INDEPENDENT HIGHER EDUCATION AUSTRALIA

IHEA SUBMISSION

STRENGTHENING THE GENUINE STUDENT REQUIREMENT AND FINANCIAL CAPACITY FRAMEWORK

21 November 2026

IHEA Submission
Strengthening the Genuine Student Requirement and Financial Capacity Framework

Independent Higher Education Australia (IHEA) welcomes the opportunity to respond to the Department of Home Affairs (DHA) consultation paper, Strengthening the Genuine Student Requirement and Financial Capacity Framework, for which submissions are due by 12pm AEDT on 23 November 2026.

Introduction

DHA's consultation is considering two connected but separate sets of changes.

Firstly, it is seeking views on possible revisions to Ministerial Direction No. 106 (MD106), which guides decision makers in assessing the Genuine Student criterion. The paper considers whether assessments should remain individual and holistic while distinguishing more clearly between applicants commencing a new Australian study pathway and those continuing or returning to study. No replacement Direction has been drafted for endorsement.

Secondly, it is considering changes to the separate financial capacity rules. The financial capacity requirements are prescribed separately from MD106 under the *Migration Regulations 1994*, particularly clause 500.214 of Schedule 2, and the *Migration (LIN 19/198: Evidence of financial capacity—Subclass 500 Visa and Subclass 590 Visa) Instrument 2019*, as amended. The instrument, made under subclause 500.214(4), specifies the financial evidence requirements for primary Student visa applicants.

The consultation paper canvasses four possible approaches to financial capacity assessment and a potential interim measure for applicants from Evidence Level 3 countries. No decisions have been made, and the legislative or regulatory changes required would depend on the final design of any changes.

Part 1 of this submission builds on IHEA's 14 October 2026 letter to the Assistant Minister for International Education, which sought greater transparency, consistency and procedural fairness in the application of MD106. Part 2 responds to the financial capacity options.

IHEA supports reviewing whether the Genuine Student assessment can be clearer, fairer and more consistent. The review should lead to better decisions, not more paperwork. IHEA does not endorse the existing direction or any of the proposed financial models. Changes should be based on evidence that they are needed and will improve the system.

Each Genuine Student application should be assessed on the person's circumstances and evidence. Successful study, academic progress and completion should count in an applicant's favour where relevant. A study break, change of course or provider, previous visa history or country of origin should not, on its own, lead to an adverse finding.

IHEA has raised concerns about generic refusal reasons, factual mistakes and different outcomes in similar cases. DHA should publish clearer guidance, explain requests for extra evidence and give reasons that address each applicant's circumstances. The proposed review is also an opportunity to make financial checks more reliable without requiring every student to transfer large sums to Australia before applying for a visa. Legitimate overseas savings, education loans, scholarships and family support must be treated fairly. These issues are addressed in Parts 1 and 2 and in the attachment setting out IHEA's proposed changes to MD106.

These proposals also need to be considered alongside the changes already made to international education. The base Student visa application charge rose from $710 before July 2024 to $1,600 in July 2024, $2,000 in July 2025 and $2,500 in July 2026, subject to concessions.

In May 2024, the annual living cost evidence requirement increased from $24,505 to $29,710, a rise of $5,205 (21.2 per cent). It has not increased further as at October 2026. The changes commencing on 2 October 2026

further restricted onshore Student visa applications and the inclusion of family members, with limited exemptions. They also extended the restriction on transfers between providers from six to 12 months for non school students until 30 June 2027.

The Department of Education's international education data for January to August 2026 record falls of 12 per cent in international student commencements, 9 per cent in enrolments and 8 per cent in student numbers compared with the same period in 2025. These data do not establish the cause of the decline, but they show why the combined effect of recent measures must be assessed before further barriers are introduced. Independent providers, especially smaller and specialist institutions, have limited capacity to absorb prolonged uncertainty or sharp changes in demand.

The Government has itself acknowledged that visa refusals can deter the students Australia seeks to attract. In his 30 October 2026 address to the Australian International Education Conference (AIEC), Assistant Minister for International Education the Hon Julian Hill MP said that "the rate of refusals is now impacting key markets and actively deterring the very students we most want to come to Australia, as they are terrified of a visa refusal that hurts their chances of studying elsewhere". That acknowledgement reinforces the need to assess and model whether new pre–application financial obstacles could deter genuine students before they even seek a visa.

Summary of recommendations

IHEA makes a number of recommendations in relation to the consultation paper:

