Australian Government
Department of Education

Improving Integrity in the International Education Sector

Addendum: Prohibiting agent commissions for onshore transfers

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The document must be attributed as *Improving Integrity in the International Education Sector Impact Analysis – Addendum: Prohibiting agent commissions for onshore transfers*.

Contents

Executive Summary

This is an addendum to the *Improving Integrity in the International Education Sector Impact Analysis* (Impact Analysis).[1] Its purpose is to analyse the impact of amending the *National Code of Practice for Providers of Education and Training to Overseas Students 2018* (National Code) to include a new subsection that prohibits education providers from paying a commission to an agent in relation to an onshore student transfer. The Minister for Education announced this change on 2 October 2023.[2]

International education brings important economic, cultural, and social benefits to Australia. Integrity is a key factor in maintaining a strong international education sector, and ensuring that overseas students have a high quality, positive educational experience in Australia.

Several recent reviews have identified integrity issues in the sector, including evidence of unscrupulous education agents facilitating non-genuine transfers of international students once onshore. This addendum considers the potential impacts of three options to address this problem:

- No change (status quo)
- A non-regulatory, educative approach
- A regulatory approach (the banning of onshore transfer commissions for education agents).

Considering the seriousness of the issue, the costs and benefits associated with each option, and substantial stakeholder feedback, Option 3, a regulatory approach, was decided to be the most appropriate response. This option also has the strongest alignment with and best supports Government objectives.

[1] Improving Integrity in the International Education Sector | The Office of Impact Analysis (pmc.gov.au)
[2] Next steps to strengthen the integrity of international education | Ministers' Media Centre

1. Background

1.1 Issues identified in the sector

As set out in the Impact Analysis, recent reviews and inquiries have uncovered significant integrity and quality issues in the international education sector. These issues include the exploitation of overseas students, and the presence of actors who seek to subvert Australia's migration and education systems to enable the entry of people into Australia for purposes other than study. This exploitation can range from providing poor quality education products to high student fees and false promises of pathways to permanent migration.

The Impact Analysis responds to the following recent reviews and inquiry:

- *Review of the Migration System Final Report 2023* (the Migration Review).
- *The Rapid Review into the Exploitation of Australia's Visa System* (the Nixon Review).
- the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) Inquiry into Australia's tourism and international education sector's *Quality and Integrity – the Quest for Sustainable Growth: Interim Report into International Education* (the JSCFADT Inquiry).

This addendum additionally considers evidence from the more recent Standing Senate Committee on Education and Employment inquiry into the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 (ESOS Bill Inquiry), and the Standing Senate Committee on Education and Employment inquiry into the Education Legislation Amendment (Integrity and Other Measures) Bill 2025 (ELA Bill Inquiry).

1.2 Education agents and commissions

Agent commissions have been identified as an area of significant concern with regard to integrity problems in the international education sector. Because international student fees are generally much higher than domestic student fees, providers are incentivised to pay high commissions to agents in order to enrol international students both onshore and offshore. Under the *Education Services for Overseas Students Act 2000* (ESOS Act) and its associated legislative framework (ESOS Framework), providers are responsible for the education agents they engage.

There are significant variations in commissions between providers, with recent media reports indicating that providers are offering commissions as high as 50 per cent of a student's annual tuition fee, and offering substantial bonuses.[3] At an ESOS Bill Inquiry hearing, one witness spoke to skyrocketing agent commission rates, suggesting that current settings for agent commissions were damaging the sector.[4]

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[3] Tracy Harris, 'Sky-high agent commissions a sign of panic', *Koala News*, 19 September 2024, Sky-high agent commissions a sign of panic (thekoalanews.com); Universities offer large incentives for 2024 enrolments (thekoalanews.com).

[4] Dr Mukesh Chander, Chief Executive Officer, Imperial Engineering Education, *Senate Committee Hansard*, Canberra, 2 October 2024, p. 7.

Concerns have also been raised about onshore student transfers. Analysis by the Department of Education suggests that there are high levels of transfers taking place: in 2024 student transfers made up approximately 9 per cent of all international student enrolments that year.[5] As of May 2025, transfer enrolments were set to meet or exceed 2024 levels. While transfers can take place for genuine reasons, for example, due to changed study goals, transfers may also be facilitated by unscrupulous agents and providers for financial benefits and not occur in the best interests of the student.

