could be streamlined under the responsibility of one department, with input from other relevant agencies (including Department of Industry, Innovation and Science to ensure that industry/research sector future skills demands are addressed).

Beyond this ISA considers that making the visa system genuinely flexible and agile by ensuring that it can rapidly respond to market effects by changing the STSOL and MLTSSL to ensure that innovative Australian businesses are never without the skills they need.

ISA supports regular reviews of the STSOL and MLTSSL by one agency (with input from other relevant agencies) to ensure that these occupation lists are agile and keep pace with domestic skills gaps, both now and in the future.

While Australia works on developing its domestic skills, ISA considers that skilled migration remains an important sources of skills for Australia's innovation, science and research system.

### **Temporary and permanent residence**

We agree with the following statements raised in your Policy Consultation Paper.

- The Australian economy benefits from the retention of the best and brightest international students and certain skilled workers.

<sup>17</sup> <https://www.immigration.govt.nz/new-zealand-visas/apply-for-a-visa/about-visa/global-impact-work-visa>

<sup>18</sup> <http://www.mom.gov.sg/passes-and-permits/entrepass/eligibility>

<sup>19</sup> Guidance under the Australian Tax Office's "Qualifying as an early stage innovation company (ESIC)" 100 point innovation test (criterion 4) could be used to define an eligible accelerator programme. For details, refer to <https://www.ato.gov.au/Business/Tax-incentives-for-innovation/In-detail/Tax-incentives-for-early-stage-investors/?page=2>

<sup>20</sup> Foundation for Young Australian's (2017) *The New Work Mindset*, The New Work Order report series. [www.fya.org.au](http://www.fya.org.au).

In responding to the questions regarding “*What requirements should underpin a migrant’s eligibility for permanent residence?*” and “*Should a prospective migrant spend a period of time in Australia before becoming eligible for permanent residence? What factors should be considered?*” ISA makes the following observations:

*18 April 2017 changes to the skilled migration programme*

We understand that the Government has a strong commitment to skilling Australians to meet our current and future workforce needs, as announced by the Prime Minister and Minister Dutton on 18 April 2017<sup>21</sup>.

We know initial changes announced in April 2017 resulted in the removal of 216 occupations categories from the original list of 650 occupations eligible under Temporary Work (skilled) visas (subclass 457). Of the remaining 435 occupations, 165 were eligible for the four-year Medium and Long-term Strategic Skills List (MLTSSL) and 270 were only eligible under the two-year Short-term Skilled Occupations List (STSOL)<sup>22</sup>. We also know that the MLTSSL and/or STSOL occupations lists underpin:

Permanent migration programme

- direct entry stream of the Employer Nomination Scheme (ENS) (subclass 186)
- Regional Sponsored Migration Scheme (RSMS) visa (subclass 187),
- Skilled Independent visas (subclass 189),
- Skilled Nominated visa (subclass 190),

Temporary migration programme

- Training visa (subclass 407),
- Temporary Work (Skilled) visa (subclass 457)
- Graduate Work Stream of the Temporary Graduate visa (subclass 485)
- Australian State or Territory government agency nominated applicants for the Skilled Regional (Provisional) visa (subclass 489), and
- family nominated applicants for the Skilled Regional (Provisional) visa (subclass 489)<sup>23</sup>.

*1 July 2017 changes to STSOL and MLTSSL lists*

We were pleased to see that the Government is open to stakeholder feedback (including from ISA) on the impact of the changes and for the changes to MLTSSL and STSOL lists<sup>24</sup> announced on 1 July 2017 to reintroduce 36 occupations (including Geophysicist, Life Scientist (General), Biotechnologist, Research and Development Manager, ICT Support and Test Engineers, Production manager (manufacturing)). We were also pleased to note that

<sup>21</sup> <http://www.minister.border.gov.au/peterdutton/2017/Pages/putting-australian-workers-first.aspx>

