

Migration – Uplift of Visa Application Charges

Measure type: Ongoing
 Commences: 1 July 2023
 Category: Revenue
 Agency: Department of Home Affairs (Home Affairs)
 UCB impact:

	2022-23 \$'m	2023-24 \$'m	2024-25 \$'m	2025-26 \$'m	2026-27 \$'m	TOTAL \$'m
s. 47D Revenue (Home Affairs)	0.0	+100.0	+150.0	+190.0	+225.0	+665.0
Changes to Home Affairs Receipt	0.0	+100.0	+150.0	+190.0	+225.0	+665.0
Total Payments	0.0	+100.0	+150.0	+190.0	+225.0	+665.0
Total Impact on UC Balance	0.0	-100.0	-150.0	-190.0	-225.0	-665.0
<i>Average Staffing Level (Agency)</i>	0.0	0.0	0.0	0.0	0.0	

Note: Totals may not sum exactly due to rounding.

Summary

- This measure will provide a modest increase to Visa Application Charges (VAC) in 2023-24, in addition to the regular CPI indexation on 1 July 2023.

What will the measure do?

- Provide a modest increase to Visa Application Charges (VAC) in 2023-24 in addition to the regular CPI indexation in 2022-23.
- 6% VAC increase for most visas, an additional 15% for selected visitor and temporary visas (21% total) and an additional 40% for Business Innovation and Investment (Provisional) visas (BIIP subclass 188) (46% total).
- The visas with an additional 15% VAC are Visitor (subclass 600) (excluding eVisitor and Electronic Travel Authority), Work and Holiday (subclass 462), Working Holiday (subclass 417), Training (subclass 407), Temporary Activity (subclass 408), and Temporary Work (Short Stay Specialist) (subclass 400) visas.
- VAC for the Pacific Australia Labour Mobility (PALM) stream and the proposed Pacific Engagement Visa (PEV) are not affected by the increase.
- VAC2 for less than functional English is not affected by the increase.

What are the major components?

- s. 47D Receipts **+\$665.0 million**: Increased visa application charge collections on behalf of the Commonwealth.
- Annual indexation is based on the CPI for the Budget year (2023-24) as published in Budget Paper No.1. This figure was not available at the time of the costing.
- VAC increase is applied at the specified rate after annual indexation, effective 1 July 2023 e.g.
 - BIIP new VAC = current VAC * (1+ Budget CPI) * (1+46%)
 - Visitor visa new VAC = current VAC * (1+ Budget CPI) * (1+21%)

- Other visa new VAC = current VAC * (1+ Budget CPI) * (1+6%).
- Note all VAC's are rounded up or down to the nearest \$5.
- The VAC increase offsets enhancements to existing visa systems and other Department of Home Affairs and Whole of Government measures.

Who is impacted by this measure?

- Visa applicants from 1 July 2023, excluding PALM and Pacific Engagement Visa (PEV) applicants.

Rebuttals to criticisms

Why do we need to raise VACs?

- The investment will assist the department to sustain visa processing capability while we support the Minister to develop a Migration Strategy, to deliver a Migration System for a More Prosperous and Secure Australia.
- The service degradation that would occur without the reinvestment of this VAC uplift into visa processing would have a more significant impact on the Department's ability to deliver our visa programs.

Why has the Business Innovation and Investment (Provisional) visa VAC increased by such a large amount?

- We recognise that the Business Investment and Innovation visa is receiving a larger VAC increase than other visa classes.
- Alongside the investment in Australia required as part of these visas, up to \$5 million direct investment for Significant Investment Stream, the VAC remains a small component of costs to the applicant.
- With continued demand for Business Innovation and Investment (Provisional) visas, demand within this cohort can sustain this increase.

Will this make Australia uncompetitive?

- The VAC is and remains a small part of the cost to come to Australia.
- Internationally, Australia remains relatively competitive with other countries.
- We anticipate demand to remain strong after the VAC increase because of the high desirability of Australia as a destination; the only way to visit, work or study in Australia is to get a visa.

Why were Pacific visas excluded?

- The Pacific labour and engagement visas are central to the Australian Government's commitment to build a stronger Pacific family.
- These visas are designed to deliver jobs for Pacific and Timor-Leste workers, enabling them to develop skills, earn income and support their families back home.
- Keeping the VAC for these visas reasonable ensures they are seen as mutually beneficial across the Pacific region.

Policy Contacts for Migration – Uplift of Visa Application Charges		
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