High agent commissions have the potential to lead to higher levels of onshore transfers by students in two ways:

- First, overseas students are often not aware of these commission arrangements, which raises concerns about their ability to critically evaluate the information provided by agents to make informed decisions. The ESOS Bill Inquiry heard evidence that some education agents direct genuine students to take up courses that are unsuitable for the student, but profitable for the agent in commissions, and for the provider in terms of recruitment numbers. One peak body, ISANA (International Education Association Inc.) reported students being given misinformation by education agents, resulting in students leaving their primary course and course hopping.[6]
- Second, agents are incentivised to help and encourage students to transfer while onshore to access a second commission, regardless of whether such a move is in a student's best interests.[7] This can take place after the agent has given the student misinformation while offshore, so a student enrols in an unsuitable course onshore, from which they then want to transfer. This can also involve collusive business practices between providers and agents. Some providers specialise in 'poaching' students onshore, with the help of education agents, to save on the labour-intensive and costly process of offshore recruitment.

1.3 Broader context of reform

The Impact Analysis considered options to address the broad integrity issues in the sector and recommended targeted legislative reform to the ESOS Act.

The *Education Legislation Amendment (Integrity and Other Measures) Act 2025* (ELA Act) was passed by Parliament in November 2025. The legislative changes in the ELA Act are complementary to the policy objectives outlined in this addendum. For example, the ELA Act includes a provision to require greater sharing of education agent commission data by providers. Such a change will improve ESOS agencies' ability to monitor providers' use of education agents and identify integrity issues when they arise.

[5] PRISMS data, January 2024 to May 2025

[6] Ms Sharon Cook, National President, ISANA International Education Association, *Committee Hansard*, Canberra, 15 May 2023, p.11.

[7] Hon Phillip Honeywood, CEO, International Education Association of Australia, *Committee Hansard*, Melbourne, 18 April 2023, p. 5.

1.4 Policy objectives

Onshore recruitment and course transfers have been repeatedly raised as a concern across the three reviews, regular consultation with stakeholders, and the Senate inquiry into the Education Services for Overseas Students (Quality & Integrity) Bill 2024 (ESOS Bill). Stakeholders suggest that there are many examples of how agents or education providers encourage onshore students to change courses, including before they have completed six months of their principal course.

The policy objective to be analysed in this addendum is to reduce these non-genuine onshore transfers and ensure that overseas students are receiving high-quality advice from education agents and providers, that are in the students' best interests.

2. Options for reform

The Government has considered three options.

2.1 Option 1: Status quo

This option would involve no changes to the rules around education agents and onshore transfers.

Education agents would continue to be financially incentivised to encourage students to transfer while onshore, and to direct students to unsuitable providers and courses, leading to continued high rates of onshore transfers.

2.2 Option 2: Non-regulatory option

This option would involve an educative approach, whereby the department targets international students to help inform them about the financial incentives associated with education agents and the risks involved with onshore transfers. This would aim to help students identify unscrupulous agent behaviour and think more carefully about the courses and providers they enrolled with, as well as to encourage students to ask about the commissions their agents are being paid by providers. The department would hold a sector-wide survey on education agent commissions to improve understanding and run information sessions with students and student bodies to help them identify risks involved with using education agents. The department would also develop written engagement materials in collaboration with regulators, such as fact sheets, to distribute to students.

2.3 Option 3: Regulatory option

This option would involve a change to Standard 4 of the National Code, with providers prohibited from paying a commission to an education agent for onshore student transfers. This change is designed to remove incentives for education agents to facilitate non-genuine onshore student transfers. Such a change acknowledges the role of education agents in providing overseas students with guidance, particularly before these students arrive onshore, while at the same time affirming that this advice must be provided in those students' best interests. While this policy is aimed at addressing non-genuine transfers, this commission ban would apply to all onshore transfers.

This commission ban should not prevent genuine transfers from taking place. Once onshore, it is expected that students are more capable of navigating Australian systems and have sufficient English language skills to transfer providers independently. If students would like further guidance, education agents will still be able to charge students a direct fee for services to facilitate their transfer, where students are willing to pay for the service. Additionally, under Standard 6 of the National Code, there are requirements on providers to provide support services to students, which means that providers have a role in supporting their students in genuine transfer situations. Further, providers would not be prevented from paying an agent a commission for recruiting students who have completed their course(s) of study and are looking to enrol in further study such as postgraduate study. Providers would also not be prevented from paying an agent a commission in relation to a student who is progressing through a set package of courses for which their visa has been granted.

3. Regulatory impact

3.1 Option 1: Status quo

Option 1 maintains the status quo. Under this option, the Government would not take any non-regulatory or regulatory actions to address the problems outlined above. This option would not incur any regulatory burden in addition to existing regulatory requirements for education providers.

3.2 Option 2: Non-regulatory option

Option 2 takes a non-regulatory, educative approach to raise awareness about education agent commissions. The level of benefit that this option would deliver is dependent on buy-in from overseas students and high-quality genuine providers. As the nature of collusive practices between agents and providers is driven by strong financial incentives, this option is highly unlikely to be effective in changing the behaviours of unscrupulous agents and providers.