<sup>22</sup> Department of Immigration and Border Protection (2017) Fact sheet one: Reforms to Australia’s temporary employer sponsored skilled migration program – abolition and replacement of the 457 visa, <http://www.border.gov.au/WorkinginAustralia/Documents/abolition-replacement-457.pdf>

<sup>23</sup> Department of Immigration and Border Protection (2017) Fact sheet two: Reforms to Australia’s permanent skilled migration programme, <http://www.border.gov.au/WorkinginAustralia/Documents/reforms-australia-permanent-employer-sponsored-migration-programme.pdf>

<sup>24</sup> <https://www.legislation.gov.au/Details/F2017L00848https://www.legislation.gov.au/Details/F2017L00848>

23 occupations have been moved from the STSOL to the MLTSSL, including Chief Executive or Managing Director, Chief Information Officer, Statistician, Economist, Software and Applications Programmers (*nec*) and ICT Security Specialist to name a few.

### Demand for ISR-related skills

As described in ISA's ISR System Review<sup>25</sup>, highly skilled technical specialists and research provide the overall ISR with a significant multiplier effect from their expertise, their networks, and their training of Australian colleagues. As an example, the ISR System Review found that in areas such as ICT skills, demand outstrips domestic supply particularly in the area of ICT systems, big data and programming. There are also ongoing business, management and leadership skills gaps. Well managed and well led firms are more innovative and lack of leadership for innovation has been a longstanding challenge for Australian industries.

ISA would argue that there is still some way to go to ensure that Australia remains open to attracting the talent and investment necessary to support Australia's ISR system.

### Feedback from recent ISA consultations

ISA has undertaken stakeholder consultation in the development of the 2030 Strategic Plan (due to Government in the fourth quarter of 2017). Many of these submissions highlighted that attracting more of the world's best and brightest scientists, researchers and entrepreneurs remains a key goal for Australia.

ISA suggests consideration of a salary threshold (for example, above \$180,000) as an exemption criteria to the skilled occupations lists (STSOL and MLTSSL) for visa applicants under subclasses 186, 187 and 457, initially limited to an annual quota of 100 places, to encourage attraction of skills in high-demand frontier occupation areas that may not yet be identified on these occupation lists.

An exemption via a salary threshold would allow highly skilled, highly paid individuals to be brought in even when their occupation. This would be particularly useful for frontier occupations where Australian and New Zealand Standard Classification of Occupations (ANZSCO) codes are either non-existent or poorly suited. There is potential for this approach to be piloted through an initial quota of 100 places.

### Limitations of age-related restrictions

We are concerned regarding the reduction in age under skilled visas introduced on 1 July 2017 from a maximum age of 50 years to a maximum age of 45 years of aged at the time of application (Direct Entry streams of subclasses 186, 187 and subclasses 189 and 190)<sup>26</sup>. This

<sup>25</sup> Innovation and Science Australia (2017), *Performance Review of the Australian and Innovation System*, [www.isa.gov.au](http://www.isa.gov.au)

<sup>26</sup> Department of Immigration and Border Protection (2017) Fact sheet two: Reforms to Australia's permanent skilled migration programme, <http://www.border.gov.au/WorkinginAustralia/Documents/reforms-australia-permanent-employer-sponsored-migration-programme.pdf>

may impact on Australia's ability to attract entrepreneurs<sup>27,28</sup> and experienced business, management and leadership skills – another areas where the ISR System Review identified a skills gap for Australia.

ISA suggest reinstating the 50 years age limit to the permanent migration programme, particularly in occupations where business, management and leadership skills are required.

#### *Capping of skilled migration programme*

The number of skilled migrants arriving in Australia increased from 77,878 people in 2004-05 to 128,550 people in 2015-16<sup>29</sup>. While Australia's population grows, we are unsure of the benefit of capping the permanent migration scheme at 190,000 per annum. ISA feel that the reforms to the skilled migration programme are likely to compromise Australia's innovative potential by reducing skilled talent available to Australian research institutes and innovation businesses.