- **Improve the transparency and consistency of the Genuine Student assessment framework**, with clearer guidance on the factors considered, how they are applied and the circumstances that may lead to closer scrutiny or an adverse decision.
- **Ensure assessments take account of individual circumstances**, including an applicant's educational background, study intentions, course or provider changes, career objectives and economic circumstances, without treating particular factors as automatically adverse. Differentiating commencing, continuing and returning students may change which evidence is most relevant, but should not change the presumption that each application is considered fairly on its own merits. Where relevant, evidence of successful academic progress and completion should be recognised positively, without treating a provider's identity or reputation as a substitute for assessing the student.
- **Improve procedural fairness and the clarity of decision making** by ensuring that requests for additional information are relevant and proportionate, applicants have a reasonable opportunity to address material concerns, and refusal decisions clearly explain the reasons for the outcome, consistent with the *Migration Act 1958*. Refusal decisions should engage with accurate, applicant specific evidence rather than rely on generic findings of non genuineness.
- **Improve transparency about changes to assessment practices**, including publication of significant changes, commencement dates and transitional arrangements, consultation with the sector where practicable, and regular reporting of aggregate, de–identified information on visa assessment outcomes. Once the Government settles a preferred approach, the sector should be given a further opportunity to review the draft replacement MD106, financial capacity rules and guidance before they are finalised.
- **Undertake a comprehensive assessment of the existing financial capacity framework and the proposed alternatives**, including evidence of shortcomings in current arrangements, the effectiveness of different verification methods, implementation costs and modelling of the likely impacts on genuine students, the range of countries students come from and education providers.
- **Avoid further financial and administrative barriers without credible evidence that they are necessary and will work. IHEA does not support any of the four financial capacity options as proposed, including requirements to hold money in Australian accounts and restrictions on when students may access it. Nor does IHEA support the proposed blanket interim Evidence Level 3 requirements.** The Government should assess less burdensome ways of verifying funds and the likely effects on student choice, the range of countries students come from and demand. DHA should also establish that eligible accounts could

actually be opened and funded by applicants offshore before lodging a visa and explain the full period for which money would have to remain in an account under each option.

- **If the Government proceeds with change, pilot a substantially revised Option 4 and separately consider an approach informed by New Zealand.** IHEA opposes all four options as proposed. A revised Option 4 could allow students to prove they have sufficient funds through independently verified loans, scholarships and other legitimate finance, including money held overseas, without compulsory transfers to Australian accounts or restrictions on withdrawals. Any pilot must be voluntary, limited in time and independently assessed against existing arrangements before any wider use.
- **A separate alternative could examine whether any Australian account transfer should take place only after in–principle visa approval (preliminary approval before a final visa decision), as occurs in New Zealand**, rather than before lodgement. This would require a workable process for applicants overseas and clear protection for their money. IHEA does not support Option 3 as proposed or compulsory limits on withdrawals.

Part 1 – Changes to MD106

Holistic assessment of commencing and continuing students

Every Genuine Student application should be judged on its own merits. Distinguishing between students starting a course and those continuing or returning may help decision makers choose relevant evidence. It must not create an assumption that one group is less genuine. IHEA does not endorse the present direction or any replacement before its actual wording has been examined.

Any replacement should be subject to further consultation on its draft text and demonstrate how it will deliver consistent, evidence based decisions with proportionate information requests and procedural fairness.

The consultation paper suggests focusing more closely on a commencing student's proposed course, preparation and intended study pathway. For a student continuing or returning to study, it suggests giving greater weight to previous engagement, results, progression and the reasons for any changes. IHEA does not endorse different assessment rules for these groups. If a distinction is made, it should only help decision makers identify relevant evidence; it must not prejudge any applicant or turn these factors into a checklist. Successful progression, attendance and completion can provide positive evidence of an intention to study. Reliable information about course quality and provider outcomes may provide context, but must not determine an applicant's genuineness or create automatic preferences for particular institutions.

A previous lawful Student visa history should not, by itself, be treated as evidence that an applicant is not genuine or as grounds for refusal. Decision makers should consider the applicant's explanation and supporting evidence. A break from study may reflect legitimate employment, family, financial or educational circumstances. Successful prior study in Australia and credible overseas to Australia study pathways should likewise be considered on their merits.

The existing MD106 factors concerning personal circumstances, immigration history and the value of the proposed course warrant review, not automatic retention. DHA should identify overlapping or unhelpful factors and explain which considerations genuinely assist a fair, individual assessment. Any replacement should give clearer guidance about the relevance and weight of factors without creating a more prescriptive checklist.

Clearer information about how applications are assessed

Applicants and providers need clearer information about what may lead to closer examination, a request for evidence or a refusal. DHA should publish practical examples showing how different circumstances may be assessed together. An issue that warrants further questions must not automatically count against an applicant.

Such guidance would help applicants prepare complete applications and providers give reliable information about the process. It need not disclose fraud detection methods, intelligence or confidential risk settings, but it should explain what evidence is likely to matter. DHA should also explain how it will prevent broad risk indicators from

unfairly disadvantaging applicants because of their country, education provider or study pathway.

The consultation paper expressly considers revising application questions, reducing reliance on formulaic Genuine Student statements and making reasons for decisions clearer. IHEA welcomes examination of these problems, without endorsing any particular solution. New questions should help applicants explain their own circumstances and should not increase paperwork or create further opportunities for decisions based on assumptions rather than evidence.

Information requests, reasons and procedural fairness

Where additional evidence is requested, DHA should identify the matter requiring clarification and explain the relevance of the request. Applicants should have a reasonable opportunity to address material concerns before an adverse decision, subject to the applicable statutory and procedural requirements.

IHEA has previously stated its concerns about refusal notifications containing generic findings of 'non genuineness', sometimes with incorrect references to an applicant's details and inconsistent outcomes for substantively similar applications. Refusal reasons should identify the accurate, material facts relied upon, address the applicant's relevant evidence and explanations, and explain why the Genuine Student criterion was not met.