This option would not increase any costs to unscrupulous agents or providers who are unlikely to change their behaviours.

This option would incur some costs to the Government for undertaking surveys and information sessions, and in developing written communication materials.

Stakeholders have raised concerns over the effectiveness of a non-regulatory approach. There is generally a view that good agents already self-regulate well, while bad agents are unlikely to change their behaviour without an incentive to do so.

3.3 Option 3: Regulatory option

Option 3 involves a change to Standard 4 of the National Code to prohibit providers from paying a commission to education agents for onshore student transfers. This change is aimed at reducing non-genuine transfers from taking place but would apply to all onshore student transfers. This rule would not apply to the recruitment of students for courses that are set to commence after the completion of a student's principal course (i.e. when a student is seeking to enrol in further study), as this would not constitute a transfer. Nor would the rule apply to commissions paid in relation to a student progressing through a set package of courses for which their visa was granted (e.g. installations paid as the student progresses from their initial ELICOS course to their subsequent higher education course), as this would also not constitute a transfer. A costs and benefits framework was established for the proposed change under Option 3. To conduct this analysis, there is a need to understand the difference between genuine versus non-genuine transfers and to understand the potential market response.

3.3.1 Genuine versus non-genuine transfers

While the total volume of agent-facilitated cross-provider onshore transfers is known and observed in data, identifying whether transfers are genuine or non-genuine is challenging, where:

- **'genuine' transfers** represent students seeking a more appropriate course and/or provider to align with their expectations for an educational experience, or as their situation and study needs change over time, versus
- **'non-genuine' transfers** are induced by agents seeking the business incentives offered by providers (whether those providers are unscrupulous or otherwise) and represent a change in studies that are not expected to benefit the student or be in their best interest.

While a ban on all onshore transfer commissions could be considered a blunt instrument, there are other avenues and supports available for students to undertake genuine transfers (including proceeding with their own means). The distinction between genuine and non-genuine transfers is important as it determines both the likelihood of a transfer continuing and the types of benefits and costs that may arise, where:

- It is expected that genuine transfers are more likely to progress following a ban on commissions, as these students are more likely to be inherently more motivated to pursue the transfer. Non-genuine transfers are in-part induced by agents and/or providers through the commissions structure.
- Where limiting incentives to support genuine transfers is likely to result in costs to stakeholders and the sector, via student retention and satisfaction, limiting incentives to support non-genuine transfers is less likely to result in costs for genuine agents and providers, and may result in improved quality and outcomes for the sector and students.

Recognising these identification challenges, for simplicity and to inform a conservative modelling approach, **this work assumes all transfers are genuine**. Where some transfers are non-genuine, it is anticipated that the benefits to the sector will be greater as the quality of the sector improves, and the costs to students and the sector are lower, as fewer genuine transfers are impacted and students are less exposed to exploitative poaching behaviours.

3.3.2 Understanding the potential market response

In addition to distinguishing between genuine and non-genuine transfers (and the effects of this on the market dynamics), it is challenging to anticipate how students, agents and providers are likely to respond to this ban, and the extent to which students will continue to pursue transfer activities. This is in-part due to very limited data and reporting on the value of agent commissions, and the prevalence and scale of student fees for agent services.

Broadly, there are three groups of student responses expected:

Group 1: Some students will continue to transfer with the support of an agent.

- Some agents may charge students a fee for services to compensate for costs and offset a lack of provider commissions.
- Some agents may continue to provide their cross-provider transfer service, as part of their value proposition to students (and as part of their offshore enrolment offering) and/or to maintain and promote their relationships with providers, and consider the costs as an overhead to business.

Group 2: Some students will continue to transfer, but without support of an agent.

- Some of these students may progress their own transfer independently, increasing their own administrative burden.
- Some of these students may also undertake a transfer to a course or provider that is less closely aligned to their preferences (compared to what could have been achieved with the support of an agent). There is limited existing research on the performance of agents (and the role of commission incentives) in aligning students with their preferences.
- Some of these students may also increase the administrative burden on the providers, who may support transferring students (with a diminished role from agents).

Group 3: Some students will no longer transfer.

- Some of these students may be dissatisfied with their course and provider, and without agent supports to transfers, will withdraw from their Australian international education and training experience and return home.
- It is expected that a greater share of non-genuine transfers is likely to be reflected in this group. However, some genuine transfers may also be represented.

