

Franchises can be considered for an EWV however it would not be able to be a “small scale, low value” proposition and would depend on the nature of the industry which the franchise is in. INZ is tasked with assessing how realistic these propositions are. The business plan will still need to meet the objective of the category, that is the nature of the business needs to be either high growth, innovative or export based. The reasons for the closure of the former LTBV policy and creation of the EWV category are stated in the initial cabinet paper, which specifically stated:

*“Two trends also highlight growing problems with the quality of LTBV applications. In the first, LTBV applicants will purchase a business plan package from an adviser. The business plans tend to be small scale, low value businesses (such as a takeaway or franchise operation) and are almost entirely generic. Often little is changed in the business plan except for the name and address of the business and there is no evidence of either research or a unique selling point. In the second case, the initial business plan does show evidence of a potentially valuable business, but shortly after the LTBV is approved the applicant makes a Change of Plan application to downgrade the business plan. In both cases migrants are establishing businesses not for their commercial potential but to conform to minimum immigration requirements. These businesses are also often onsold to new LTBV applicants once the initial owner has gained permanent residence.*

*25 This means many business migrants are owning and managing businesses that have limited growth prospects. Some migrants may be establishing businesses solely for immigration purposes (making their own jobs), rather than for their long-term business prospects. The comparatively low numbers of LTBV holders progressing through to the Entrepreneur categories (in particular, to the Entrepreneur Plus category) also point to the low quality of businesses being established by some business migrants who are meeting initial policy and being approved LTBVs. Overall, this means that policy settings are not selecting business migrants that will create businesses that go beyond employment for the migrant and their families.”*

*The new policy is to support the objective of raising the ambitions of the policy. Finally the cabinet paper makes clear that “to ensure that the imposition of this minimum capital requirement does not shut out any high-value, innovative business propositions that require high intellectual but low financial capital, I propose that INZ be given the discretion to waive this requirement for applicants proposing a business plan where it displays a high level of innovation or has credible short-term high growth prospects.”*

### **BB3.15 Requirements for a business plan**

Business plans must:

- a. be to establish or purchase a specific business in New Zealand; and
- b. be specific to the proposed business, not a generic or template business plan; and

It is not the intention of immigration policy to allow franchisers to attract migrants to be franchisees via the primary incentive of a work visa and/or residency. The prevention of low value franchise businesses was outlined in the cabinet paper for this very reason, along with the requirements that business plans not be generic in nature. The cabinet paper also stated that:

*“New Zealand is seeking talented, entrepreneurial migrants who can invest capital and create dynamic, high growth and (preferably) export-focused businesses that are profitable and, in time, provide good quality job opportunities for New Zealanders.”*

*“having the bar too low means risks of granting residence to people who pay little or no tax, whose investments do not add useful capital, who establish barely viable businesses, who do not increase New Zealand’s linkages, or whose families use government-funded services (education and health) that outweigh the direct and indirect value to New Zealand of the investment or business.”*

INZ is aware of scams in the past where franchisers have setup schemes to attract migrants on the basis of a repeated business plans that are in effect setup to meet immigration requirements rather than a genuine commercial proposition that has come from the applicants own independent research.

EWV category is for applicants wanting to establish high value, innovate or export based entrepreneurial businesses that are genuine and come from the applicants own intent and research. Not for applicants as being a last resort because they are unable meet the requirements of another category due to not having any connection to New Zealand and/or not meeting requirements for other categories. They have to have genuine intent and be experienced business people who want to establish a business of the nature and size as highlighted in policy. The business must also not only benefit the applicant but provide clear significant benefits to New Zealand. The instructions have also highlighted the need for uniqueness, independent research and the applicant needing to have a knowledge of New Zealand.

If it is a new high growth franchise to New Zealand of a large overseas franchise where there is clearly a sizeable and significant benefit to New Zealand then this may be able to be considered but there will be scrutiny as to whether this is a commercial proposition from the applicant or just a pre-populated business plan paid for to only meet the immigration requirements. If there is repeat applications for the same franchise or from a franchise that already exists in New Zealand then the level of evidence required to demonstrate these applications meet the objective, demonstrate genuine intent and are unique with independent research having taken place will be more onerous.