ISA suggests reviewing the current capping level of the skilled migration scheme in response to a growing economy and competition for international talent.

#### **Simplifying Australia's visa requirements.**

We agree with the following statements raised in your Policy Consultation Paper.

- Australia needs a visa system that is more responsive to our economic, social, and security issues.
- The current system makes it difficult for visitors and other entrants to navigate and understand. This affects Australia's attractiveness as a destination of choice for some travellers.
- A simpler visa system would enable benefits to be realised through delivery of fast, simple and user friendly services, supported by greater digitisation and innovative technology that will transform the client's experience.

In responding to the question regarding *"What factors should we consider when simplifying the visa system?"* ISA makes the following observations:

#### *Interim measures to ensure better understanding of the visa system*

The current visa system has many categories (n=99), each developed to address a particular gap in our migration system. The currently available information about Australia's visa system is opaque and difficult to understand, particularly regarding the inter-relationships between the various visa categories (both temporary and permanent) and their subscription levels.

<sup>27</sup> [https://ftalphaville.ft.com/2017/07/28/2191790/are-successful-entrepreneurs-actually-middle-aged-on-average/?ft\\_site=falcon&desktop=true](https://ftalphaville.ft.com/2017/07/28/2191790/are-successful-entrepreneurs-actually-middle-aged-on-average/?ft_site=falcon&desktop=true)

<sup>28</sup> [http://conference.nber.org/confer/2017/SI2017/PRENT/Azoulay\\_Jones\\_Kim\\_Miranda.pdf](http://conference.nber.org/confer/2017/SI2017/PRENT/Azoulay_Jones_Kim_Miranda.pdf)

<sup>29</sup> Department of Immigration and Border Protection (2015) *Australia's Migration Trends 2013-14 at a glance*. Department of Immigration and Border Protection (2017) *Report on Migration Programme 2015-16*. Accessed at <http://www.border.gov.au/about/reports-publications/research-statistics/statistics/live-in-australia/migration-programme>

Anecdotal evidence suggests Australia's visa requirements are more onerous and time consuming than nations with whom we are competing for talent.

ISA notes that an efficient visa system would be aided by a DIBP website-available schema that represents the wide variety of visas and their relationship to one-another.

*Capturing the policy intent behind each visa category*

The risk in simplifying (particularly streamlining) the visa schemes into a significantly smaller number of categories (that is, from 99 to 10) is that unique talent or investment opportunities that fall at the edges of the migrant pool we are looking to attract to Australia might be missed.

For example, the Business Innovation and Investment Programme (BIIP) has a number of visas and visa streams that have slightly different conditional requirements as a result of the market gap they are looking to address (see [Table 2](#)). With respect to minimum financial thresholds

*Table 2.* Conditional requirements under various Business Innovation and Investment Programme (BIIP) visa streams (subclass 188)

	<b>Entrepreneurs</b>	<b>Business innovation</b>	<b>Investor</b>	<b>Significant investor</b> (enhanced 1 July 2015)	<b>Premium investor</b>
Capital contribution (minimum)	(\$200,000 commitment from (select) Australian sponsor)	(combined business + personal assets >\$800,000)	\$1.5m  (business, capital and personal assets >\$2.25m)	\$5m  (consisting of >\$500,000 to VC programmes <sup>30</sup> , >\$1.5m in approved managed funds, a balancing investment of >\$3m)	\$15m  (in eligible investments)
Business history		Business with >\$0.5m turnover in two of the past four years, % business ownership requirements	> 10% investment in a qualifying business		
Age (maximum)	55	Points system factors age.	55	N/A	N/A
Primary visas granted in 2016/17 <sup>31</sup>	0	1,140	194	390 <sup>32</sup>	0

<sup>30</sup> VC programmes = Early Stage Venture Capital Limited Partnership (ESVCLP), Venture Capital Limited Partnership (VCLP) and Australian Fund of Funds (AFoF)

<sup>31</sup> Department of Immigration and Border Protection, unpublished data for 2016-17 from 1 July 2016 to 31 May 2017.