In the absence of data and evidence to inform these dynamics, and without scope to undertake further investigation of the potential responses of students, agents and providers (in particular, from stakeholder consultation) this work relies on an assumption-driven approach for simplicity and transparency, assuming that agent-facilitated cross-provider **onshore transfers are equally distributed across the three groups** (i.e. a third of transfers are represented in each group).

3.3.3 The expected benefits and costs

Providers benefit from no longer paying a transfer commission but may experience higher costs in providing supports to enable student transfers, and may experience a decline in revenue if students choose to exit their studies (where they face difficulties in transferring in the face of dissatisfaction with their current provider).

Agents are likely to experience net losses, as they lose an entire revenue stream, noting this may be at least partially offset by introducing a fee for service and/or building these costs into overheads for initial offshore or onshore recruitment.

Students undertaking genuine transfers may incur greater costs in undertaking transfer activities. This is offset by greater peace of mind and reduced exposure to exploitative behaviour in using agents and undertaking transfers. Students who could be induced to undertake a non-genuine transfer will benefit from reduced exposure to this risk and maintaining their preferred educational experience. However, some students may experience negative outcomes from challenges in identifying and transferring to a course more positively aligned with their needs and preferences.

Overall, the sector (and its stakeholders) is expected to benefit from improved integrity and quality of the sector (as per the discussion in the Impact Analysis) and in responding to the significant risks and harms to the sector identified from recent reviews (discussed in the Impact Analysis).

It is acknowledged that some providers and agents operate with a business model that relies predominately on cross-provider onshore transfers. Some of these businesses may experience costs in transitioning to an operating model that relies less on cross-provider onshore transfers, while other businesses may cease operating entirely in response to the ban (and instead experience costs related to closing business operations). Pre-empting the response by businesses is challenging, noting that businesses represented in 'poaching' behaviours may be less likely to transition their business model, given the non-genuine nature of their operations.

The key benefits and costs for each stakeholder group are outlined in Table 1, where the 'bolded' benefits and costs are further quantified.

Table 1: Key expected benefits and costs from 'Prohibition of payment of agent commission for onshore transfers'.

Benefits	Costs
To providers	
• **Reduced cost of transfers (i.e. no commission payments)** • Greater business certainty from more resilient enrolment profiles (i.e. reduced poaching) • Greater peace of mind in the student admissions process in engaging transfer students • Revenue growth from increased demand as the sector reputation and quality improves	• Potential increase in costs in supporting student transfer services • **Potential costs in changing business operating models** • **Loss of profits from students exiting Australian international education and training (as a result of difficulties transferring)**
To agents	
• Revenue growth from increased use of and demand for agents, as the reputation and quality of agent services improves	• **Loss of profits from transfer commissions** • Risk of closure for businesses focused on cross-provider transfers
To students	
• Reduced exposure to exploitative behaviours that result in transfers to poorer educational experiences • Peace of mind engaging agents in the transfers process	• Lost utility in transferring to a better matched course and/or provider • Administrative costs and burdens for proceeding with a transfer without agent support • **Potential increase in costs in paying a fee for agent transfer services**

See Appendix A for the analytical approach to quantifying the costs and benefits.

3.3.4 Results

Relying on the approach outlined in Appendix A, this modelling estimates a net benefit of $26.7 million from the prohibition of payment of agent commission for onshore transfers (present value terms from 2025 to 2034, with a 7% real discount rate). This represents the differential between total quantified benefits of $122.2 million and total quantified costs $95.5 million (Table 2).

It is noted that there are large economic transfers between providers, related to onshore student transfers. This modelling assumes a third of student transfers no longer go ahead, with this expected to be worth over $450 million in student fees among providers over 10 years. This transfer is not captured in the net results.

The regulatory burden introduced by the policy is estimated to include all incremental administrative and substantive compliance costs to businesses and individuals but exclude government costs. The regulatory burden is estimated to be $91.8 million.

Table 2: Annual regulatory burden estimate (RBE) table for Option 3

Average annual regulatory cost (from business as usual)				
	Business	**Community organisations**	**Individuals**	**Total change in costs**
Change in costs ($ million)	6.54	0	2.64	9.18
Total, by sector	6.54	0	2.64	**9.18**

These estimates should be considered conservative as only some benefits have been quantifiable, and that some of the unquantified benefits could be larger and material. In this instance, these broader unquantified benefits would be expected to further increase the quantum of net benefits.

Further, as discussed, where transfers are non-genuine, the net benefits would again be expected to be larger.

Table 3: Total costs and benefits for 'Prohibition of payment of agent commission for onshore transfers', by stakeholder, $ million present value over 10 years.