Study pathways and economic circumstances

A study gap, change in discipline or career direction, or change of course or provider may have a sound educational, professional or personal explanation. For example, time away from study may reflect employment or family commitments, while a provider transfer may reflect a better fit with the student's academic goals, learning environment, location or support needs. A lawful decision to change providers should not, by itself, be treated as evidence of misuse of the visa system. Decision makers should consider the reasons, timing and supporting evidence for any such change in the context of the application as a whole.

Economic circumstances also require context. The prospect of better employment or earnings in Australia should not automatically undermine an applicant's genuineness. The question is whether the evidence supports study as the primary purpose of the visa. Satisfying the separate financial capacity criterion remains necessary.

Published changes and de–identified reporting

Significant changes to published guidance or the practical application of MD106 should be communicated promptly, with the date of effect and any transitional arrangements. IHEA also seeks consultation before changes likely to have a material effect on students or providers, except where urgent action is needed to protect visa integrity.

DHA should publish regular aggregate, de–identified information about how MD106 operates, including patterns of closer scrutiny, requests for additional evidence and broad reasons for refusal. Reporting can be designed to protect personal information and sensitive operational methods. This should help identify apparent inconsistencies and unintended consequences, with appropriate safeguards for sensitive information.

Part 2 – Response to the financial capacity proposals

The role of financial evidence

Under the current financial capacity rules, applicants must demonstrate sufficient funds and genuine access to them through accepted forms of evidence, including deposits, eligible loans and scholarships. They are not generally required to transfer the money into an Australian bank account before a visa decision. Options 1 and 3 would require funds to be held in an Australian account before lodgement. Option 2 proposes a three month holding period but does not expressly state whether it must precede lodgement. Option 4 also favours an Australian account, although it provides for recognised finance in limited circumstances. These would be new conditions on how students arrange their money, even without an increase in the prescribed annual living cost amount of $29,710.

Before proceeding, DHA should identify the shortcomings in the current rules, explain why targeted verification would not address them and assess the likely effects and impacts of the proposals on genuine students, source markets and providers. The consultation paper does not yet establish that mandatory account holding is necessary or proportionate.

Fairness, overseas student recruitment and Australian account requirements

Under Options 1 and 3, applicants would have to place the relevant funds in an eligible Australian account in their own name before lodging a visa application. Option 2 also proposes holding funds in an Australian account, but its precise pre–lodgement timing is unclear. Option 1 would additionally control when those funds could be released. The accounts are not necessarily formal trust accounts, but the proposals could leave students with substantial money committed to Australia while their visa outcome remains uncertain. Holding funds in Australia is not the same as demonstrating that funds are genuinely available for study.

For Options 1 and 3, the sequence matters. Before lodging a visa application, a prospective student would first have to find an eligible Australian banking product, complete identification and source of funds checks remotely, navigate home country transfer requirements, convert currency, transfer a substantial sum and then leave it in the account for the prescribed period. Only after those steps could the student apply for a visa and pay a substantial, generally non refundable application charge. There is no guarantee that the visa will be granted. The consultation paper does not resolve how quickly funds would be released or returned following refusal, withdrawal or deferral, or who would bear transfer charges, conversion losses and account costs. Funds would not necessarily be forfeited, but the uncertainty, expense and time involved are real barriers at the point when a student is choosing a study destination.

A more fundamental difficulty is whether prospective students would be able to open and fund an eligible Australian bank account before obtaining a visa. Published arrangements for new arrivals at major banks raise serious questions about the practicality of the proposed requirements. Commonwealth Bank allows applications within 14 days before arrival but does not permit deposits until identity is verified at an Australian branch. National Australia Bank requires a valid Australian visa and does not open a new arrival account until the customer attends an Australian branch after arriving.

Westpac allows preliminary account setup within 14 days before arrival, but activation requires identity verification after arrival. These conditions apply to particular banking products, not to all Australian accounts, and do not represent a general legal prohibition on non residents opening them. The Australian Transaction Reports and Analysis Centre recognises that certain visa applicants may need to deposit money before their identity can be fully verified, subject to safeguards, but this does not require banks to offer a suitable account.

The published bank arrangements therefore raise a serious practical obstacle to holding substantial funds in Australia before lodging a Student visa application under Options 1 and 3. Option 2 would raise similar banking obstacles, although its holding period timing remains unclear. (Sources: Commonwealth Bank, Moving to Australia; NAB, Banking in Australia; Westpac, Banking in Australia FAQs; Australian Transaction Reports and

Analysis Centre, Carrying out applicable customer identification after commencing to open a bank account as at 4 November 2026.)

Before proceeding, DHA should obtain evidence from banks and relevant regulators that suitable accounts could be opened, funded and independently verified by applicants outside Australia who may have no Australian address or visa and cannot attend a branch. It should publish the eligibility rules, identity checks, fees and safeguards that would apply, including whether any proposed new banking product would be available across different source markets. Without this work, the Government risks imposing a condition that some genuine students cannot meet.

The effects would vary markedly by source market. International bank access, exchange control rules, remittance limits and currency conversion costs differ between countries. Some families provide support progressively, while scholarships and education loans may not be released until a visa is granted or a course begins.