<sup>32</sup> includes pre and post July 2015 changes to the complying investment framework (or CIF).

alone, the Entrepreneurs stream requires \$200,000 (from Australian sponsors), Investor stream requires \$1.5 million, Significant Investor stream requires \$5 million, and the Premium Investor stream requires \$15 million. Collectively these visa streams are bringing a significant amount of business and investment into Australia.

### *Policy impact of the Significant Investor visa changes*

We know that some of these visa categories are well-subscribed and are making a significant contribution to supporting Australia's economic development. For instance, the enhanced Significant Investor Visa (SIV) has contributed a minimum of \$84.5 million<sup>33</sup> to Australia's venture capital ecosystem, and \$9.12 billion has been invested in complying investments<sup>34</sup> since the changes to the complying investment framework (CIF) for SIVs on 1 July 2015. As announced at the time of this change (by the Hon Andrew Robb AO MP, the then Minister Trade and Investment and Senator the Hon Michaelia Cash MP, the then Assistant Minister for Immigration and Border Protection) the new arrangements for investor visa applications were introduced to encourage investment into innovative Australian research and development and emerging local companies.

ISA notes the Significant Investor visa has increased the pool of funds available for venture investments.

The uptake of the enhanced SIV is matched by an increase in conditional registrations of Early Stage Venture Capital Limited Partnerships (ESVCLPs) shown in [Figure 1](#). This information has been compiled by the Innovation Investment Committee, a committee of ISA who are responsible for licensing ESVCLP and VCLP funds into which complying investments under the Venture Capital and Growth Private Equity Funds (VCPE) element of the Significant Investor Visa (SIV) Complying Investment Framework (CIF) can be made.

We note that 19 of the registered funds are targeting SIV investors, half being first time fund managers. It remains to be seen whether all of these funds reach full registration status (i.e. a minimum of \$10 million of committed capital).

### *Streamlining of undersubscribed visa categories*

Introduced as part of the Government's National Innovation and Science Agenda<sup>35</sup>, and coming into effect on 10 September 2016, the Entrepreneurs visa is available to entrepreneurs who want to develop or commercialise their innovative ideas in Australia, and who have \$200,000 in funding from a specified third party. The visa is intended to be an important tool for supporting the development of Australia's startup ecosystem, however as at 31 May 2017 no grants have been awarded under this stream (see [Table 2](#)).

<sup>33</sup> Sum of number of SIV visas granted under post 1 July 2015 changes (n=169) and the minimum investment of \$500,000 in venture capital as required under the complying investment framework (CIF).  
<http://www.border.gov.au/about/reports-publications/research-statistics/statistics/work-in-australia/significant-investor-visa-statistics>

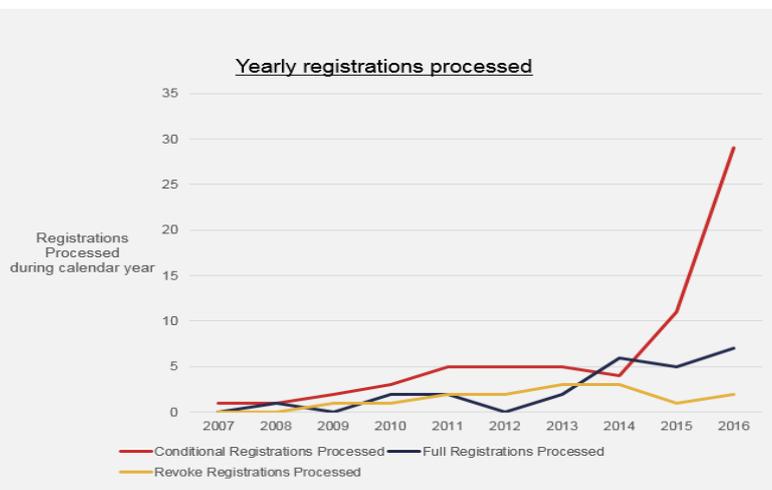
<sup>34</sup> <http://www.border.gov.au/about/reports-publications/research-statistics/statistics/work-in-australia/significant-investor-visa-statistics>

<sup>35</sup> Supporting innovation through visas <http://innovation.gov.au/page/supporting-innovation-through-visas>

*Figure 1.* Increase in conditional ESVCLP registrations between 2014 and 2016<sup>36</sup>.