Costs	**91.8**
To providers	46.9
To agents	18.5
To international students	26.4
Benefits (quantifiable)	**122.2**
To providers	122.2
To agents	-
To international students	-
Net benefit over 10 years	**30.4**

Given the uncertainty to how students may respond to this reform, further sensitivity analysis of the share of students exiting Australian international education and training is undertaken (Table 3). These results show that the net benefit result is reasonably sensitive to this assumption.

The key parameter of interest is the share of students who no longer transfer and then exit Australian international education and training. A doubling of this parameter to 20% (from 10%) of students exiting Australian international education and training results in a net benefit that is closer to zero, albeit still positive (scenario 1). Where all students who no longer transfer now exit their studies (scenario 2), this results in significantly higher costs and a large negative net benefit. This represents an extreme and unlikely worst-case scenario and was included in the sensitivity analysis to provide the most conservative estimate of the net benefits, in order to inform evaluation of the best option.

This sensitivity modelling highlights the importance of the market dynamics to informing the net result. This prompts further examination and monitoring of the potential market impacts of this proposed reform, given that the response of students, providers and agents are largely unknown.

Table 4: Sensitivity analysis for 'Prohibition of payment of agent commission for onshore transfers', $ million present value over 10 years.

Scenario	Total costs	Net benefit
Central scenario: 8% of students undertake a cross-provider transfer with an agent. 33% of these students who previously transferred no longer transfer. 10% of students no longer transferring exit Australian international education and training (0.3% of total students)	91.8	30.4
Higher cost scenario 1: As above, but 20% of students no longer transferring exit Australian international education and training (0.6% of total students)	114.4	7.8
Higher cost scenario 2: As above, but 100% of students no longer transferring exit Australian international education and training (2.6% of total students)	294.8	-172.6

4. Consultation

4.1 Consultation Undertaken

There has been longstanding and continuous consultation with stakeholders on the current ESOS Framework, amendments to the ESOS Act, and the proposed National Code change.

Stakeholders from the sector and from government are consulted regularly on integrity issues in the international education sector, for example, at the quarterly International Education Stakeholder Forum and the Commonwealth, State, and Territory Education Forum. In-depth submissions from international education sector representatives, peak bodies, experts, and the public have also been received in recent years during the Nixon Review, the JSCFADT Inquiry, and the Migration Review. Dedicated integrity consultation sessions were held with international education sector leaders, providers, and senior departmental executives at conferences such as the 2023 Universities Australia Conference and the 2023 Australian International Education Conference. Sessions were also held with a global forum of education agents in November 2023.

Additional formal consultation was undertaken with stakeholders as part of the development of the Australian Universities Accord and the draft International Education and Skills Strategic Framework (draft Strategic Framework).

A series of dedicated Stakeholder Integrity Meetings were held between 5 October 2023 and 21 February 2024 to consult on potential regulatory approaches to the issues raised during these reviews, inquiries, and other consultation. These meetings were attended by representatives from peak bodies, providers, and state and territory government agencies, as follows:

- Peak bodies
    - Australian Government Schools International
    - Australian Technology Network
    - Council for International Students Australia
    - English Australia
    - Group of Eight
    - International Education Association of Australia
    - Independent Higher Education Australia
    - Innovative Research Universities
    - Independent Schools Australia
    - International Student Education Agents Association
    - Independent Tertiary Education Council Australia
    - Regional Universities Network
    - TAFE Directors Australia
    - Student Accommodation Council
- Members of the Council for International Education (in addition to the above peak bodies)
    - Academia International Institute
    - Haileybury
    - The University of Melbourne
    - Western Sydney University

- State and territory government agencies
    - Australian Capital Territory Education Directorate
    - Department of Education and Training Victoria
    - Department of Education International (Education Queensland International)
    - Department of Jobs, Tourism, Science and Innovation (Western Australia)
    - Department of State Growth (Tasmania)
    - Department for Trade and Investment (South Australia)
    - International Education and Study Melbourne/Global Victoria
    - New South Wales, Department of Education, International
    - TAFE Queensland
    - Study Adelaide
    - Study Canberra
    - Study NSW
    - Study NT/Department of Industry, Tourism and Trade
    - Study Queensland
    - Study Perth
    - Study Tasmania.

International education sector stakeholders were further consulted on proposed integrity measures following the release of the draft Strategic Framework. Stakeholder meetings were held between 16 May 2024 and 3 September 2024.

Details of the proposed regulatory change (option 3, outlined above) were also discussed in two Legislative Working Group meetings with stakeholders across government (14 December 2023 and 19 January 2024).

Finally, the department received extensive feedback from the sector regarding proposed reforms in the ESOS Bill. The 2022 ESOS Review and the 2023 ESOS Reform process explored reforms in-depth for stakeholders, including issues related to the transparency of agent commission data and non-genuine onshore student transfers.

