Visa Pricing Changes

Education Visa Consultative Committee
9 November 2012

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Assistant Secretary
Client Strategy and Visa Pricing
Transformation Taskforce
Overview
What’s coming
New pricing model for visa applicants
VEC implementation
Demand for visa – inelastic!
Future state
MYEFO Announcement 2012-13
Overview

Government expects for its investment:

• Improved service delivery
• New online services for clients
• New charges for visa services
Move to visa service charges

Currently: one charge per visa application

Each person on a visa application is charged

Additional charges may apply

- Subsequent onshore surcharge
- Resident Return visa
- Paper surcharge
- Visa evidence charge

Coming soon
Clients will be encouraged to use online services.

Clients will be able to lodge, pay for, and monitor their application online, anywhere, any time.

Clients will be able to view their visa entitlements online.

The department’s website will provide clear and up-to-date information.
Australia uses an electronic visa system and does not require visa holders to have a label in their passport.

From November 2012 clients requesting a visa label in their passport will be required to pay a $70 charge

• supports the general move to online visa lodgement

• encourages use of online services to verify entitlements (VEVO)

• some exemptions will apply
Improvements to VEVO

• Friendlier and more usable
• VEVO mobile
• Password Update Extension
• High Volume Users
Visa Entitlement Verification Online (VEVO)

Designed specifically to provide clients and organisations with easy access from mobile devices.
Demand for visas – inelastic!

Three graphs:
- Price is not a factor in visa demand
- Mix of tourists to Australia is changing
- Impact of European financial crisis
Business long stay visas are an example of a visa subclass that exhibits no price elasticity

### Business Long Stay – 422, 457 Visa Subclasses

#### Seasonality / Elasticity Analysis

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Impact Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seasonality</td>
<td></td>
<td>• No elasticity - volume increases are generally along the same trend irrespective of the presence or size of price rises, suggesting no price elasticity</td>
</tr>
<tr>
<td>Price</td>
<td></td>
<td>• Moderate impact can be observed during FY11 from additional 457 processing funding; and FY10 increased requirements</td>
</tr>
<tr>
<td>Policy</td>
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</tbody>
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#### FY10 - FY13 Primary Lodgement Volume

- ~15% VAC increase
- ~2% VAC increase
- ~4% VAC increase
- Changes to 457 occupations list and English language exemptions
- Changes to English language requirements and sponsor obligations
- Expedited processing for Accredited Status sponsors
- Additional funding for 457 processing

Note: Pre-July 2012 volumes were extracted from consolidated pivot table data from the Migration Planning & Strategies Branch, while post-July 2012 volumes were extracted from case level data from ICSE, GVP and IRIS
Student visa lodgements have strong seasonality and are highly sensitive to policy changes

### Student – 570, 571, 572, 573, 575 Visa Subclasses

#### Seasonality / Elasticity Analysis

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<tr>
<td>Seasonality</td>
<td>Strong impact</td>
<td>Peak in lodgement volumes driven by start of Australian school / university semesters</td>
</tr>
<tr>
<td>Price</td>
<td>Moderate impact</td>
<td>VAC increases do not appear to negatively impact lodgement volumes</td>
</tr>
<tr>
<td>Policy</td>
<td>No observable impact</td>
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#### FY10 - FY13 Primary Lodgement Volume

- ~20% VAC increase (FY10)
- ~3% VAC increase, Jul 2011
- ~2% VAC increase, Jul 2010
- Length of visa
- OSHC commences, Jul 2010
- Measures for 4700 students affected by closure of education providers
- Strengthened student visa requirements, 01/2010
- ~5% VAC decrease, 01/2012
- Skilled migration program increased by 5750 places
- Student visa integrity measures improved

**Note:** Pre-July 2012 volumes were extracted from consolidated pivot table data from the Migration Planning & Strategies Branch, while post-July 2012 volumes were extracted from case level data from ICSE, GVP and IRIS.
For Student visa with traditionally shorter durations (eg 570), demand is still price inelastic

**Student 570 Primary Application Volumes**
FY09/10 – FY1/11; Onshore and Offshore

- ~20% VAC increase, Jul 2010
- ~2% VAC increase, Jul 2010
- ~3% VAC increase, Jul 2011
- ~5% VAC decrease 01/2012
Tourist offshore has strong seasonality reflecting spikes just before holiday periods

Tourist Offshore – 676 Offshore Visa Subclasses
Seasonality / Elasticity Analysis

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<tr>
<td>Seasonality</td>
<td>Strong impact</td>
<td>Spikes in lodgement volumes just before holiday periods (Christmas / summer holidays)</td>
</tr>
<tr>
<td>Price</td>
<td>Moderate impact</td>
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FY10 - FY13 Primary Lodgement Volume

- ~5% VAC increase
- ~5% VAC increase

Price increases with no associated volume drop
Future State

- Online information
- Online payments
- Assisted online access
- Online lodgement
- Online communication
- Online verification
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