IHEA is concerned that compulsory Australian accounts could reduce the range of financial and geographic backgrounds represented among international students and make some source markets less viable for providers. The test could become one of immediate access to large sums and international banking services, rather than whether a student can genuinely and sustainably fund their study.

Australia should not create a system that effectively treats substantial upfront wealth as a prerequisite for international study.

International students can lawfully work while studying in Australia, subject to visa conditions. Most can work up to 48 hours per fortnight while their course is in session and without that limit during scheduled course breaks. Their employment contributes to the Australian workforce, including in health and aged care, accommodation and food services and other industries where employers have faced labour shortages.

The Reserve Bank of Australia has recognised the importance of that contribution. IHEA recognises that prospective earnings from work cannot replace the prescribed evidence of financial capacity and that study must remain the primary purpose of the visa. However, expecting students with credible and sustainable funding arrangements to accumulate and transfer very large sums into an Australian account months before they even apply for a visa is unreasonable and unnecessary.

Students may lawfully supplement their living expenses once study begins, while Australia also benefits from their contribution to areas of workforce demand. (Sources: Department of Education, The rights of international students at work; Reserve Bank of Australia, International Students and the Australian Economy, July 2025.)

Australia must consider how its proposed rules compare with those in competing study destinations. The United Kingdom accepts qualifying bank evidence, including from overseas accounts that meet its requirements, as well as specified student loans and official sponsorship. Canada accepts a range of evidence, including Canadian or foreign bank statements, education loans, scholarships and documented financial support; additional local requirements may apply. Both countries test financial capacity and may verify documents, but neither generally requires every applicant to transfer funds into a domestic bank account before applying. Australia risks losing genuine applicants who can establish access to sufficient money but cannot readily move and hold it here before a visa decision.

New Zealand offers a relevant comparison, particularly as Assistant Minister Julian Hill referred to its approach in his 30 October 2026 AIEC address. He said, “I am interested in this and will seek feedback”, while noting that an Australian equivalent would be a longer term initiative if pursued.

Under Immigration New Zealand's Funds Transfer Scheme, applicants from six specified countries (China, India, Nepal, the Philippines, Sri Lanka and Vietnam) may be required to transfer maintenance funds to a participating New Zealand bank after receiving in‑principle visa approval (which is not a final visa grant). Funds are released monthly during study, with additional withdrawals restricted, while tuition fees are dealt with separately.

Although restrictions on accessing funds remain a concern, New Zealand's approach is less onerous in important respects: it applies selectively and requires transfer only after in–principle visa approval. By contrast, Australia's Options 1 and 3 would require deposits before lodgement, while Option 2 proposes a three month holding period whose pre–lodgement timing is not expressly defined.

Assessment of the four illustrative options

Option 1 – managed 50 per cent model. Applicants would have to hold 50 per cent of the total tuition and prescribed living costs for their entire course or package in an Australian account for at least one month before applying. A prescribed schedule would then govern when they could withdraw their own funds.

This combines a potentially large upfront commitment with restrictions on using the student's own funds. For illustration, a three year degree with annual tuition of $30,000 and living costs of $29,710 would require $89,565 to be placed in the account, assuming unchanged annual amounts and excluding other costs. That compares with $59,710 for one year of the same costs. Longer degrees and packaged pathways would therefore be especially exposed.

These problems are made worse by how far in advance students must transfer the money and how long they may be unable to use it. A student whose parents intend to meet successive tuition instalments from ongoing income, or whose financing is released in stages, might satisfy a reasonable assessment of sustainable support but be unable to place half the costs of an entire degree in Australia before applying.

Requiring that amount in advance could divert household savings from other commitments and expose them to currency movements over a longer period. Restrictions on withdrawals create another risk: students may be unable to use money they own when circumstances change. A visa refusal, delayed start, course change or cancellation would also require a clear and prompt process for returning funds overseas. The paper has not demonstrated that this degree of control is necessary to establish genuine financial capacity.

Option 2 – 'flexible' 50 per cent model. The word 'flexible' is misleading from a student's perspective. Although this option would not prescribe a timetable for releasing funds, it would still require an eligible Australian bank account and the transfer of 50 per cent of full course tuition and living costs for at least three months. The table does not expressly state whether that period must be completed before the visa application is lodged, although this appears to be intended.

The three month requirement could delay applications, cause students to miss course start dates and impose currency conversion, transfer and borrowing costs without any assurance of a visa. Access to banking products and permission to transfer funds overseas varies between countries, and neither students nor providers control those barriers. Allowing greater access to money after deposit does not resolve the central problem.

Option 3 – first year assurance. Applicants would need to hold the full tuition and prescribed living costs for their first 12 months of study, or for the remaining course if shorter, in an Australian account for at least three months before applying. The current rules generally require evidence of funds for the first 12 months, but this option adds a different condition: the money would have to be transferred to and held in Australia. Students with overseas savings, documented family support or loans that cannot be paid out three months in advance could be unable to comply despite having genuine funds available.

For a student studying a course with annual tuition of $30,000, this model would require $59,710 in the Australian account on the illustrative assumptions above. The problem is therefore not simply the amount. Requiring that amount to be transferred and held for three months could still disqualify an otherwise credible applicant whose funds are in a parent's account, whose loan is payable on visa approval, or whose scholarship is paid closer to the start of study.

