

# INTERNATIONAL EDUCATION

## INTRO

The Australian Government's policies to restrict the inflow of international students is hurting the Australian economy and damaging Australia's reputation as a place to invest.

The most recent Reserve Bank of Australia (RBA) Statement on Monetary Policy (February 2025) states (in reference to the year to the September 2024 quarter): "Education exports were weaker than expected due to a tightening in student visa requirements and an unexpected decline in the average expenditure of international students."<sup>1</sup>

To make matters worse, the recent weakness will not be a one-off loss to Australia's economic prosperity – as the RBA also notes: "Contacts are very uncertain about the outlook for international student enrolments in 2025, reporting that some prospective students are preferring to apply to other countries given higher uncertainty about whether they will be granted a place in Australia."<sup>2</sup>

<sup>1</sup> Reserve Bank of Australia. (2025). Statement on Monetary Policy. 18 February. <https://www.rba.gov.au/publications/smp/2025/feb/pdf/statement-on-monetary-policy-2025-02.pdf>

<sup>2</sup> Ibid., p. 45.

## HOW DID WE MAKE THIS UNFORCED ERROR?



The Australian Government has initiated a range of measures to restrict international students coming to Australia, including lifting both the savings required before a student visa is issued to \$29,170, and the student visa application fee to \$1,600.

Further, in 2025, processing of student visa grants for new overseas student commencements (NOSC) will be subject to a lower processing priority once they reach 80 per cent of a provider's nominal "cap" as outlined in the unsuccessful Education Services for Overseas Student Amendment Bill 2024. For the Go8 universities, this

represents a government imposed 28 per cent reduction relative to indicative 2024 international student numbers. This translates into a big hit to Go8 activities in the national interest, such as world leading fundamental research and making up domestic funding shortfalls in much needed fields such as medicine and veterinary sciences.

The rationale for these policies has varied. One rationale has been to clamp down on dodgy college and student recruitment operators who are using international education as a way to undermine our migration system. The Go8 has supported the government efforts to crack down and maintain the quality of our international education sector.

But capping all parts of the international education sector is a blunt instrument. This is because it concurrently limits the high quality segments of Australia's international education sector that the Go8 universities represent.

# HOW DID WE MAKE THIS UNFORCED ERROR? CONTINUED

The larger rationale for the policies has been to respond to cost of living pressures, and housing unaffordability in particular. There is one major problem with this – international students didn't cause Australia's housing unaffordability crisis, which is instead the culmination and a symptom of structural and policy failures over decades.

The most comprehensive independent evidence on the very issue of whether international students caused the rental crisis in Australia, including in capital cities concludes "international students do not contribute to the

rise of rental costs at the national level; neither do they contribute to the rental cost in capital cities post-COVID".<sup>3</sup>

Migration experts have repeatedly indicated that the temporary surge in net overseas migration driven by international students was just that – temporary, and a function of the post COVID-19 catch up in enrolments.<sup>4</sup>

What has instead resulted is a scapegoating of international students for domestic problems associated with cost of living. The international reputation of Australia's \$51 billion international education sector has been

damaged, and we are now seeing reductions to export income for Australia, that flow through to reduced support for Australian businesses and employment.

We already know the economic value of export income from international students – having contributed 0.8 percentage points to GDP growth in 2023, over half of the recorded economic growth for that year.<sup>5</sup> On average, spending by 1 international student supports employment of 1 person in Australia. Cutting international students means cutting business prosperity and Australian jobs.

# WHERE TO FROM HERE?

**Looking beyond the immediate politicised economic environment, Australia is in a global race for the most talented, smart, and entrepreneurial people if we are to prosper. We need the brightest international students who go on to earn advanced qualifications and experience to help Australia's drive to become a knowledge economy.**

If we want to lift productivity then we need our domestic workforce to be augmented by high quality international students, across STEM fields of study, cyber security, defence, engineering, and energy sectors.

The Go8 Universities will continue to work in the national interest as the vehicle for the best international students to contribute to Australia's long-term prosperity.



3 Mu, G.M., & Soong, H. (2025). 'Scapegoating international students for the rental crisis? Insights from large-scale evidence (2017–2024) in Australia', Higher Education, <https://doi.org/10.1007/s10734-025-01397-0>

4 Gamlen, A. (2024). 'Explaining the 2024 net overseas migration surge', ANU Policy Brief. 24 May. <https://policybrief.anu.edu.au/explaining-the-2024-net-overseas-migration-surge/>

5 Nugent, T., & Viney, B. (2024). 'Macro-thematic: International students drove growth in 2023', National Australia Bank Markets Research.