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28 June 2024

Senate Education and Employment Legislation Committee
Parliament House
Canberra ACT 2600
Australia

Dear Committee Members,

I am writing to submit our formal response to the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 on behalf of AECC Holdings.

AECC Holdings is a 16-year-old Australian company, founded in Melbourne, that has become a leading provider of student services, marketing and recruitment activities for Australian universities and institutions. We have partnerships with over 950 universities and institutions globally and operate our network of 56 offices in 16 countries, supported by a dedicated team of over 1,100 professionals.

Our submission addresses several critical aspects of the proposed amendments, including the definitions of education agents and commissions, the implications of international student caps, and the potential risks of increased student vulnerability. We have provided detailed insights, evidence, and recommendations to ensure the legislation supports the diverse ecosystem of service providers and maintains Australia's reputation as a premier destination for international students.

Please find attached our submission for your review. Should you require any further information or clarification, please do not hesitate to contact me at

Thank you for considering our submission.

Sincerely,

Jake Foster
Chief Commercial Officer
AECC Holdings

The logo for AECC Holdings, featuring the lowercase letters 'aecc' in a bold, blue, sans-serif font. The letter 'c' is stylized with a small white circle at its top right end.

Submission on the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024

Submission to: Senate - Education and Employment Legislation Committee

Submitted by: AECC Holdings

Date: 28 June 2024

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Executive Summary

This submission by AECC Holdings addresses the proposed amendments in the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024. The key points are as follows:

1. **Definition of Education Agent:**
 - The current broad definition could misclassify various service providers, imposing unnecessary regulatory burdens and disrupting essential support services for international students. We recommend refining the definition to exclude non-recruitment related service providers.
2. **Definition of Commission:**
 - The proposed definition of "commission" is overly broad and could misinterpret standard business transactions as commissions, complicating compliance. We suggest refining this definition to focus specifically on recruitment-linked payments.
3. **Impact of International Student Caps:**
 - Enrolment caps could limit opportunities for international students, create financial challenges for regional universities, and reduce Australia's competitiveness in the global education market. We recommend considering alternative quality assurance measures and gradual implementation if caps are necessary.
4. **Risk of Increased Vulnerability to Manipulation:**
 - Excessive hurdles for legitimate education agents and service providers may inadvertently drive students towards unscrupulous education groups, exposing them to potential manipulation and exploitation. Balanced regulation is essential to protect students while maintaining the integrity of education services.

By addressing these concerns and refining the proposed amendments, the legislation can better support the diverse ecosystem of service providers, enhance the quality of education, and uphold Australia's reputation as a premier destination for international students.

Introduction

Purpose of Submission: To provide insights and recommendations on the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024.

Background Information: AECC Holdings is a 15-year-old Australian education services firm providing independent and certified student counselling services, enrolment services, and marketing support to over 950+ education institutions around the world. With a rapidly growing network of 56 offices in 16 countries and over 1,100 professionals, AECC Holdings has partnerships with many of the world's leading universities.

Interest in the Issue: As a leading provider of education services to Australian universities, AECC Holdings is deeply invested in maintaining the quality and integrity of educational services provided to international students in Australia.

Section 1: Definition of Education Agent

Overview

The proposed definition of "education agent" in the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 raises significant concerns for legitimate service providers who play a crucial role in supporting Australia's higher education sector that are not traditional "education agents". AECC Holdings, seeks to address the broad and nature of this definition, which may include reputable service providers that are not "education agents" but offer essential services to international students . This submission outlines the key issues, provides evidence to support our concerns, and offers recommendations to ensure the definition is appropriately refined.

Key Issues

1. Overly Broad Definition:

- The current definition of "education agent" encompasses any entity involved in recruiting, advising, or dealing with overseas students, without distinguishing between various types of service providers. This broad definition could unintentionally include other service providers who do not operate as traditional education agents but provide essential support services to universities.

○

2. Impact on Other Service Providers:

- Reputable service providers such as student accommodation services, career counselling, technology providers, back-office enrolment support providers, that may provide services that are not those of traditional "education agents", may be classified as education agents under the current definition. This misclassification could result in unnecessary regulatory burdens and could limit the ability of these providers to offer their services if future requirements are imposed on "education agents."

○

3. Potential for Disruption:

- The broad definition could complicate existing relationships between universities and service providers, leading to confusion and potential disengagement from essential support services and ultimately undermine the ability of Australian institutions to legally provide the support to international students required. This disruption may negatively impact the overall student experience and the quality of support provided to international students.

