



## What do education providers have to do before 1 July 2012?

You will need to maintain TAS coverage or an exemption until 1 July 2012.

If you are a provider not administered by a state education authority or entitled to receive recurrent Commonwealth funding you will need to establish a designated account for the prepaid tuition fees for non-commenced students. This can be a normal bank account that allows deposits and withdrawals (i.e. it does not have to be a trust account) but it must be separate from your day-to-day operating account.

You will need to adapt written agreements with international students after 1 July 2012 to include details on study periods and prepayments in line with the new limitations.

You will also need to establish systems and processes that will enable you to comply with new reporting and record keeping requirements:

- to notify the Secretary and TPS Director (via PRISMS) of provider defaults within 3 business days and student defaults within 5 business days
- to notify the Secretary and the TPS Director (via PRISMS) of the default outcome within 7 days of the provider obligation period
- to encourage students to confirm and update their contact details (address, mobile phone number and email address if any) at least every 6 months
- to keep up to date student academic records for every unit of study completed and assessed.

Once implemented, these reforms will help position Australia for stable and sustainable growth in the International Education sector.



# Tuition Protection Service

## An Overview for Education Providers



ESOS—Stronger Simpler Smarter

Australia is a world leader in tuition protection and offers high quality education services to international students.

To build on this reputation and in response to the Baird review, the Government has introduced a new Tuition Protection Service (TPS).

The reforms aim to protect the considerable investment international students make in an Australian education, and to protect and enhance Australia's global reputation.

Some of the key features are:

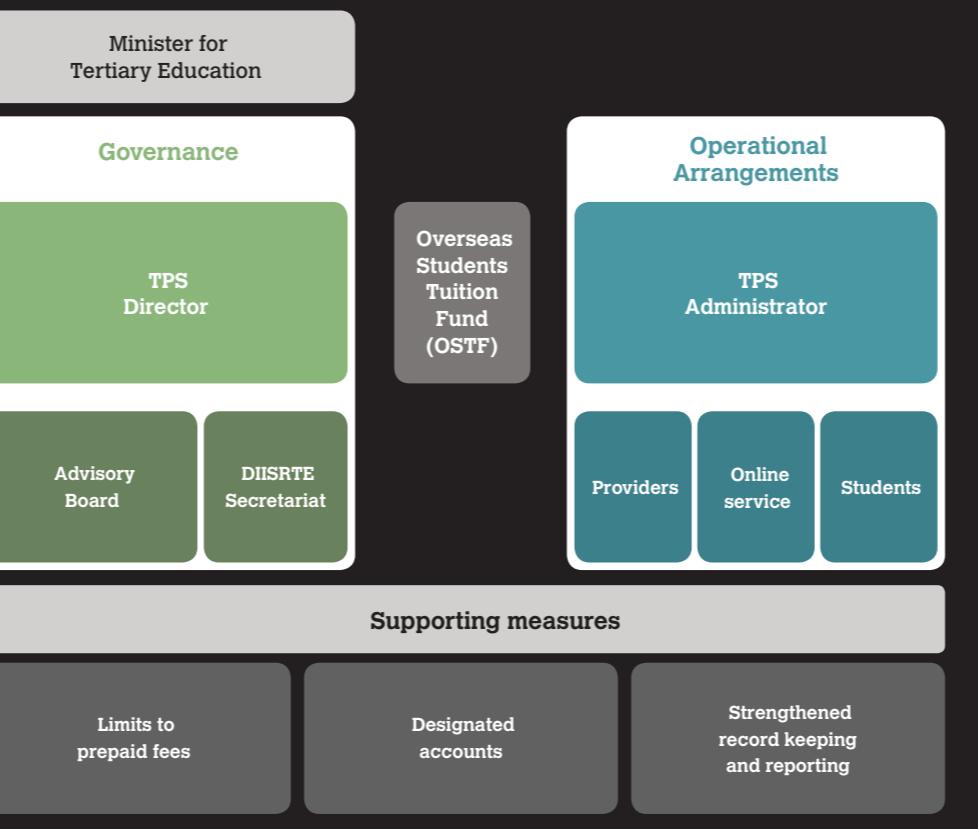
- A new national TPS which will replace a range of existing tuition assurance arrangements.
- A limit of up to 50 per cent of total tuition fees may be collected prior to student commencement (unless the course is 24 weeks or less).
- Specified providers to keep initial prepaid fees in a separate account until a student commences study.
- Student refunds will be based on unexpended tuition fees (rather than on total course cost as previously).

More details about these and related reforms can be found at [www.aei.gov.au](http://www.aei.gov.au)

## What is the Tuition Protection Service?

- The Tuition Protection Service or TPS is a placement and refund service for international students.
- From 1 July 2012, the TPS will replace the Tuition Assurance Scheme (TAS) arrangements and the ESOS Assurance Fund.
- The TPS is like insurance cover with premiums based on risk. It will aim to place students in an alternative course first and pay refunds only as a last resort.
- The TPS includes strengthened governance arrangements for greater accountability to Government.

## Overview of the TPS



It is your responsibility to understand your obligations under ESOS.

## What does it mean for education providers?

As an education provider to international students these reforms will affect you in a number of ways:

- All providers are still expected to meet all default obligations under the *Education Services for Overseas Students Act 2000* (ESOS).
- All providers (both public and private) will contribute annually to the TPS.
- From 1 July 2012 all available exemptions will cease and no provider will be refused tuition protection cover.
- The TPS will be a one-stop-shop with one set of fees—there will be no need to contribute separately to a TAS for international students.
- All providers will have the opportunity to place students and will be paid an incentive for doing so. Students will have to pay any additional tuition fees.
- No provider will be obliged to accept a student.
- The international education sector as a whole will reap the reputational benefits to Australia from having a robust tuition protection framework in place, backed by all providers.

## How will contributions to the TPS be calculated?

The TPS will be a universal system that means all providers, including public providers who were previously exempt, must contribute according to the risk they present to students and the sector.

There are three main components to the annual contribution (known as the TPS levy):

**An Administrative Fee and a Base Fee**—these are per provider and per enrolment and cover the basic costs of running the service. These fees are payable by all providers except registered schools that have no international students.

**A risk based fee**—public providers do not have to pay the risk component of the TPS levy as they present an extremely low risk of closure.

It will be up to the TPS Director to set the risk based component of the levy and this will most likely be drawn from information about providers currently in the system. In setting the fees, the TPS Director will seek the advice of the TPS Advisory board which will include broad representation across education sectors, actuarial experts and government. The risk factors used in the calculation of the levy will be reviewed and published annually.

**Special Levy**—initially set at zero, the TPS Director may charge a special levy during periods of market buoyancy to build a nest egg in the Overseas Student Tuition Fund for any future periods of market instability.