



Tuition Protection – Questions and Answers on Future Arrangements for VET Student Loans

The Australian Government is expanding the successful Tuition Protection Service (TPS) for international students to include tuition assurance protections for domestic students accessing a VET Student Loan (VSL), or a FEE-HELP or HECS-HELP loan at a private education provider or TAFE. The new tuition assurance arrangements will commence on 1 January 2020, subject to the passage of legislation.

Non-exempt VSL providers will be required to pay levies, commensurate with their size and risk. Students, providers and the training sector can be confident that the new tuition assurance arrangements will support students, and replacement providers, if tuition assurance is activated. Replacement providers will also benefit from the introduction of a per student incentive payment if they take on students from a closed provider.

For information about future tuition protection arrangements for FEE-HELP and HECS-HELP, please visit: www.education.gov.au.

Students

Q: What does this mean to me as a VET Student Loan (VSL) student?

A: The new arrangements will ensure your continued protection and support under tuition assurance. VSL students who are actively studying or have a formal deferral in place at the time their provider ceases to deliver their course or closes, are supported under the new arrangements. In line with legislation, 'Table A' providers are not included in the scope of the new arrangements.

If your provider ceases to teach your course, or your provider closes entirely, you:

- Will be assisted to move to another provider who is delivering the same or similar course. You can complete your studies at this new provider and not be charged for units of study you paid for but did not get to finish with your first provider.
- If there is no similar course for you to finish your studies, you may be entitled to a loan re-credit for the units of study you paid for using a VSL, but did not get to finish.

If you are concerned about what this may mean for you, please contact the Department of Employment, Skills, Small and Family Business at: VETtuitionAssurance@employment.gov.au.

Q: Who will support me if my provider closes in 2020 (or beyond)?

A: The Department of Employment, Skills, Small and Family Business' tuition protection service administrator will contact students if their provider stops teaching their course or closes entirely. The service administrator will assist students to move to a new, similar course. If the service administrator cannot find a suitable

course, students may be eligible for a re-credit of units of study they were unable to finish with the first provider.

Q: My provider has already closed – who do I contact to support me under tuition assurance?

A: If your provider has closed, the Department of Employment, Skills, Small and Family Business can help determine your eligibility for tuition assurance and available options. You can find more details at www.employment.gov.au/provider-closures.

Q: What happens if my provider closes before 2020 and my tuition assurance hasn't been finalised?

A: If your provider closes before 2020, your tuition assurance will continue to be managed by the Department of Employment, Skills, Small and Family Business. You can find more information, including about ongoing tuition assurance arrangements for students accessing a VET FEE-HELP loan, at: www.employment.gov.au/provider-closures.

Q. What do the new arrangements mean for international students?

A: There is no change to tuition protection arrangements for international students.

Q: What does this mean for higher education students accessing a FEE-HELP or HECS-HELP loan?

A: More information about tuition protection arrangements for domestic higher education students is available at: www.education.gov.au/help-and-other-information.

Providers

Q: What does it mean to me as a VET Student Loan (VSL) provider?

A: The commencement of the new arrangements - as part of the expanded Tuition Protection Service - will see some changes for providers in terms of how tuition assurance arrangements are funded. However, student protections under tuition assurance arrangements will remain the same. Students will still be supported to continue their study if their provider ceases to offer a course or closes.

The new tuition protection arrangements will require providers to pay annual levies, commensurate with their size and risk. Indicative levy amounts will be available in early 2020.

These sorts of arrangements are not new – all non-exempt providers paid premiums under to the previous tuition assurance scheme, operated by the then Australian Council for Private Education and Training and TAFE Directors Australia. The expanded Tuition Protection Service will see a return to sector-funded tuition protection.

The new arrangements will also include an incentive payment, which will be paid to VSL providers who enroll students as a replacement provider.

