



Two tiered Student Visa application charge	
Party:	The Coalition
<p>Summary of proposal:</p> <p>The proposal would:</p> <ul style="list-style-type: none">• increase the visa application charge (VAC) for the Student visa (subclass 500) and the Student Guardian visa (subclass 590) to \$5,000 for Group of Eight universities and \$2,500 for remaining international students, and• introduce a new transfer charge of \$2,500 for international students who wish to change education providers. <p>The proposal would start on 1 July 2025.</p>	
<p>Additional information (based on further advice provided):</p> <p>Additional applicant charges would be set as a proportion of the base application charge:</p> <ul style="list-style-type: none">• 18 and over: 50% of the base application charge• under 18: 25% of the base application charge. <p>The VAC would not be indexed over time.</p> <p>The proposal includes a cap of 240,000 new student visas annually (as costed in “<i>ECR-2025-2280-New overseas student commencements – reduction</i>”).</p>	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$3.1 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in visa application and transfer charge revenue, partially offset by a decrease in non-GST tax revenue and an increase in departmental expenses, while GST revenue would be offset by GST expenses paid to the states and territories.

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 the 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: Two tiered Student Visa application charge – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	797.1	788.0	769.0	758.0	3,112.1
Underlying cash balance	797.1	788.0	769.0	758.0	3,112.1

(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.

- The New Overseas Student Commencements (NOSC) in higher education institutions and Vocational Education and Training (VET) sectors would reduce to a maximum of 240,000 each year as specified in *New overseas student commencements – reduction* (refer to ECR-2025-2280). The reduction would be achieved through the issuance of Ministerial directions under the authority granted by the *Migration Act 1958* – this is the current approach used by the Australian Government.¹
 - The changes to NOSC would only affect the number of visas granted. There would be no reduction in visa applications due to the decreased number of visas to be granted due the NOSC.
 - The changes to NOSC would have an impact on transfer charge revenue and are incorporated in this costing.

A tiered VAC

- 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 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.

¹ Department of Home Affairs (2024) [Ministerial Direction No.111](#)

Transfer charge

- The proposed transfer charge would have no impact on the revenue generated from the proposed tiered VAC. This is because VAC revenue is derived from the number of visa applications submitted, rather than the number of visas granted.
- 5% of the primary applicants would withdraw from their course of study within one year after commencing a course of study due to various reasons.
- 25% of the primary applicants would change education providers after their student visas are granted and they arrive in Australia. This reflects a behavioural response to the policy proposal.
 - Under the baseline, 30% of primary applicants would change education providers after their student visas are granted and they arrive in Australia.
- Additional departmental resourcing would be required for the Department of Home Affairs to upgrade ICT systems (\$2.0 million over 2 years from 2025-26) and process transfer charge invoices.

Methodology

A tiered VAC

- The financial implications of the proposal include an increase in VAC revenue and a decrease in other 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 estimated using visa application lodgement data over the forward estimates period provided by the Department of Home Affairs. The data was projected to the medium term using the published historical overseas student commencement data, and applying the assumed price elasticities.
 - Under the baseline, 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

Transfer charge

- The financial implications of the transfer charge were calculated by multiplying the proposed transfer charge (\$2,500) by the estimated number of international students transferring providers.
 - The aggregate annual NOSC in Australia would be 240,000 each year, as discussed in *Key assumptions*.
 - The departmental expenses included the estimated number of ASL required to process the transfer applications and \$2.0 million over 2 years from 2025-26 for ICT system upgrades.

Financial implications were rounded consistent with the PBO's rounding rules.²

² <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Data sources

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

Department of Education (2024) [Student data 2023](#), accessed 18 May 2025.

Department of Home Affairs (2024) [Fees and charges for visas](#), accessed 18 May 2025.

Department of Home Affairs (2024) [Ministerial Direction No. 111](#), accessed 18 May 2025.

Department of Home Affairs (2024) [Student Visa and Temporary Graduate Visa Program Report](#), accessed 18 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 – Two tiered Student Visa application charge – Financial implications

Table A1: Two tiered Student Visa application charge – 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>	-3.8	-13.6	-20.3	-21.7	-23.3	-25.1	-27.2	-29.3	-31.7	-34.2	-37.0	-59.4	-267.2
<i>Administered revenue - other</i>	799.0	790.0	770.0	759.0	748.0	735.0	721.0	701.0	680.0	656.0	629.0	3,118.0	7,988.0
Total – revenue	795.2	776.4	749.7	737.3	724.7	709.9	693.8	671.7	648.3	621.8	592.0	3,058.6	7,720.8
Expenses													
Administered													
<i>GST payments to states and territories</i>	3.8	13.6	20.3	21.7	23.3	25.1	27.2	29.3	31.7	34.2	37.0	59.4	267.2
Departmental													
<i>Departmental expenses</i>	-1.9	-2.0	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-5.9	-13.6
Total – expenses	1.9	11.6	19.3	20.7	22.2	24.0	26.1	28.2	30.6	33.1	35.9	53.5	253.6
Total (excluding PDI)	797.1	788.0	769.0	758.0	746.9	733.9	719.9	699.9	678.9	654.9	627.9	3,112.1	7,974.4

(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: Two tiered Student Visa application charge – 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													
Administered tax													
<i>GST collections</i>	-3.5	-12.8	-19.7	-21.6	-23.2	-25.0	-27.0	-29.1	-31.5	-34.0	-36.8	-57.6	-264.2
<i>Administered receipts - other</i>	799.0	790.0	770.0	759.0	748.0	735.0	721.0	701.0	680.0	656.0	629.0	3,118.0	7,988.0
Total – receipts	795.5	777.2	750.3	737.4	724.8	710.0	694.0	671.9	648.5	622.0	592.2	3,060.4	7,723.8
Payments													
Administered													
<i>GST payments to states and territories</i>	3.5	12.8	19.7	21.6	23.2	25.0	27.0	29.1	31.5	34.0	36.8	57.6	264.2
Departmental													
<i>Departmental payments</i>	-1.9	-2.0	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-5.9	-13.6
Total – payments	1.6	10.8	18.7	20.6	22.1	23.9	25.9	28.0	30.4	32.9	35.7	51.7	250.6
Total (excluding PDI)	797.1	788.0	769.0	758.0	746.9	733.9	719.9	699.9	678.9	654.9	627.9	3,112.1	7,974.4

(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: Two tiered Student Visa application charge – 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
Fiscal balance	18.0	54.0	90.0	128.0	167.0	208.0	250.0	293.0	337.0	383.0	430.0	290.0	2,358.0
Underlying cash balance	13.0	45.0	81.0	119.0	158.0	198.0	239.0	282.0	326.0	372.0	418.0	258.0	2,251.0

(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.³

(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.

³ [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)