



New Tuition Protection Arrangements from 1 January 2020

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

Students, providers and the training sector can be confident that the VSL tuition protection arrangements will support VSL students, and replacement providers, if tuition protection is activated.

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

Please note: as a result of recently announced Machinery of Government changes, the Department of Education will be responsible for the new tuition protection arrangements from 1 January 2020. From 1 February 2020, the new Department of Education, Skills and Employment will be responsible for the new arrangements. This document – including contact details – will be updated in line with those changes.

Students

Q: What do the new tuition protection arrangements mean for VSL students?

A: If you are a VSL student who is actively studying or has a formal deferral in place at the time your provider ceases to deliver your course or closes, you will be supported under the new tuition protection arrangements.

If your provider ceases to teach your course or closes entirely, you will be assisted to move to another provider who is delivering the same or a similar course. You can complete your studies at this new provider and not be charged for units of study you paid for using a VSL, 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 VSL provider ceases to deliver my course or closes entirely from 1 January 2020?

A: If your VSL provider stops teaching your course or closes entirely, the Australian Government's contracted tuition assurance administrator will contact you directly. The tuition assurance administrator will assist you to move to a similar replacement course. If the tuition assurance administrator cannot find a suitable replacement course, you may be eligible for a re-credit of units of study you were unable to finish with the first provider.

Q: My provider closed in 2019 or earlier – who do I contact to discuss tuition assurance assistance?

A: You should contact the Department of Employment, Skills, Small and Family Business at VETtuitionAssurance@employment.gov.au.

From 1 January 2020, you should contact the Department of Education at VETtuitionAssurance@employment.gov.au.

You can find more details at www.employment.gov.au/provider-closures.

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

A: There are no changes to tuition protection arrangements for international students. The current TPS arrangements will continue as a dedicated service for international students, with the same protections and support through placements and refunds.

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 do the new tuition protection arrangements mean for VSL providers?

A: The VSL tuition protection arrangements will see some changes for providers.

Subject to the passage of legislation, the VSL tuition protection arrangements will require non-exempt providers to pay annual levies, commensurate with their size and risk. Indicative levy amounts will be available in early 2020.

The arrangements will also include transfer payments, which may be paid to VSL providers who enroll students as a replacement provider.

The levies collected under the arrangements will be held in sector-specific quarantined accounts and be used to fund ongoing tuition protections. This means there will be no cross-subsidisation across the existing TPS for international students or tuition protection arrangements for VSL, FEE-HELP or HECS-HELP.

Q: When do the new tuition protection arrangements start?

A: The new tuition protection arrangements will start on 1 January 2020. The interim tuition assurance arrangements – currently managed by the Department of Employment, Skills, Small and Family Business – remain in place until 31 December 2019.

Q: How was the levy framework developed?

A: The Australian Government Actuary (AGA) developed the levy framework for the new arrangements. The AGA has provided, and will continue to provide, advice on the levies to ensure the arrangements are financially sound. The AGA is represented on the current TPS Advisory Board and will remain a member of the new VSL Tuition Protection Fund Advisory Board.

Q: How much will the levies be?

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

Q: What is the new levy comprised of?

A: Non-exempt providers will pay a levy comprised of an **administrative fee** component, a **risk rated premium** component and a **special tuition protection** component.

Q: How will the new levies be calculated:

A: 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).

Q: How will the levies be set?

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

Q: The new arrangements commence on 1 January 2020 – when will the levies become payable?

A: Levies are expected to be collected in the second half of 2020, and details of the risk rated premium component and contributing factors will be made available to providers in early 2020.

Q: Are all VSL providers subject to the arrangements?

A: In recognition of their low risk of default, TAFEs and other Government-owned providers are exempt from the new tuition protection arrangements, with the exception of obligations relating to providing information about replacement courses and obligations of replacement providers.

In line with the *Higher Education Support Act 2003* (HESA), 'Table A' Universities are similarly exempt from the new tuition protection arrangements, with the exception of obligations relating to providing information about replacement courses and obligations of replacement providers.

This means that while TAFEs, Government-owned providers and 'Table A' Universities are exempt from paying levies and obligations relating to provider default, they will still be required to provide information to the Tuition Protection Director to enable the Director to make decisions about suitable replacement courses; and to meet replacement provider obligations if they accept students whose provider has defaulted.

Q: I am a provider operating across the VET, Higher Education and/or international education sectors. How will the arrangements work for me?

A: Providers operating across the VET, Higher Education and international education sectors will pay separate levies for each sector. Independent levy amounts will be calculated based on data for each sector, and levies may be collected at 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. The levies will be used to pay for:

- tuition protection activation costs, including:
 - transfer payments
 - any loan re-crediting costs where there is no similar course for the student to continue their study.
- the third party tuition assurance administrator 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 arrangements?

A: Consistent with the current TPS, the VSL tuition protection arrangements will be managed by a statutory appointed VSL Tuition Protection Director (Director) who will be supported by an independent VSL Tuition Protection Fund Advisory Board. The Director will be the same person as the TPS Director.

The Director will:

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

The current TPS Advisory Board will be expanded to support the VSL, FEE-HELP and HECS-HELP arrangements.

Q: What is the special tuition protection component of the levy?

A: The special tuition protection component will be applied when the fund is below the target size. The target size will be reviewed annually by the Director and Advisory Board (including the Australian Government Actuary).

As the levies will be reviewed and set annually, once the fund has reached its target size, the special tuition protection component may no longer be applied.

The special tuition protection component amount for 2020 will be finalised in early 2020, and implemented through a legislative instrument.

Q: What is the transfer payment?

A: The new tuition protection arrangements include a new transfer payment which may be made to replacement providers enrolling students from a closed provider.

The payments are intended to cover a portion of the administrative costs a replacement provider may incur. The payment of transfer payments is at the discretion of the Director.

Q: What will the tuition assurance administrator do?

A: In the event a provider ceases to deliver a course or closes entirely and tuition assurance is activated, the tuition assurance administrator will assist displaced VSL students, the closed provider and replacement providers.

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

Q: Will the existing TPS arrangements change?

A: No. The current TPS 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 TPS 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 tuition protection arrangements for VSL, FEE-HELP or HECS-HELP.

The functions of the TPS 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 TPS arrangements, further information is available at:

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

Email: operations@tps.gov.au

Q: Do the new tuition protection arrangements extend to students who pre-pay their tuition fees upfront?

A: No. The new tuition protection arrangements do not extend to any other tuition protection requirements 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 protection arrangements set out in the Standards.

Last updated 13 December 2019