Requiring a loan to be paid out earlier than needed could also lead to interest and other borrowing costs before study begins. If restrictions on withdrawals were applied to particular groups, students would face uncertainty both about their visa outcome and about when they could use money already transferred to Australia.

Some providers may see Option 3 as a straightforward way to confirm that students have sufficient funds for their first year, rather than requiring 50 per cent of the costs of an entire course, as proposed under Options 1 and 2. However, IHEA does not support Option 3, including as a pilot in its proposed form. Although it may require a smaller amount for longer courses, students would still need to transfer substantial funds into an Australian bank account at least three months before applying for a visa and could face restrictions on withdrawals. These requirements would create unnecessary financial and practical barriers for genuine students.**Option 4 – recognised education finance.** This option does not remove the Australian bank account expectation. The consultation paper favours a transfer to an Australian account wherever practicable, with direct reliance on approved education finance available only in limited circumstances.

IHEA does not endorse this approach as it could still leave a student facing the same pre visa banking difficulties as Options 1–3, with an uncertain and potentially narrow exception for particular finance arrangements. Recognition rules might privilege students using large, approved institutions and disadvantage legitimate family support, local lenders, government backed finance or scholarships not covered by the scheme.

DHA should explain who would decide whether an Australian account was 'practicable', what would qualify as recognised finance, and whether students could rely on independently verified funds held overseas without first applying for an exception.

If the Government proceeds with reform, pilot a revised Option 4 and separately assess an alternative based on New Zealand's approach of transferring funds after in–principle visa approval.

IHEA does not support any option as proposed. If the Government nevertheless decides to change the financial rules, it should first test a substantially revised Option 4. This could accept independently checked loans, scholarships and other legitimate funds, including money held overseas, without making transfer to an Australian account compulsory. That would be a different approach from Option 4 in the consultation paper, not an endorsement of it.

The potential benefits of a revised Option 4 would only be realised if the financing pathway were a genuine, accessible alternative to an Australian account, rather than a narrow exception available only when transfer is considered impracticable. As drafted, Option 4 leaves important matters unresolved. These include who determines practicability; which domestic and overseas lenders, scholarships, government backed finance and documented family support would qualify; how staged disbursements and loans released after visa grant would be treated; what verification and source of funds checks would apply; and whether balances would have to be transferred to, retained in or released through an Australian account.

If the Government proceeds, IHEA recommends a limited, voluntary pilot of a revised Option 4, with independent assessment before any wider introduction. The existing way of proving financial capacity should remain available to applicants who do not participate, without counting against them. The pilot should accept a wide range of verifiable funding, including legitimate overseas loans and funds, and involve banks, finance providers, students and education providers in its design. Students should not be required to draw down loans early or surrender control of their money merely to participate.

The Government could separately examine an alternative informed by New Zealand, where selected applicants transfer living cost funds only after in–principle visa approval. This would avoid the pre–application transfer required by Australia's Options 1 and 3, but New Zealand's restrictions on withdrawals are not something IHEA supports. Australia would first need to establish whether an in–principle approval stage and suitable banking arrangements could work here, with clear protection and prompt refunds for students.

Any pilot should be compared with the current arrangements and include applicants from different countries, types of providers, courses and funding backgrounds. Independent reviewers should assess whether it improves checks on funds and reduces fraud, as well as its effects on costs, processing times, visa refusals, students who abandon applications, deferrals, commencements and access for genuine students.

The results, including any unintended harm, should be made public without identifying individual applicants. A pilot should have a clear end date and reasons for stopping or changing it. The Government should only consider wider use if the improvement in financial checks clearly outweighs the costs and disadvantages, and simpler ways would not achieve the same result.

How long funds would have to remain in Australia

The consultation sets out minimum periods for holding money in an Australian account but does not establish the total time for which applicants would need to keep the required balance there. Option 1 specifies at least one month before lodging a visa application and Option 3 at least three months. Option 2 specifies three months, but its table does not expressly say whether that period must precede lodgement.

Option 4 does not specify a period where an Australian account is used. The paper does not explain whether applicants must maintain the balance while their application is being assessed, after a visa is granted or until their course begins, or whether making withdrawals could affect the application. Restrictions on withdrawals under Option 1, and potentially Option 3, could extend well into the period of study.

IHEA seeks explicit clarification for each of the four options of when money would first have to be deposited, how long the required balance must be maintained and when students could freely withdraw or transfer it. DHA should also explain the timeframes and procedures for releasing or returning funds if a visa is refused, an application is withdrawn, a course is deferred or a student changes provider.

Fees, currency conversion costs and any interest on borrowed money should be assessed over this entire period, not just the minimum one or three month period before application. Without this information, it is impossible to assess the actual financial burden or likely deterrent effect of the options.

Providers could face more deferrals and withdrawals, less predictable course commencements and extra work explaining rules they cannot control. Verifiable money should not become unacceptable merely because it was recently transferred, a scholarship was newly awarded or an education loan is paid only after the visa is granted.

Providers can lose enrolments without ever receiving a formal visa refusal, and recruitment agents may increasingly direct applicants to destinations with clearer or less burdensome processes. These effects could be concentrated in particular source markets and among smaller or specialist providers.