As part of the ESOS Bill Inquiry, many entities from across the sector made submissions and appeared at four public hearings to provide evidence (from August to October 2024). Many of these submissions and appearances provided feedback on the proposed ban. Similarly, the same Senate Committee undertook an inquiry into the ELA Bill. Several submissions to this inquiry also referenced the ban.

The implementation of a possible ban on onshore transfer commissions was discussed further in a dedicated working group in November 2025 that included experienced practitioners as representatives from the sector.

4.2 Feedback Received

Issues with quality and integrity in the sector have been raised during several reviews and inquiries, and through regular stakeholder consultation.

During more targeted engagement, a non-regulatory approach to these integrity issues has not generally been supported by stakeholders, who emphasise that bad actors would have no incentive to change their behaviour.

Stakeholders were broadly supportive of regulatory alternatives to address integrity issues and poaching, while some raised concern over the technical detail of an onshore transfer commission ban and the possibility for unintended consequences. For example, some stakeholders raised potential difficulties with enforcing the commission ban given the low visibility of commission data. Others suggested that a shift towards students paying fees directly to education agents when transferring could make them more vulnerable to exploitation by unscrupulous actors, as they may then fall outside of the protective ESOS Framework.

During consultation on the draft Strategic Framework, stakeholders raised concern over how an onshore commission ban would impact the transfer of school students to VET or Higher Education providers and sought clarification on how new definitions of ‘education agent’ and ‘education agent commission’ would be applied.

During Legislative Working Group meetings, concerns regarding the practicality of enforcement, the level of scrutiny required by regulators, and the potential for loopholes were raised and discussed. The new definition of ‘education agent commission’ included in the ESOS Bill (and introduced again in the ELA Act) to enable this ban was also discussed, and feedback was taken on board by the department.

Witnesses at the ESOS Bill Inquiry hearings generally voiced support for the integrity measures in the Bill. For example, one private provider representative (Imperial Engineering Education) expressed support for measures to increase the transparency of education agent commission data, calling current commission arrangements ‘damaging’ to the sector.[8]

Several submissions to the inquiry suggested that genuine reasons for onshore student transfers should be recognised and respected, in the context of the proposed onshore transfer commission ban.[9] As outlined in the ESOS Bill Inquiry final report, the University of Adelaide and University of South Australia suggested that such a ban may result in agents penalising the student to facilitate transfers.[10] A representative from the International Student Education Agents Association also suggested that while the proposed change seeks to uphold integrity, a blanket ban may harm student welfare by reducing their access to support services.

Some submissions to the ELA Bill Inquiry were supportive of the ban, particularly if it did not apply to genuine student movement to further study, with some arguing that the ban would address financially motivated agent behaviour that disregards student needs and system integrity. Other submissions advised the new definitions of ‘education agent’ and ‘education agent commission’

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[8] Dr Mukesh Chander, Chief Executive Officer, Imperial Engineering Education, *Senate Committee Hansard*, Canberra, 2 October 2024, p. 7.

[9] The University of Adelaide and University of South Australia, Joint submission to the Senate Education and Employment Committee, *Submission 30*, pp. 1; Holmes Institute, Submission to the Senate Education and Employment Committee, *Submission 37*, pp. 3; Navitas, Submission to the Senate Education and Employment Committee, *Submission 43,* pp. 2

[10] Senate Standing Committee on Education and Employment, *Inquiry into the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 Final Report*, pp. 25

introduced in the ELA Act may have consequences for the implementation of an onshore transfer commission ban that the department should take into account.

In dedicated working group meetings held in November 2025, sector stakeholders also raised concerns regarding the possibility of unintended consequences of the ban related to the new 'education agent' definition introduced in the ELA Act. This feedback will be considered in drafting associated changes to the National Code. Other stakeholders were broadly supportive of the measures.

5. Best option

The options were evaluated based on which would have the greatest net benefit to the international education sector, and which also best met the government's objectives.

5.1 Option 1: Status quo

Option 1, maintaining the status quo, was considered an inadequate approach, given the serious integrity concerns raised in recent reviews and inquiries. Without change, non-genuine onshore transfers and poaching of students could be expected to continue or even worsen over time.

5.2 Option 2: Non-regulatory option

Option 2, a non-regulatory educative approach, was also considered inadequate, as unscrupulous education agents would continue to have an incentive to poach students and encourage non-genuine onshore transfers. While providers could develop a greater understanding of agent risk factors through an educative approach, this is not likely to change the behaviour of bad actors, as was raised by stakeholders during consultation.

