



Increasing Student Visa Fees	
Party:	Australian Labor Party
Summary of proposal: The proposal would increase the visa application charge (VAC) for the Student visa (subclass 500) and the Student Guardian visa (subclass 590) primary applicants to \$2,000. Pacific Island and Timor-Leste primary student visa applicants would be exempt from the increase. The proposal would start on 1 July 2025.	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$764 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in visa application charge revenue partially offset by a decrease in non-GST tax 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.

The financial implications of the proposal are sensitive to the projected number of visa lodgements and assumptions on the behavioural response to the proposed VAC increase and the projections of future visa lodgement numbers, which can change due to a variety of factors including geo-political and global economic conditions and Australian migration policy settings.

Table 1: Increasing Student Visa Fees – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	182.0	190.0	190.0	202.0	764.0
Underlying cash balance	182.0	190.0	190.0	202.0	764.0

(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.

Key assumptions

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

- There would be a small behavioural response to the proposed VAC increase with different price elasticity of visa lodgement demand assumed for different education sectors.
 - The price elasticity would range from -0.1 for English-Language Courses to -0.01 for the higher education sector, where a price elasticity of -0.1 means a 1% increase in VAC would lead to a 0.1% drop in demand for lodgements.

- The proposal would not impact on visa demand for similar visa products. That is, an uplift to student visa prices would not lead to substitutions of prospective students to other temporary visas.
- The number of student visa lodgements would grow steadily over the medium term consistent with the historical overseas student commencement data, adjusted to take into account recent changes to application processing priorities.
- The ratio of primary and secondary visa applicants (including those over and under 18 years old), would remain constant and consistent with historical visa lodgement data.
- The proportion of lodgements for the Student Guardian visa associated with different types of education providers would be consistent with those for the Student visa.
- 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.

Methodology

The financial implications of the proposal include an increase in VAC revenue and a decrease in tax receipts.

The VAC revenue impact was estimated by calculating the difference in VAC prices under the proposal, compared to the VAC prices under the current policy settings, and multiplying by the projected number of visa lodgements.

- The projected number of visa lodgements was based on the recently available visa application lodgement data over the forward estimates period provided by the Department of Home Affairs. This data was projected over the medium term using the published historical overseas student commencement data, and applying the assumed price elasticities.
- Under the baseline and the proposal, VAC prices were increased each year consistent with changes in the Consumer Price Index (CPI), rounded to the nearest \$5.

The tax receipts impact was estimated using a PBO model modified from a costing model provided by the Department of the Treasury. The impact derives from the assumed reduction in international students, and how that impacts on income and other indirect taxes.

Financial implications were rounded consistent with the PBO's rounding rules.¹

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 17 May 2025.

Department of Home Affairs (2024) [Student Visa and Temporary Graduate Visa Program Report](#), Australian Government, accessed 17 May 2025.

Department of Home Affairs (2024) [Fees and charges for visas](#), Australian Government, accessed 17 May 2025.

¹ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Department of Home Affairs (2024) [*Ministerial Direction No. 111*](#), Australian Government, accessed 17 May 2025.

The Department of Home Affairs provided projections of the number of visa lodgements over the forward estimates period as of 28 May 2025.

Attachment A – Increasing Student Visa Fees – Financial implications

Table A1: Increasing Student Visa Fees – 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													
<i>Administered tax</i>													
<i>GST collections</i>	-1.4	-5.1	-7.5	-8.1	-8.7	-9.5	-10.2	-11.0	-11.9	-12.9	-13.9	-22.1	-100.2
<i>Administered tax – other</i>	182.0	190.0	190.0	202.0	214.0	225.0	236.0	249.0	261.0	274.0	287.0	764.0	2,510.0
Total – revenue	180.6	184.9	182.5	193.9	205.3	215.5	225.8	238.0	249.1	261.1	273.1	741.9	2,409.8
Expenses													
<i>Administered</i>													
<i>GST payments to states and territories</i>	1.4	5.1	7.5	8.1	8.7	9.5	10.2	11.0	11.9	12.9	13.9	22.1	100.2
Total – expenses	1.4	5.1	7.5	8.1	8.7	9.5	10.2	11.0	11.9	12.9	13.9	22.1	100.2
Total (excluding PDI)	182.0	190.0	190.0	202.0	214.0	225.0	236.0	249.0	261.0	274.0	287.0	764.0	2,510.0

(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: Increasing Student Visa Fees – 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>	-1.3	-4.8	-7.3	-8.1	-8.7	-9.4	-10.2	-11.0	-11.9	-12.8	-13.9	-21.5	-99.4
<i>Administered tax – other</i>	182.0	190.0	190.0	202.0	214.0	225.0	236.0	249.0	261.0	274.0	287.0	764.0	2,510.0
Total – receipts	180.7	185.2	182.7	193.9	205.3	215.6	225.8	238.0	249.1	261.2	273.1	742.5	2,410.6
Payments													
<i>Administered</i>													
<i>GST payments to states and territories</i>	1.3	4.8	7.3	8.1	8.7	9.4	10.2	11.0	11.9	12.8	13.9	21.5	99.4
Total – payments	1.3	4.8	7.3	8.1	8.7	9.4	10.2	11.0	11.9	12.8	13.9	21.5	99.4
Total (excluding PDI)	182.0	190.0	190.0	202.0	214.0	225.0	236.0	249.0	261.0	274.0	287.0	764.0	2,510.0

(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 A2: Increasing Student Visa Fees – 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>	4.0	12.0	21.0	31.0	42.0	53.0	66.0	80.0	95.0	112.0	130.0	68.0	646.0
<i>Underlying cash balance</i>	3.0	10.0	19.0	29.0	39.0	50.0	63.0	76.0	91.0	107.0	125.0	61.0	612.0

(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.²

(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.

² [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/online-budget-glossary)