Once courses or recruitment relationships are lost, they may be difficult to rebuild even if the rules are later relaxed.

Transferring money into an Australian account does not, by itself, establish that funds were lawfully obtained or will remain sustainably available for the student's studies. A deposit based system would still need credible source of funds checks, transaction verification and safeguards against temporary or borrowed balances. DHA should explain what additional integrity benefit an Australian account produces beyond those checks, and whether that benefit is proportionate to the costs and deterrent effects.

Restrictions on withdrawals are a separate concern under Options 1 and potentially 3. Students may need their own money for medical or housing costs, family emergencies, course changes or deferrals. If the Government nevertheless pursues any restriction, it must explain how students can obtain money in emergencies, recover funds promptly after refusal or withdrawal, raise complaints and avoid unnecessary account charges.

The rules for checking education finance should be clear and practical across countries. Legitimate overseas banks, education lenders, scholarships and family supported loans should not be excluded simply because they are outside an Australian banking arrangement. DHA should publish examples of evidence accepted from different countries and explain how it can be checked. These examples must not become a fixed list that unfairly excludes other genuine funding. Students' financial and identity information must also be protected.

Some providers may favour a national minimum tuition amount for financial assessments or a minimum deposit paid to an education provider, as additional evidence that a student can afford and intends to undertake study.

IHEA does not support either requirement across the sector. Financial capacity should be assessed using the student's actual tuition fees and credible evidence of living costs and funding. A fixed tuition amount would disadvantage students choosing lower fee providers without proving that their funds are more genuine. Tuition deposits can be considered where they are legitimately required, but a compulsory national minimum would impose another upfront cost and would not establish sustainable access to living funds.

The objective should be a clearer and more reliable means of confirming the source, ownership and sustainable availability of funds, with consistent standards, accessible pathways across source markets and no default presumption that funds must be held in Australia.

Proposed interim measure for Evidence Level 3 applicants

The proposed interim measure would require all primary applicants from countries classified at Evidence Level 3 under Australia's Student visa risk framework to provide financial evidence when applying, regardless of their education provider's Evidence Level. It also considers at least six months of account transactions and tighter rules about who can provide funds and which loans may be accepted.

Applying these extra requirements to every applicant from an Evidence Level 3 country would create costs and paperwork even where no concern has been identified in an individual application. IHEA does not support that blanket approach.

A fixed six month history is not always a reliable test of genuine access to funds. Savings may have been transferred between accounts or received from a documented asset sale, family contribution, scholarship or education loan. Applicants should be able to establish the source, ownership and availability of money through alternative reliable evidence in those circumstances.

DHA should also explain how it would recognise financial supporters, overseas institutions and education loans across different countries. If some funding sources are easier to verify than others, a blanket rule may penalise students because of where their money is held rather than whether it is genuine. Any proposed restrictions on unsecured loans or loans not yet paid to the student should be tested against legitimate education financing arrangements.

If DHA identifies a specific risk that cannot be addressed through better application of existing powers, any additional measure should first be tested through a tightly defined and independently evaluated pilot. Any test would require clear criteria, advance notice, transitional protection and public assessment of effects on evidence quality, refusals, processing time and access for genuine students.

IHEA recognises that some providers may favour stronger upfront checks where there are genuine concerns about forged documents or unreliable financial evidence. Those concerns should be addressed through checks aimed at the particular evidence or risk, with clear reasons and fair treatment of applicants who can demonstrate genuine access to sufficient funds.

Implementation, consultation and review

Before changing the rules, DHA should publish the draft replacement MD106, any proposed financial capacity rules and practical guidance for further consultation with students and providers. People who have already lodged visa applications, accepted offers or arranged finance need clear notice of which rules will apply to them. Substantial changes should normally be announced at least six months before they begin, so students and providers can plan. If an urgent and clearly identified visa integrity risk requires earlier action, DHA should explain why and protect applicants who have already made binding commitments. The current consultation on broad options is not a substitute for reviewing the actual proposed rules.

Before adopting further restrictions, the Government should assess their combined impact with the 2 October 2026 changes to onshore Student visa applications, family members and provider transfers; successive visa charge increases; and the May 2024 increase in the annual living cost evidence requirement. The wider policy setting also

includes the National Planning Level (NPL) and indicative New Overseas Student Commencement (NOSC) allocations, which influence offshore visa processing priorities. Changes under the *Education Services for Overseas Students Act 2000* (ESOS Act) and the National Code of Practice for Providers of Education and Training to Overseas Students 2018 have also expanded education agent and provider registration requirements, restricted commissions for certain onshore transfers and introduced further registration and compliance powers. These measures operate in different ways. Their effects should be examined separately as well as together, rather than assumed to be identical.

The assessment should distinguish between higher education, vocational education and training (VET), and English Language Intensive Courses for Overseas Students (ELICOS). It should examine students from different countries, course lengths, funding arrangements and financial backgrounds, as well as the possible effect on smaller independent providers of delays, deferrals and lost enrolments. The national decline is evidence of pressure, not proof that any particular policy caused it.

The assessment should consider the whole application process: the practical ability of offshore applicants to open and fund eligible accounts before visa grant, the rules for transferring money from overseas, the full time money would be committed before and after visa lodgement, restrictions on withdrawals, visa processing times, arrangements for returning funds after refusal or deferral, currency costs and the risk of missing a course start date. It should compare all four options with other verifiable forms of financial evidence and the approaches taken by competing study destinations. Students, education agents, banks and providers from different source markets should be consulted before rules are imposed.