5.3 Option 3: Regulatory option

Option 3, a ban on commissions for onshore transfers, was judged to be the best option. This National Code change would act as a barrier to poaching by unscrupulous education agents and reaffirm agents' role as an advisor for students who act in the students' best interests, particularly those offshore. As covered in the Impact Analysis, this change would help to disincentivise non-genuine transfers without relying on best practice self-regulation, which bad actors are likely to simply not 'opt in' to. As outlined in the cost-benefit analysis above, in the central scenario (i.e., where 10% of transferring students choose to exit the international education and training), there is an associated net benefit of $30.4 million over 10 years across students, providers, and education agents. Difficult to quantify benefits, e.g., student 'peace of mind' when engaging with education agents, are also considered in this evaluation of Option 3 as the best option.

During consultation, some stakeholders raised concerns regarding the practicality of the onshore transfer commission ban, due to the historically low visibility of commission data. The ELA Act addresses this issue by including a provision authorising collection and sharing of education agent commission data. This will enable ESOS agencies to monitor agent commissions and ensure provider compliance with the ban. In response to stakeholder feedback, including concern around this data being commercial-in-confidence, providers would only be required to report the total amount of commissions paid to each agent and the number of students recruited by each over a set time period, with data access restricted to the department, ESOS agencies and providers.

Stakeholder feedback was also taken on-board by the department in the development of the new definitions of 'education agent' and 'education agent commission' introduced as part of the ELA Act.

While some stakeholders believe the definitions are too broad, this new wording, with its focus on education agent activity, will enable the ban of onshore transfer commissions. These definitions are designed to capture a wide range of relevant education agent activity and commission types, including ones that may be non-monetary or 'hidden', such as bonuses. These 'hidden' commissions were raised in feedback from stakeholders. These definitions also align with recommendations from the JSCFADT Inquiry into international education, which suggested that an onshore transfer commission ban must be carefully crafted to avoid loopholes and workarounds.[11]

There are some risks associated with Option 3. There is a possible risk to student welfare if the commission ban results in reduced access to support services for students, as has been raised by some stakeholders. However, this risk is likely to be low as providers will still be required to provide support to overseas students under Standard 6 of the National Code, and the department will provide advice on their website to students regarding the ban and their options when looking to transfer to a new provider.

Given the associated net benefits, the seriousness of current integrity concerns, and the likely ineffectiveness of alternative options, the benefits of Option 3 outweigh the possible risks.

5.4 Implementation

The implementation of Option 3 is intended to coincide with the implementation of changes in the ELA Act, so that there would not be multiple tranches of change over time. The amending instrument would be tabled following passage of the ELA Act. There will be transitional arrangements included to account for existing contracts underway with agents. This means that the ban will not apply to students that are accepted for enrolment at their new provider by a certain date, ensuring that any remaining commission payment instalments relevant to that enrolment can still be paid. The department will also develop educational materials for distribution immediately following passage of the instrument. These materials will be distributed to providers, ensuring that they fully understand the change and their new responsibilities in complying with the commission ban. The department will also offer further provider information sessions for providers.

5.5 Evaluation

The department will monitor and evaluate the implementation of this measure to gauge its effectiveness. Feedback will be gathered from stakeholders via regular, ongoing consultation, and business-as-usual monitoring of the public-facing ESOS Policy inbox. Performance metrics to be monitored include:

- reduced onshore transfer rates, indicating that the commission prohibition is effective
- stable or improved student completion rates, indicating that students are completing courses which are suited to them, rather than dropping out
- positive stakeholder feedback indicating the change is having the desired effect.

[11] Joint Standing Committee on Foreign Affairs, Defence and Trade, *'Quality and Integrity - the Quest for Sustainable Growth': Interim Report into International Education*, pp. 140-141.

Appendix A: Approach to cost-benefit analysis

This section outlines the analytical approach to quantifying the costs and benefits described earlier. This approach is an extension of the core modelling activities described in Appendix D of the Impact Analysis. The key additional modelling assumptions are presented in Table 4.

The approach to quantifying a key benefit to providers (reduced cost of transfers) is outlined in Table 5, noting that the remaining benefits are not further quantified, such that the benefit estimate is likely to be a considerable underestimate. The approach to quantifying five costs is outlined in Table 6, noting two costs are not further quantified.

