

The Hon. Mark Butler MP  
Minister for Health and Ageing  
Parliament House  
Canberra ACT 2600

### **Capping of provider commissions for Overseas Student Health Cover for international students**

Dear Minister Butler

I am writing to you on behalf of Independent Higher Education Australia (IHEA), which is the peak body representing independent higher education providers.

We wanted to express our concern about the Australian Government's proposal to cap commissions earned by providers and agents from Overseas Student Health Cover (OSHC) at 12 per cent from 1 July 2026.

We think there are a number of issues with this proposal, in particular, a lack of recognition of the important work providers and agents do to support students in obtaining OSHC, which is likely to be lost once the new arrangements take effect.

While we understand that there are some exemptions to the cap on commissions, they are limited to the following:

- Outsourcing of marketing activities by the insurer to a third party.
- A platform to provide OSHC product sales.
- Payments to an organisation to provide training and support to agents is considered as a form of outsourcing of services.
- Insurer staff located on campus to manage policy changes and claims processing where no payments were made to the university (please note that international students also attend non-university higher education providers).
- Payments to students and their families for traumatic events and repatriation when it is made directly to the organisation providing the service (e.g., funeral transportation) or reimbursement to the consumer for payments made. This is provided as part of the product.
- Health promotion and prevention events such as sexual health awareness, sun and swimming safety where payments are made directly to the organisation providing the service or the insurer reimbursing the university (please see above) for costs incurred (e.g., expert speaker).

However, the exemptions do not take account of the important work that those in receipt of the commissions undertake, and the cap itself clearly stems from a perception that the rate is too high for the amount of work that representative agents undertake.

It needs to be understood that many providers enter into formal agreements with OSHC insurers. As such, when a student buys a policy through the institution's referral, the insurer pays the institution a commission for facilitating the sale, which provides a streamlined and simplified arrangement for the prospective student.

Furthermore, many providers undertake additional work to support students, which justifies a higher commission, including:

- Administrative Support: Providers assist students with the OSHC process—providing information, assisting with enrolment and ensuring compliance with visa requirements. The commission helps to fund these administrative costs.
- Services provided by the contracted third parties go beyond general assistance and include translation services to allow students to understand their rights and obligations as well as appropriate and effective processes associated with managing a claim.
- The extent of support provided by third party agencies has indeed gone to the extent of providing explicit support and representation following the Medibank AHM data breach in 2023. This involved communication with affected students, online information workshops and meeting with the insurer on their behalf.
- Some providers offer OSHC as part of a bundled package of services, along with tuition, transport and accommodation. The commission helps providers to manage and streamline these services as part of a single package.

There are clearly justifiable reasons why commissions should exceed 12 per cent but which are not captured by the outlined exemptions. It is important that the extensive range and levels of support these commissions underwrite is not eroded through an arbitrary cap.

For the reasons outlined above, we believe the decision to cap commissions at 12 per cent from 1 July 2026 needs to be revisited and we would welcome the opportunity to discuss this matter further.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Peter Hendy', with a stylized flourish at the end.

The Hon. Dr Peter Hendy  
Chief Executive Officer  
Independent Higher Education Australia  
21 July 2025  
cc: The Hon. Jason Clare MP, Minister for Education