Evidence

1. Diverse Roles of Service Providers:

- Service providers in the education sector fulfill various roles that extend beyond student recruitment. For example, companies offering accommodation, marketing services, technology services career counselling, student back-office enrolment support providers, general marketing services and legal support are integral to the student lifecycle and experience. Including these providers under the definition of education agents is inappropriate and unnecessary.

2. Existing Regulatory Frameworks:

- Many service providers are already subject to other regulatory frameworks that ensure their operations meet high standards. For instance, student accommodation providers must comply with health and safety regulations, and legal advisors are regulated by professional bodies. Imposing additional regulations under the education agent classification is redundant and burdensome.

Examples of Potential Misclassifications under the Broad Definition of Education Agent

Misclassification of Service Providers

The proposed definition of "education agent" in the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 may inadvertently encompass a wide range of legitimate service providers who do not traditionally operate as education agents. This broad definition could lead to unnecessary regulatory burdens and misclassification of several service providers:

1. Caterers Serving Food to International Students:

- **Scenario:** A university partners with a catering company to provide meals to its international students. The catering company also occasionally provides cultural food information and advice to enhance the students' experience.
- **Potential Misclassification:** Under the proposed definition, this catering company could be misconstrued as an education agent because it provides advice and assistance to international students, even though its primary role is unrelated to student recruitment or enrolment.

2. Online Marketing Group (e.g., Meta):

- **Scenario:** Meta runs an online marketing campaign that includes providing information and advice to overseas students about enrolling in specific universities. This service is part of a broader advertising strategy and not directly linked to student recruitment.
- **Potential Misclassification:** Meta could be considered an education agent because it provides information and advice related to enrolment, despite its primary function being marketing and advertising, not direct student counselling or recruitment.

3. Search Engines (e.g., Google):

- **Scenario:** Google offers search services that prospective students use to find information about universities and enrolment options. This information is provided through its search algorithms and advertising platforms.
- **Potential Misclassification:** Google could fall under the definition of an education agent since it indirectly provides enrolment-related information to students, even though it does not engage in direct recruitment activities.

4. Enrolment Service Providers:

- **Scenario:** An enrolment service provider manages application processing, marketing support, and channel management for universities along with other critical services for Australian universities. In many cases they do not provide direct counselling to students but facilitate the administrative aspects of enrolment.
- **Potential Misclassification:** An enrolment services provider could be considered an education agent due to their involvement in the enrolment process, despite not performing the traditional and more limited role of an education agent.

Impact on Operations and Student Support

These examples illustrate how the broad definition of "education agent" could inadvertently include other service providers whose primary roles are unrelated to student recruitment. Misclassifying these entities could lead to unnecessary compliance burdens, disrupting their operations and the essential services they provide to international students. By refining the definition, the legislation can more effectively target traditional education agents while supporting the diverse ecosystem of service providers that enhance the educational journey for international students.

Recommendations

1. Refine the Definition:

- Amend the definition of "education agent" to specifically exclude service providers who do not engage in direct student facing counselling activities. The definition should focus on entities that are traditionally considered an "education agent" directly involved in recruiting overseas students for enrolment in educational institutions.
- Exclude from the definition enrolment service providers who provide critical support and services that extend beyond the scope of a traditional "education agent".

2. Introduce Clear Criteria:

- Establish clear criteria and guidelines that differentiate between traditional education agents and other service providers. This differentiation will ensure that only those entities involved in direct student facing counselling activities are subject to the relevant regulations.

3. Consult with Stakeholders:

- Engage with a wide range of stakeholders, including universities, service providers, and student representative bodies, to gather insights and refine the definition. This consultation process will help identify the specific needs and roles of various service providers and ensure the legislation is appropriately targeted.
4. **Implement a Tiered Approach:**
- Consider a tiered regulatory approach that imposes varying levels of compliance based on the type of services provided. This approach will reduce the burden on service providers not involved in recruitment while maintaining robust oversight of traditional education agents.

In conclusion, while the intent of the proposed amendments is to enhance the quality and integrity of education services for overseas students, it is crucial to refine the definition of "education agent" to avoid unintended consequences. By implementing the above recommendations, the legislation can more effectively target recruitment activities while supporting the diverse ecosystem of service providers essential to Australia's higher education sector.

Section 2: Definition of Commission

The current definition of "commission" in the proposed legislation is overly broad and could lead to significant misinterpretations and unintended consequences, affecting not only education agents but also a wide range of other service providers who engage in standard business transactions with universities.