Each of the new VSL, and HELP arrangements will be managed by a statutory appointed Director, supported by an independent Advisory Board. The Director and Board members will be the same people as holding these positions for the Tuition Protection Service arrangements. The Advisory Board will have representation from the VET and Higher Education sectors, as well as the international education sector.

The levies collected under the new arrangements will be held in sector-specific quarantined accounts and be used to support students and providers. This means there will be no cross-subsidisation across the existing Tuition Protection Service for international students or new tuition protection arrangements for VSL, FEE-HELP or HECS-HELP.

Q: What does this mean to me as a CRICOS-registered provider of education to international students?

A: The current Tuition Protection Service arrangements will continue as a dedicated service for international students, with its own quarantined special account and the same protections and support through placements and refunds.

Q: When do the new arrangements start?

A: Subject to the passage of legislation, the new arrangements are scheduled to start on 1 January 2020. The interim tuition assurance arrangements – managed by the Department of Employment, Skills, Small and Family Business – remain in place until this time.

Q: How much will the levies be?

A: Indicative levy amounts will be provided to the sectors in early 2020 .

The Australian Government Actuary has, and will continue to provide advice on the levies to ensure the new arrangements are financially sound. The Australian Government Actuary is represented on the current Tuition Protection Service board and will remain a member of the new Advisory Board.

- TAFEs will pay an **administrative** levy.
- Private providers will pay an **administrative** levy and a **risk** levy and **surcharge**.

The final levy amounts for each provider will not be known until early 2020. Parts of the levies will be calculated using a provider's validated data from previous years.

For example, 2020 levies will be based on a provider's 2019 validated Higher Education Information Management System (HEIMS) data. It is essential that providers ensure their HEIMS data is up to date to ensure the levies reflect the provider's actual enrolments and risk.

Providers are reminded that they are required to update the HEIMS data in accordance with the *VET Student Loans Act 2016* (VSL Act).

The levies will be set using legislative instruments and will be reviewed annually, to ensure they remain appropriate to the sector.

Levies are expected to be collected in the second half of 2020, and details of the risk levy and contributing factors will be made available to providers in early 2020. As the levies are developed further, the department will provide updates to providers.

The levies will ensure that there are sufficient funds to support the services in the event of a closure. Providers will benefit from risk-based levies, and the stronger reputation that comes from adequate and sustainable student protection arrangements. Further, the levies contributed by the sector will go back to support VSL providers and students.

Tuition Protection Service levies for international education providers will continue under the current process', without change.

Q: Why do TAFEs have to pay for the levies?

A: TAFEs will only be required to pay the administrative levy.

The decision to exempt TAFEs from the risk levy is consistent with arrangements under the Tuition Protection Service, as well as with the Government's previous decisions to recognise the lower risk arrangements of TAFEs by giving them automatic approval as VET Student Loan providers, and more generous VSL provider fee limits for some courses.

Requiring all TAFEs to pay the administrative levy will provide more options for students to complete their studies. It also brings the tuition assurance arrangements for all TAFEs into alignment.

TAFEs will also benefit from the replacement provider payment, and the support provided to them through the strengthened arrangements for second providers.

Q: Which providers are exempt from the new arrangements?

A: Providers who do not offer VET Student Loans (VSL), FEE-HELP or HECS-HELP loans to domestic students are not required to contribute to the new arrangements.

In line with the *Higher Education Support Act 2003* (HESA), 'Table A' Universities are exempt from VSL tuition assurance requirements.

All non-exempt VSL providers are required to participate in the new arrangements and contribute levies, under the provider obligations in the VSL Act.

Q: I am a provider operating within the VET Student Loans (VSL), Higher Education and/or international education sectors. How will the new arrangements work for me?

A: Providers operating across VSL, FEE-HELP/HECS-HELP and /or international education, will pay separate levies for each sector. Independent levy amounts will be calculated based on data for each sector, and levy payments may occur at a different times during the year.

Q: What will the levies pay for?