Table 5: Key modelling assumptions for 'Prohibition of payment of agent commission for onshore transfers'

Assumption	Notes
To providers	
Average tuition fee paid by transferring students $16,533 per student	• Based on average reported fees in public CRICOS reporting by sector: Higher education $36,915, VET $13,440, Schools $34,110. Weighted by sector based onshore agent-facilitated cross-provider transfers (VET: 71.6%, Higher education: 28.1%, Schools: 0.3%) • Fees for courses longer than a year are adjusted for a single year tuition. Includes both tuition and non-tuition fees. • Adjusted for an assumed 10% discount to account for scholarships. • Adjusted for an average 83% completion rate, whereby students who do not complete are assumed to pay 50% of their fees.
Share of providers that are transfer-dominant 4% of all providers	• 4% of all providers are reliant on agent-facilitated onshore transfers, defined by greater than 50% of enrolments from this source. • Of these transfer-dominant providers, 93% are VET providers, 5% are higher education providers, and 4% are schools (there is one provider who delivers both higher education and VET included in both figures).
Average tuition fee paid to transfer-dominant providers $11,055 per student	• Reflects that the majority of transfer-dominant providers are VET providers. • Based on VET only fee, adjusted for scholarships and completions.

Assumption	Notes
To agents	
Average commission on onshore transfers $511 per student	• Assumed to be 50% of the average agent commission for offshore recruitment ($1,021)
Share of transfer-dominant agents located onshore 65%	• Based on 2022-23 departmental data on agents (provider reported), including associated student enrolments and transfers and registered business address. • An agent is transfer-dominant where more than 50% of the enrolments they facilitate are onshore cross-provider transfers.
Average commission paid by transfer-dominant providers $341	• Assumed to be 50% of the average agent commission for offshore recruitment in VET ($683). • Reflects that the majority of transfer-dominant providers affected are VET providers.
To students	
Share of students using agents to change providers while onshore 8%	• 10% of international students engage in changing providers onshore. • 78% of these transferring students use an agent.
Student response	• An assumption-driven approach is adopted noting the uncertainties in understanding student responses to this reform. • A third of students are modelled to proceed with transferring with the use of an agent (possibly paying a fee for service), a third of students are modelled to proceed with transferring without the support of an agent, and a third of students are modelled to no longer transfer. • 10% of students who no longer transfer are modelled to exit their studies from Australian international education and training.

Table 6: Approach to measuring benefits for 'Prohibition of payment of agent commission for onshore transfers'

Benefit	Stakeholder	Ongoing?	Transfer?	Quantifiable?	Approach
Reduced cost of transfers (i.e. no commission payments)	Providers	**Yes**	No	**Yes**	• Based on estimated net amount of foregone onshore student transfers (27,835 student in 2025 - based on 8% of international students transferring with the use of an agent, 455,023 international student commencements in 2025). • A small share of providers (and their respective enrolments, 276 on average) are excluded from the total, as 4% of providers are transfer-dominant, of which 50% (being 2% of total providers) adapt to an offshore recruitment model. These providers expend more on offshore recruitment and therefore do not benefit from paying fewer commissions. • $511 saving per commencement in avoided onshore transfer commission payments to agents.

Table 7: Approach to measuring costs for 'Prohibition of payment of agent commission for onshore transfers'

Costs	Stakeholder	Ongoing?	Transfer?	Quantifiable?	Approach
Loss of profits from students exiting Australian international education and training	Providers	**Yes**	No	**Yes**	• Assumes 33% of these students no longer transfer due to the reform, with 10% of this cohort dropping out entirely (0.26% of international students, 1,205 in 2025). • $8,266 in lost fee revenue (assuming that half of fees are paid before students drop out), per student who drops out. 26% profit margin.
Potential costs in changing business operating models (higher student recruitment cost)	Providers	**Yes**	No	**Yes**	• Based on 50% of cross-provider dominant providers switching to an offshore recruitment model (30 providers in 2025). • Assumption that these providers incur an additional 50% in commission costs switching to primarily offshore student recruitment ($94,399 per provider, based on $341 additional incremental commission cost for VET providers and an average 276 onshore transfer students).

Costs	Stakeholder	Ongoing?	Transfer?	Quantifiable?	Approach
Loss of profits from transfer commissions	Agents	**Yes**	No	**Yes**	• Assumption that agents lose all commissions from onshore transfers, however recuperate some of these losses from students who now pay a smaller fee for agents' services. In total, the losses equate to roughly 83% of the current value of onshore transfer commissions (e.g., $2.6m in 2025, based on 36,135 students who would have switched in 2025 with support from an agent, $510 average agent commission for onshore transfers, and 65% share of agents onshore). • 26% profit margin for sector.
Potential increase in costs in paying a fee for agent transfer services	Students	**Yes**	No	**Yes**	• 10% of international students engage in course switching onshore - 78% using an agent (based on analysis of departmental data). • Assumes 33% of these students (12,045 in 2025) will still transfer using an agent but may incur agent charges for service (assumed at $255 per enrolment - 50% of estimated average agent commission paid by providers for onshore transfers.