Key Issues

- **Overly Broad Scope:** The definition may encompass various forms of compensation not traditionally considered as commissions, such as standard business transactions and operational benefits.
- **Confusion and Compliance Challenges:** The broad nature of the definition could create confusion and significant compliance challenges for legitimate education agents and other service providers, potentially disrupting their operations and interactions with universities.

Evidence

- **Inclusion of Broad Compensation Types:** The definition includes "any consideration or benefit, whether monetary or non-monetary," which could be interpreted to cover routine business practices and operational transactions. This inclusion risks misclassifying standard payments and benefits as commissions, complicating compliance for many service providers.
- **Impact on Non-Recruitment Transactions:** Groups that are not directly involved in recruiting overseas students, such as marketing firms,

accommodation providers, and administrative support services providers, might be unintentionally subjected to the same regulatory scrutiny as traditional education agents. This misclassification could hinder their ability to transact with universities effectively.

Recommendations

- **Refine the Definition:** The definition of "commission" should be refined to clearly delineate between payments related to "education agents" who provide face to face counselling of students and other forms of business compensation. This refinement will help prevent misinterpretations and ensure that only relevant transactions are regulated.
- **Focus on Recruitment-Linked Payments:** The definition should specifically target payments and benefits directly tied to the groups that provide face to face student counselling. This focus will ensure that legitimate business transactions unrelated to the services that "traditional agents" provide can continue without undue regulatory burden.
- **Exclusion of Non-Recruitment Entities:** Ensure that groups not directly involved in recruiting overseas students for enrolment in educational institutions are excluded from being classified as education agents. This exclusion will allow these entities to continue their essential transactions and support services with universities without unnecessary compliance challenges.

Section 3: Impact of International Student Caps

AECC Holdings appreciates the intent of the proposed enrolment caps to ensure the quality of education and support services for international students. However, we believe that these proposed caps could have significant negative repercussions on students, regional universities, and Australia's reputation as a premier destination for international education. The following points outline these concerns in detail:

Impact on International Students

Reduced Opportunities and Increased Competition

- **Limited Access:** Enrolment caps will limit the number of available spots for international students, reducing opportunities for those aspiring to study in Australia.
- **Increased Competition:** With fewer spots available, the competition among international students will increase, this may deter highly capable students from applying.

Negative Sentiment and Anxiety

- **Concerns Over Policy Stability:** According to the AECC Insights Survey of 8,000+ prospective international students conducted in April 2024, over 78% of prospective international students expressed extreme or significant concern about policy changes in Canada, with 68% specifically worried about caps on international student numbers. Similar policies in Australia could foster anxiety and uncertainty among prospective students.
- **Long-Term Sentiment:** Negative sentiment caused by these caps could linger for years, affecting Australia's ability to attract international students even after the caps are lifted or adjusted.

Impact on Regional Universities

Economic Viability and Growth

- **Revenue Loss:** International students are a critical revenue source for regional universities. Enrolment caps could lead to significant financial shortfalls, affecting the economic viability of these institutions.
- **Stunted Growth:** Caps could hinder the growth and expansion plans of regional universities, limiting their ability to invest in new programs, facilities, and research initiatives that benefit both domestic and international students.

Contribution to Local Economies

- **Economic Impact:** International students contribute significantly to local economies through tuition fees, accommodation, and living expenses. Caps on student numbers will reduce this economic input, affecting local businesses and communities.
- **Employment Opportunities:** The presence of international students creates jobs and supports employment in various sectors, including education, housing, retail, and services. Reducing student numbers will negatively impact job creation and local employment rates.

Distortion of Program Offerings and Competitiveness

- **Increased Demand for Certain Courses:** Courses aligned with emerging industries and global skills demands may see significant increases in demand from international students.
- **Government-Imposed Cap System:** A cap system could force institutions to restrict enrolments in these high-demand courses.
- **Distortion of Program Offerings:** Institutions may be unable to offer programs dynamically in response to market needs, leading to potential distortions in their course offerings.
- **Stifling Innovation and Growth:** Restricting enrolments in high-demand courses can stifle innovation and growth in critical sectors.
- **Perception of Reduced Responsiveness:** Prospective international students may view Australia as less responsive and adaptable compared to other countries with more flexible policies.

- **Diminished Competitiveness:** This perception can reduce Australia’s competitiveness in the global education market.
- **Mismatch in Skills and Opportunities:** A cap system could create a mismatch between the skills students seek to acquire and the opportunities available, impacting the attractiveness of Australia's educational institutions.