Any change should be reviewed against measurable outcomes, including the reliability of financial evidence, decision consistency, processing times, refusal patterns and access for genuine students. Public reporting should be aggregated to protect personal information and visa integrity. Requirements that prove ineffective or disproportionately burdensome should be revised or removed.

Conclusion

IHEA supports a fairer and clearer Genuine Student assessment process. Each decision should consider the applicant's own circumstances, including genuine study intentions, past academic progress, completed study and reasonable changes in study or career plans. DHA should give clearer guidance, ask only for relevant additional evidence and provide refusal reasons that accurately explain the decision. These improvements should reduce uncertainty and inconsistent decisions rather than create more paperwork or automatic judgements about particular groups.

IHEA does not support any of the four proposed financial models or the blanket additional requirements for Evidence Level 3 applicants. Requiring students to move substantial funds into Australian accounts, often months before they can apply for a visa, could exclude applicants with legitimate overseas savings, family support, scholarships or education loans. It would add costs without necessarily proving where money came from or whether it will remain available. DHA has not shown why better checks on existing forms of evidence would be insufficient.

If the Government decides to pursue change, IHEA recommends a voluntary, independently reviewed pilot of a substantially revised Option 4 that accepts legitimate and verifiable funding without compulsory Australian account transfers. Separately, the Government could consider an alternative informed by New Zealand's approach of requiring any transfer only after in–principle visa approval. Neither proposal is support for Option 3 as drafted or for restrictions on students withdrawing their own funds. Any banking approach must first be shown to work for applicants overseas.

The effects of new rules must be considered alongside the higher visa application charges, increased living cost evidence requirements and restrictions introduced in October 2026. They should also be assessed for their effect on students with different financial circumstances and on smaller independent providers that may face deferrals and lost enrolments. International education depends on attracting capable students from a wide range of

backgrounds, not only those able to transfer large amounts of money overseas before a visa decision.

At the Australian International Education Conference on 27 October 2026, Education Minister Jason Clare described a young woman from a Delhi slum whose father was a barber. After studying at a university in India, she had progressed to a master's degree at the University of Sydney. He used her story to illustrate how education can transform lives.

We cannot know whether a student in those circumstances would meet any proposed new financial test. However, the example underlines why Australia should not create unnecessary barriers for capable students with genuine, but limited or less easily transferred, financial resources. Protecting visa integrity and maintaining access to education should be considered together.

Before making final decisions, DHA should publish the evidence for any new requirements, the full draft rules and an assessment of the likely costs and effects. It should consult again on those drafts, provide reasonable notice and protect students who have already made financial or study commitments. Changes should proceed only where they offer a clear improvement over the existing system.

Attachment – IHEA's proposed amendments to MD106 (14 October 2026)

The following proposals were set out in IHEA's letter to the Assistant Minister. References identify provisions of MD106 addressed in that letter; they are not a claim that the proposed subsections already exist or that the same numbering should be retained in a replacement Direction.

Proposed amendment and purpose

- Proposed s 7(2A): Publish guidance on the main circumstances leading to closer scrutiny, evidence requests or adverse findings, with de–identified examples.
- Proposed ss 7(4A)–(4B): Explain material concerns when seeking evidence and provide a reasonable opportunity to respond, consistent with the law.
- Proposed s 7(5A): Publish aggregate, de–identified information at least quarterly on scrutiny, additional information requests and broad reasons for adverse findings.
- Proposed s 8(2A): Assess economic circumstances in context rather than treating better opportunities in Australia as automatically adverse.
- Proposed s 8(5)(aA): Consider reasonable changes in career or discipline in context and provide practical, de–identified examples.
- Proposed s 11(1)(b)(vii): Consider explanations for study gaps, changes of course or education provider, and changes to unrelated courses, rather than treating these circumstances as automatically adverse.
- Proposed s 11(2A): Identify the material factors supporting an adverse decision and explain their relevance to the overall finding.
- Proposed s 12: Publish material changes to guidance and assessment practices, effective dates and applicable transitional arrangements, or explain why transitional arrangements are not appropriate. Consult the sector where practicable, subject to safeguards for urgent migration integrity, fraud and compliance risks.

Who We Are

Independent Higher Education Australia Ltd. (IHEA) is a peak body established in 2001to represent Australian independent (private sector) higher education institutions. Our membership spans independent universities, University Colleges and other institutes of higher education that are registered with the national higher education regulator, TEQSA, as well as associate members seeking registration.

There is a long tradition of independent higher education providers in Australia, with the first provider created as early as 1815, only 27 years after the first British settlement in Sydney in 1788. In total, five independent providers were established between 1815 and 1845, before the establishment of Australia's first public university. The fifth of these was St James College, which was created in 1845. The founders of St James College were then involved in creating Moore College in 1856 and remarkably Moore College, a University College, still exists and is Australia's longest continuously operating independent higher education provider.

Our Vision is that: students, domestic and international, have open and equitable access to world class independent higher education in Australia, built on the foundations of equity, choice and diversity.