A: The levies will be held in sector-specific quarantined accounts and be used to support students and providers. Providers will contribute levies depending on the sector/s they participate in.

The levies will be used to pay for:

- tuition assurance activation costs, including:
 - the per student incentive payment
 - any re-crediting costs where there is no similar course for the student to continue their study.
- the third party service provider that will assist students
- insurance, as required, while the fund builds up to a sufficient amount
- yearly actuarial services to advise the levy settings
- the Director and Advisory Board remuneration.

Q: Who will manage the new arrangements?

A: Consistent with the Tuition Protection Service, the new arrangements will be managed by a statutory appointed Director, who will be supported by an independent Advisory Board. The Director will be the same person as the Tuition Protection Service Director.

The Director will:

- manage and make calls on the fund
- ensure providers are compliant with their tuition assurance requirements
- determine levies
- support students and providers if tuition assurance is activated
- provide general support to the sector regarding tuition assurance.

The current Tuition Protection Service Advisory Board will be expanded to support the VET Student Loans, FEE-HELP and HECS-HELP arrangements.

Q: Can the levy funds be accessed if a solvent VET Student Loan provider ceases a course or closes?

A: The levies will be calculated based on the risk of a provider closing and the provider not being able to cover the cost of a tuition assurance activation. If a provider ceases to deliver a course of study and remains solvent, the financial obligation of supporting students lies with that provider.

The provider will be required to work with the Director to ensure students are supported to move to a suitable replacement provider. If there is no suitable replacement provider, the provider is liable to repay the Commonwealth for any loan amounts re-credited.

Q: What is the surcharge?

A: The surcharge will only be applied when the fund is below the target size. The target size will be reviewed annually by the Tuition Protection Service Director and Advisory Board (including the Australian Government Actuary). Only providers paying the risk levy will be required to pay the surcharge.

As the levies will be reviewed and set annually, once the fund has reached its target size, the surcharge will no longer be applied.

The surcharge amount for 2020 will be finalised in early 2020, and implemented through a legislative instrument.

Q: What will the tuition protection service administrator do?

A: If tuition protection is activated, the tuition protection service administrator will assist the closed provider, students and replacement providers.

The service administrator will assist the Director to match students with suitable replacement providers. The service administrator will work with the department, the Director and the replacement provider to ensure the replacement provider has the appropriate data, support and information to enrol displaced students.

Q: What is the incentive payment?

A: The new model will include a per student incentive payment for replacement providers enrolling students from a closed provider.

The payment is intended to cover a portion of the administrative costs a replacement provider may incur.

Q: Will the Tuition Protection Service change?

A: The current Tuition Protection Service arrangements will continue as a dedicated service for international students, with its own quarantined account and the same protections and support through placements and refunds.

The Tuition Protection Service levies for the Overseas Student Tuition Fund will not change as a result of the new tuition protection arrangements and will not be used to cross-subsidise the new tuition assurance arrangements for VET Student Loans (VSL), FEE-HELP or HECS-HELP.

The functions of the Tuition Protection Service Director and Advisory Board will be expanded to encompass both the overseas and domestic (VSL, FEE-HELP and HECS-HELP) students' tuition protection arrangements.

If providers have any concerns about their Tuition Protection Service arrangements, further information is available at:

Website: <https://tps.gov.au/>

Email: operations@tps.gov.au

Q: What does this mean for tuition assurance until the new arrangements take effect?

A: The current interim tuition assurance arrangements will remain in place until 31 December 2019, subject to the passage of legislation.

Q: Will this affect the other tuition assurance schemes for students who prepay their tuition fees?

A: The new arrangements do not extend to any other tuition assurance schemes for pre-paid fees, for example, those under the Standards for Registered Training Organisations 2015 (Standards).

Students who prepay their fees, including 'gap' fees paid by VSL students, will continue to be covered under the tuition assurance arrangements set out in the Standards.

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