Impact on Brand Australia

Reputation as an Education Destination

- **Competitive Disadvantage:** Enrolment caps may make Australia less attractive compared to other countries with more welcoming policies. This could result in a competitive disadvantage as students may opt for destinations with fewer restrictions.
- **Perceived Uncertainty:** Policy changes and caps can create a perception of instability, making Australia appear as a less reliable destination for education. This perception can be particularly damaging in a highly competitive global market.

Long-Term Economic Contributions

- **Skilled Migration:** International students often transition to skilled migrants, contributing to the Australian economy through their expertise and labour. Caps on student numbers could reduce the pool of potential skilled migrants, affecting long-term economic growth and innovation.
- **Cultural Diversity and Soft Power:** International students enhance Australia’s cultural diversity and strengthen international relationships. Capping student numbers for individual providers and courses could weaken Australia’s soft power and global influence.

Economic Contribution of International Students

Significant Economic Impact

- **Economic Contribution:** International students contribute billions of dollars to the Australian economy annually through tuition fees, living expenses, and related spending. Reducing student numbers will directly impact this economic contribution.
- **Support for Higher Education Sector:** The fees paid by international students support the financial sustainability of Australian universities, enabling them to offer high-quality education and research programs.

Recommendations

1. **Alternative Measures to Ensure Quality:** Instead of imposing enrolment caps, consider alternative measures such as enhanced regulatory oversight, or higher student entry requirements without imposing caps on student numbers for institutions or courses.

2. **Stakeholder Consultation:** Engage with universities, education agents, students, and other stakeholders to develop policies that balance quality assurance with the need to maintain Australia’s competitiveness in the global education market.
3. **Gradual Implementation:** If caps are deemed necessary, implement them gradually and provide universities and other key stakeholders with sufficient time to adapt their recruitment and support strategies, minimizing disruption to current and prospective students.

Section 4: Risk of Increased Vulnerability to Manipulation

The proposed changes in the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024, while aiming to enhance the integrity of education services, could inadvertently create significant challenges for legitimate education agents and service providers. These hurdles and limitations could have unintended negative consequences, including increasing the vulnerability of students to manipulation by unscrupulous education groups. The following points outline these concerns:

- **Hurdles for Legitimate Agents:** If legitimate education agents face excessive regulatory hurdles and limits on their ability to operate, they may struggle to provide essential services to educational institutions and students, specifically Australian universities.
- **Impact on Service Providers:** Restrictions on service providers that support education institutions could hinder the availability of comprehensive support services for students, making it difficult for institutions to maintain high standards of student care and assistance.
- **Increased Vulnerability:** The limitations imposed by the proposed changes could drive students to seek assistance from less reputable sources. Without the support of legitimate agents and service providers, students may become more susceptible to manipulation by dodgy education groups that exploit regulatory gaps.
- **Dodgy Education Groups:** Unscrupulous agents and colleges may take advantage of the reduced presence of legitimate agents, offering substandard services or engaging in unethical practices. These groups can manipulate vulnerable students, providing false promises and inadequate educational experiences.
- **Negative Impact on Students:** Students misled by dodgy education groups may face issues such as financial exploitation, subpar education quality, and legal complications. This can severely impact their academic journey and personal well-being.
- **Undermining Reforms:** The overall goals of the reforms—to improve the quality and integrity of education services—could be undermined if students

increasingly fall prey to manipulative practices due to the reduced role of legitimate agents and service providers.

While the proposed legislative changes aim to enhance the integrity of Australia's education sector, it is crucial to consider the potential risks and unintended consequences. By imposing excessive hurdles and restrictions on legitimate education agents and service providers, the reforms could inadvertently expose students to greater risks of manipulation by unethical education groups. Careful consideration and balanced regulation are necessary to protect students while achieving the intended improvements in education quality and integrity.

Conclusion

The proposed Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024, while well-intentioned, raises significant concerns for Australia's higher education sector. The broad definitions of "education agent" and "commission" risk misclassifying legitimate service providers, imposing unnecessary regulatory burdens, and disrupting essential support services for international students. Additionally, the introduction of enrolment caps could negatively impact students, regional universities, and Australia's global competitiveness as an education destination. To achieve the intended quality improvements without these adverse effects, it is crucial to refine the definitions, consult with stakeholders, and consider alternative regulatory measures.

AECC Holdings