Our Mission is to represent independent higher education and promote recognition and respect of independent providers as they contribute to Australian education, the Australian economy and to society in general. We achieve this by promoting continuous improvement of academic and quality standards within member institutions, by advocating equity for their staff and students and by delivering services that further strengthen independent providers' reputations as innovative, sustainable and responsive to the needs of industry and other relevant stakeholders in both higher education and vocational education and training. IHEA's commitment is to excellence, productivity and growth in independent higher education being delivered through a trusted Australian education system underpinned by equity, choice and diversity.

IHEA members have different missions, scales and course offerings across the full Australian Qualifications Framework (AQF) range (Diplomas to Doctorates). IHEA has 93 members, which rises to over 120 if providers' constituent colleges and subsidiaries are included.

IHEA's 93 members comprise:

- Five private Universities (Australian University of Theology, Avondale University, Bond University, Torrens University and University of Divinity).
- Six University Colleges (ACAP University College, Australian University College of Divinity, Alphacrucis University College, Excelsia University College, Moore Theological College and SAE University College).
- Seventy–nine not–for–profit and for–profit institutions of higher education (which includes twelve full or partially self–accrediting institutes); and related corporate entities.
- Three corporate owners of higher education providers.

IHEA members teach approximately 74 percent of the students in the independent sector (i.e., more than 140,000 students) and educate students in a range of disciplines, including law, agricultural science, architecture, business, accounting, tourism and hospitality, education, health sciences, theology, creative arts, information technology, human services and social sciences.

IHEA holds a unique position in higher education as a representative peak body of higher education providers. Membership in IHEA is only open to providers registered, or seeking registration, with the Australian regulator – TEQSA. However, some IHEA members are dual– and multi–sector providers who also deliver VET and/or English Language Intensive Courses for Overseas Students (ELICOS) courses.

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IHEA Member Institutions

Universities

- Australian University of Theology
- Avondale University
- Bond University
- Torrens University Australia
- University of Divinity

University Colleges

- ACAP University College
- Alphacrucis University College
- Australian University College of Divinity
- Excelsia University College
- Moore Theological College
- SAE University College

Institutes of Higher Education

- Academies Australasia Polytechnic
- Academy of Interactive Technology
- Acknowledge Education
- Adelaide Central School of Art
- AIBI Higher Education
- AIM Business School
- Australasian Academy of Higher Education
- Australasian College of Health and Wellness
- Australian Chiropractic College
- Australian College of Christian Studies
- Australian College of Nursing
- The Australian College of Physical Education
- Australian Data and Cyber Institute
- The Australian Institute of Music
- Barton Business School
- Campion College Australia
- Central Institute of Technology and Innovation
- Christian Heritage College
- CIHE Australia
- COLLARTS
- The College of Law
- Eastern College Australia
- Education Centre of Australia
  - Asia Pacific International College
  - ECA College of Health Sciences
  - Higher Education Leadership Institute
- Endeavour College of Natural Health
- EQUALS International
- Fairmont College Australia
- Gateway Business College
- Governance Institute of Australia
- Holmes Institute
- IBC Education
- iCareers Institute
- ICHM
- Ikon Institute of Australia
- International College of Management, Sydney
- International School of Global Leaders
- JMC Academy
- Kaplan Business School
- Kaplan Higher Education
- King's Own Institute
- Laurus Higher Education
- LCI Melbourne
- Le Cordon Bleu Australia
- Leaders Institute
- Lyons College
- Marcus Oldham College
- MIECAT
- Morling College
- Nan Tien Institute
- National Institute of Organisation Dynamics Australia
- Navitas
  - Curtin College
  - Edith Cowan College
  - Eynesbury College
  - Deakin College
  - La Trobe College Australia
  - Griffith College
  - SAIBT
  - SIBT
  - Western Sydney University International College
- Nova Higher Education
- Photography Studies College
- Polytechnic Institute Australia
- Russo Business School
- Sheridan Institute of Higher Education
- Skyline Higher Education Australia
- S P Jain School of Global Management
- Stanley College
- Sydney Institute of Higher Education
- Sydney International School of Technology and Commerce
- Sydney Met
- Southern Academy of Higher Education
- Tabor College
- The Tax Institute Higher Education
- Torrens University Australia
  - Think: Colleges
- Universal Business School Sydney
- Universal Higher Education
- UoW College
- UTS College
- Wentworth Institute

IHEA INDEPENDENT HIGHER EDUCATION AUSTRALIA

NineSquared

Key Findings.

Independent higher education is an important contributor to Australia's economic activity.

The sector contributes

$8.2 billion

to Australia's GDP

196,000 students

61% International*

39% Domestic*

*Shares based on EFTSL

For every **$3** the sector directly contributes to GDP, it supports around **$1** of additional value added elsewhere in the economy

Contributes

$3.0 billion

in government tax revenue

International students contribute

$7.6 billion

to Australia's GDP

Increases output by

$14.0 billion

Supports

18,906 FTEs

across the economy

Contributes

$13.1 billion

to total incomes

The sector contributes to the Australian economy through several major impact channels:

- institutional spending
- international student living expenses
- expenditure of visiting friends and family
- net increase in student labour supply
- graduate labour productivity uplift
- research driven productivity uplift