## Conditional ESVCLP registrations have substantially increased between 2014 and 2016

- The rate of full registration applications has not grown to the same extent as conditional
- An increase in the rate of full registration applications is expected to commence in 2017, following the two year period of conditional registration



This visa was also introduced in conjunction with additional points for skilled migration students who have completed Australian postgraduate research qualifications in science, technology, engineering, or mathematics (STEM) or specified information and communications technology (ICT) fields, who have an existing connection to Australia and provide a valuable human connection to the international research community.

As mentioned earlier in the document (page 6), we believe it is important that the Australia is able to compete for entrepreneurial talent and skills with equivalent countries (for example, New Zealand and Canada) where visa conditions and application processes are less onerous. For example, 114 Entrepreneur work visas have been granted in 2016/17 financial year in New Zealand<sup>37</sup>. In Canada 62 Start-up visas and 259 Entrepreneur visas were granted in 2015<sup>38</sup>. In Australia, no Entrepreneur or Premium investor visas (subclass 188) have been granted in the 2016/17 financial year<sup>39</sup>.

Investment and talent potentially valuable to Australia (including the Entrepreneurs and Premium Investment stream visas) might be inadvertently disadvantaged through a simplification of visa conditions, should their lack of uptake indicate a lack of interest. We would argue that undersubscription does not equate to the lack of a future demand and/or need for these visa holders. Other mechanisms (such as increased promotion through Austrade's worldwide networks) may assist in securing more international talent and capital through these streams.

<sup>36</sup> Data provide by the Innovation Investment Committee of ISA.

<sup>37</sup> W1-Work visa applications decided. <https://www.immigration.govt.nz/about-us/research-and-statistics/statistics>

<sup>38</sup> Canada – Permanent residents by category dataset. [http://open.canada.ca/data/en/dataset/2fbb56bd-eae7-4582-af7d-a197d185fc93?\\_ga=2.192330152.345007885.1505204463-1827464151.1505204463](http://open.canada.ca/data/en/dataset/2fbb56bd-eae7-4582-af7d-a197d185fc93?_ga=2.192330152.345007885.1505204463-1827464151.1505204463)

<sup>39</sup> Department of Immigration and Border Protection, unpublished data for 2016-17 from 1 July 2016 to 31 May 2017.

ISA notes that undersubscribed visa classes (such as Entrepreneurs and Premium Investor visa streams) could be further supported through increased promotion, for example, through Austrade's worldwide networks.

*Harmonisation of age requirements*

Similarly, simplification of visa conditions (for example to apply a similar maximum age) might inadvertently limit investment to Australia in a way that outstrips the cost of that visa holder to the system (for example, under the Premium investor stream).

ISA notes that age limits are not appropriate for investor visa streams.

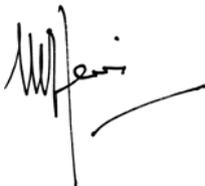
*Potential negative impact of streamlining visa categories*

A simplified visa system (for example, one which might consolidate business visas into one stream) would need to accommodate the original policy intent behind the varying conditions placed on each stream.

ISA notes that simplification of Australia's visa system should not lose sight of the original policy intent behind each visa class and stream.

Thank you for the opportunity for the ISA Board (and its supporting Committees) to provide input into this very important review of Australia's visa system.

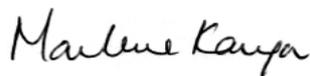
Yours sincerely



Bill Ferris AC  
Chair, Innovation and Science Australia



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