# Individual Provider - MD115 and Onshore Commission Ban: Model Interpretation Brief

*What the model is for, what to believe, and what it tells us*

iMORSE

Archetypal demonstrator

## The question the model answers

Can a private Australian higher-education provider hold its international enrolment, revenue and cash viability over twelve quarters while two policies bite together - Ministerial Direction 115's utilisation-based visa-processing throttle and the onshore agent-commission ban - and which levers, if any, recover it? The model is an archetypal demonstrator for a representative small-to-medium provider of about 1,800 international students; the levels are illustrative, the policy mechanics are firm, and the cap position is the primary lever, tested either side.

Complex systems behave according to a combination of one or more standard behaviour patterns known as 'archetypes'. It is the interplay of these that makes situations and decisions complex. The archetypes identified in this model are:

- **Limits to growth.** A growth engine eventually meets a brake that has been quietly tightening. Here the provider's recruitment engine runs into the MD115 visa-processing throttle as its intake approaches the NOSC cap.
- **Shifting the burden.** A quick fix relieves the symptom and slowly weakens the system's ability to address the cause. Here cost-cutting protects cash in the short run but starves the recruitment and reputation that bring students back.
- **Tragedy of the commons.** Each actor's rational choice degrades the shared resource everyone depends on. Here offshore commencements and onshore transfers both draw on the one NOSC allocation, so filling it through either channel slows the provider's own visa processing.
- **Growth and underinvestment.** Capacity is not built in time, performance softens, and the case for investment evaporates. Here, as cash tightens, the provider underinvests in recruitment just as the throttle bites, so it slides instead of holding.

## Assumptions that change how you read it

- **Where the provider sits on the cap.** Above or below the NOSC allocation decides whether MD115 causes the decline or merely caps growth. We make the cap position a lever and centre the demonstrator on an at-/near-cap provider; move it and the conclusion moves with it.
- **Archetypal, not fitted.** The scale, fees, cost base and churn are representative sector values, not a named provider's books. Read shapes and turning points, not the precise levels; the policy mechanics (the 80% and 115% thresholds, the 31 March 2026 ban) are firm.
- **The shared cap, throttled on one side only.** Both offshore commencements and onshore transfers consume the one NOSC allocation, but only the offshore channel is throttled. If transfers did not count against the allocation, the commission ban would not free offshore headroom and a key coupling would vanish.
- **Confidence is asymmetric.** Agent confidence falls faster than it rebuilds. If it were symmetric, the decline would be shallower and the recovery quicker; the asymmetry is what turns a brief throttle into a lasting slump.
- **The commission-ban magnitude.** We assume the ban removes about 85% of agent-driven transfer activity, leaving a residual of student-initiated transfers. A larger or smaller removal shifts the inflow loss and the retention gain together.

## What the model tells us about the dynamics

The best way to understand the dynamics at play is to interact with the model. However, some of the key dynamics findings are:

- **The cap decides the regime.** Where the provider sits relative to its NOSC allocation sets everything. Below about 80% it is Priority 1 and grows freely; near or over the cap the throttle slows offshore processing and the trajectory bends down.
- **Confidence falls fast, rebuilds slow.** A processing slowdown drains agent confidence quickly (it drops to about 0.69 within two quarters of the throttle biting) and it recovers only slowly, so a short throttle leaves a durable commencement slump rather than a quick bounce.
- **The commission ban cuts both ways.** From Q2 it removes most agent-driven transfer inflow but also softens poaching, so churn eases and retention improves; the net is a smaller, steadier book rather than a simple loss.
- **Chasing demand into a binding cap backfires.** Lifting offshore demand while the cap binds pushes utilisation up, the throttle harder and confidence down to about 0.61, and enrolment barely moves - a limits-to-growth trap.
- **Cash can decouple from enrolment.** Diversifying to domestic students holds cash up near A$79.8M while enrolment is unchanged at about 1,657 - viability and enrolment are not the same lever.

- **The death spiral is real and non-linear.** Under a tight cap with a low fee and a high cost base, cash crosses zero and falls to about -A$39.9M while enrolment collapses to about 839 - the model produces genuine insolvency, not a gentle decline.
- **No single lever recovers the provider.** Recovery to the pre-MD115 level needs a combination - cap headroom, stronger demand and a domestic cushion together carry enrolment to about 2,065; any one alone falls short.

Reaching the recorded ambitions:

- **Survival / break-even.** Reached comfortably in the base case and strongly defended by diversifying to domestic (cash about A$79.8M at Q12); the binding lever is the domestic-share cushion, which behaves as a dial.
- **Recovery to pre-MD115 (about 1,800).** Reached only by the combined 'Recovery push' - allocation 1,600/yr, demand 1.3 and domestic share 0.4 - which carries enrolment to about 2,065 by Q12; it is a threshold needing several levers together, not a single dial.

## The strategies at a glance

**Seven strategies, one table.** These are scenarios, not forecasts - one-click presets on the dashboard, each read at the twelve-quarter horizon. They span the model's range from insolvency to recovery.

| Strategy | What it changes | Enrolment Q12 | Cash Q12 | Agent confidence Q12 |
|---|---|---|---|---|
| Hold the line (baseline) | nothing - the near-cap baseline | 1,657 | $25.8M | 0.78 |
| Stay under the cap | allocation 1600/yr | 1,745 | $29.6M | 0.85 |
| Diversify to domestic (defend viability) | domestic share 0.5 | 1,657 | $79.8M | 0.78 |
| Chase offshore demand (the fix that fails) | demand 1.4 | 1,688 | $27.2M | 0.61 |
| Mid-stress - partial insolvency | allocation 700/yr; fee A$6000/qtr; cost A$17M/qtr | 1,009 | -$6.3M | 0.74 |
| Cliff edge - insolvency | allocation 700/yr; fee A$5000/qtr; cost A$18M/qtr; domestic share 0.0 | 839 | -$39.9M | 0.71 |
| Recovery push (reach pre-MD115) | allocation 1600/yr; demand 1.3; domestic share 0.4 | 2,065 | $71.8M | 0.86 |

The pattern: staying under the cap or diversifying defends viability; chasing demand into a binding cap backfires; only a combination recovers the pre-MD115 level; and a tight cap with weak margins tips into genuine insolvency.