



New overseas student commencements – reduction	
Party:	The Coalition
<p>Summary of proposal:</p> <p>The proposal would reduce the number of international students in Higher Education and Vocational Education and Training (VET) through the following measures:</p> <ul style="list-style-type: none">• New international students commencing at public universities would be reduced by at least 30,000 a year, with:<ul style="list-style-type: none">– at most 115,000 overseas student commencements at publicly funded universities; and– at most 125,000 overseas student commencements in the VET, private universities and non-university higher education sectors.• From 1 January 2026, new international student commencements at public universities would be capped at around 25% of their total student commencements. <p>The proposal would be ongoing and start on 1 July 2025.</p>	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by \$443 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in non-GST administered revenue, while GST revenue and expenses balance.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: New overseas student commencements – reduction – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-27.0	-97.0	-152.0	-167.0	-443.0
Underlying cash balance	-27.0	-97.0	-152.0	-167.0	-443.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

The financial implications of the proposal are highly sensitive to assumptions regarding the total number of new international students commencing in Australia, their actual length of stay in Australia and future immigration policy settings. The number of overseas students commencing in Australia is sensitive to legislative, policy, and procedural changes, as well as changes in economic and geo-political conditions.

Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- Under the proposal, the new overseas student commencements (NOSC) in Australia would reduce by 30,000 each year.
- International students would arrive at a consistent rate throughout the year and stay in Australia for 2 years on average, reflecting the typical length of study as well as any study gaps.
- The earning potential and consumption patterns of international students, whether at public universities or in the VET sector, would be the same.
- The proposal would not impact visa demand for other visa types. That is, a reduction in student visa grants would not lead to substitution by prospective students to other temporary visas.
- Due to current indicative allocations for higher education NOSC and the new visa prioritisation system for Student visa processing, as well as the proposed reduction in annual NOSC allocations, the new international student commencements at publicly funded universities in total would not exceed the 25% cap of their total student commencements. As such, the costs of this component would be zero.
- 11,000 overseas students residing in Australia from 4 institutions exceeding the 25% cap would be anticipated to be absorbed by other institutions, within their allocation and beneath the cap (please refer to the *Methodology* for details).

Methodology

NOSC reduction by at least 30,000

- The financial implications of this component were calculated by multiplying the NOSC reduction each year (30,000), the average taxes paid by international students (estimated using information provided by the Department of the Treasury), and the estimated average length of stay of international students in Australia.

25% cap on new international student commencements

- As specified in the *Key Assumptions*, the financial implications of this component were estimated to be zero.
- The NOSC allocation was reduced by 30,000 places to 115,000 places at public universities. This reduction was applied proportionally across institutions for the 145,000 overseas student places shown in the *Indicative allocations for higher education new overseas student commencements 2025*,¹ such that each institution was assigned the same proportion of students.
- As the allocation includes students who are resident for their studies off-shore and on-shore, the number of overseas students resident in Australia was calculated at an institutional level using the *Higher education commencing student enrolment tables for the 2023 full year*,² proportionally adjusted to the lower commencement levels.

¹ Department of Education (2024), [Indicative allocations for higher education new overseas student commencements 2025](#)

² Department of Education (2024), [Higher education commencing student enrolment tables for the 2023 full year](#)

- The 25% cap was determined by growing institutions' total commencements using historical growth rates (excluding COVID years which were anomalous) and then calculating 25% of the commencement population at an institution level.
- As 1,100 overseas students resident in Australia exceeded the 25% cap at 4 institutions, it is anticipated that these students would be absorbed by other institutions within their allocation and beneath the cap.

Financial implications were rounded consistent with the PBO's rounding rules.³

Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

Department of Education (2024) [Higher education commencing student enrolment tables for the 2023 full year](#), Australian Government, accessed 18 May 2025.

Department of Education (2024) [Selected Higher Education Statistics](#), Australian Government, accessed 18 May 2025.

Department of Education (2024) [Indicative allocations for higher education new overseas student commencements 2025](#), Australian Government, accessed 18 May 2025.

Department of Employment and Workplace Relations (2025) [Indicative allocations for VET new overseas student commencements 2025](#), Australian Government, accessed 18 May 2025.

Study Australia (2024) [New prioritisation system for Student visa processing](#), Australian Government, accessed 18 May 2025.

The Department of the Treasury provided the estimated average income tax and indirect taxes to be paid by international students.

³ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – New overseas student commencements – reduction – Financial implications

Table A1: New overseas student commencements – reduction – Fiscal balance (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Revenue													
Administered tax													
<i>GST collections</i>	-18.0	-65.0	-95.0	-99.0	-103.0	-108.0	-112.0	-116.0	-121.0	-125.0	-130.0	-277.0	-1,092.0
<i>Administered tax - other</i>	-27.0	-97.0	-152.0	-167.0	-180.0	-193.0	-206.0	-220.0	-235.0	-251.0	-268.0	-443.0	-1,996.0
Total – revenue	-45.0	-162.0	-247.0	-266.0	-283.0	-301.0	-318.0	-336.0	-356.0	-376.0	-398.0	-720.0	-3,088.0
Expenses													
Administered													
<i>GST payments to states and territories</i>	18.0	65.0	95.0	99.0	103.0	108.0	112.0	116.0	121.0	125.0	130.0	277.0	1,092.0
Total (excluding PDI)	-27.0	-97.0	-152.0	-167.0	-180.0	-193.0	-206.0	-220.0	-235.0	-251.0	-268.0	-443.0	-1,996.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

Table A2: New overseas student commencements – reduction – Underlying cash balance (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Receipts													
<i>Administered tax</i>													
<i>GST collections</i>	-17.0	-61.0	-92.0	-99.0	-103.0	-107.0	-112.0	-116.0	-120.0	-125.0	-130.0	-269.0	-1,082.0
<i>Administered tax - other</i>	-27.0	-97.0	-152.0	-167.0	-180.0	-193.0	-206.0	-220.0	-235.0	-251.0	-268.0	-443.0	-1,996.0
Total – receipts	-44.0	-158.0	-244.0	-266.0	-283.0	-300.0	-318.0	-336.0	-355.0	-376.0	-398.0	-712.0	-3,078.0
Payments													
<i>Administered</i>													
<i>GST payments to states and territories</i>	17.0	61.0	92.0	99.0	103.0	107.0	112.0	116.0	120.0	125.0	130.0	269.0	1,082.0
Total (excluding PDI)	-27.0	-97.0	-152.0	-167.0	-180.0	-193.0	-206.0	-220.0	-235.0	-251.0	-268.0	-443.0	-1,996.0

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A3: New overseas student commencements – reduction – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<i>Fiscal balance</i>	-0.6	-3.4	-9.0	-16.5	-24.9	-34.4	-44.8	-56.5	-69.3	-83.5	-99.2	-29.5	-442.1
<i>Underlying cash balance</i>	-0.4	-2.7	-7.6	-14.6	-22.8	-32.0	-42.2	-53.6	-66.1	-80.0	-95.3	-25.3	-417.3

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary.⁴
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

⁴ [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)