



**Australian Government**

**Department of Education and Training**

# FEE-HELP NUHEPs TUITION ASSURANCE 2019 - Q&As

## Students

### **Q: What does this mean to me as a NUHEP FEE-HELP or VSL student?**

**A:** The new arrangements will ensure your continued protection and support under tuition assurance.

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 very 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 re-credit of the units of study you paid for but did not get to finish.

If you are concerned about what this may mean to you, please contact the department at:

FEE-HELP students: [FEE-HELPTuitionAssurance@education.gov.au](mailto:FEE-HELPTuitionAssurance@education.gov.au)

VET FEE-HELP and VET Student Loans students: [VETTuitionAssurance@education.gov.au](mailto:VETTuitionAssurance@education.gov.au).

### **Q. What does this mean for International Students?**

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

### **Q: Who will support me if my provider closes in 2019 (or beyond)?**

The department's tuition assurance service provider will contact students if their provider stops teaching their course or closes entirely. The service provider will assist students to move to a new similar course. If the service provider cannot find a suitable course, students may be eligible for a re-credit of units of study they started but did not 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 Education and Training can help. You can find details here: <https://www.education.gov.au/tuition-assurance-and-provider-closures>.

## Providers

**Q: What does it mean to me as a NUHEP FEE-HELP or VSL provider?**

**A:** There will be changes to the tuition assurance arrangements for VSL and NUHEP/FEE-HELP supported students. However, the student protections under tuition assurance arrangements will be retained. That is, students will be supported to continue their study if their provider ceases to offer a course or closes.

Each of the new VSL and NUHEP/FEE-HELP arrangements will be managed by a statutory Director, supported by an independent Advisory Board. The Directors and Board members will be the same people as holding these positions for the TPS arrangements. The Advisory Board will have representation from the VET and Higher Education sectors, as well as the TPS sector.

The new tuition assurance arrangements will require providers to pay levies. All non-exempt providers had previously paid fees to the previous tuition assurance scheme operators, the Australian Council for Private Education and Training or TAFE Directors Australia.

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

The levies 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 TPS for international students or new tuition assurance arrangements for VSL and NUHEP FEE-HELP.

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

**A:** 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.

Consistent with the TPS, the new arrangements will remain under the management of the same statutory Director, who will be supported by an independent Advisory Board.

**Q: When do the new arrangements start?**

**A:** Subject to the passage of legislation, the new arrangements are scheduled to start on 1 January 2019. The Department of Education and Training's 2018 interim tuition assurance arrangements remain in place until this time.

**Q: How much will the levies be?**

**A:** Indicative levy amounts will be provided to the sectors later this year to allow appropriate time for consultation and the establishment of relevant governance structures.

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 will be a member of the 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 late 2018 or early in 2019. Parts of the levies will be calculated using a provider's validated data from previous years.

For example, the 2019 levies will be based on a provider's 2018 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.

You are reminded that approved course providers are required to update the HEIMS data in accordance with the VSL Act and HESA.

The levies will be set using legislative instruments – the instruments will be publicly available at the end of 2018. The levies will be reviewed annually, to ensure they remain appropriate to the sector.

Details of the risk levy and contributing factors will be made available to providers in late 2018. As the levies are developed further, the department will provide updates to providers.

Levy amounts will be generally in line with those charged at the commencement of the TPS for international students – to build up the levy fund to be self-sustaining.

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 insurance arrangements. Further, the levies contributed by the sector will go back to support VET and Higher Education providers and students.

Existing TPS levies will remain unchanged.

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

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

The decision to exempt TAFEs from the risk levy is consistent with arrangements under the TPS, 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 Loans 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.

**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, for the first years of the fund, 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 TPS, 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 TPS 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 TPS Advisory Board will be expanded to the VSL and NUHEP FEE-HELP arrangements.

**Q: Can the levy funds be accessed if a solvent NUHEP FEE-HELP or VSL 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 on 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 loans amounts re-credited.

**Q: What is the surcharge?**

**A:** The surcharge will only be applied when the funds are below their target sizes. The target sizes will be reviewed annually by the 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 2019, will be finalised toward the end of 2018 and implemented through a legislative instrument.

**Q: What will the third party service administrator do?**

**A:** If tuition assurance is activated, the third party administrator will assist the closed provider, students and replacement providers.

The third party provider will assist the Director to match students with suitable replacement providers. The third party 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 second provider may incur.

**Q: Will the TPS change?**

**A:** 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 assurance arrangements and will not be used to cross subsidise the new tuition assurance arrangements for VSL and NUHEP FEE-HELP.

The functions of the TPS Director and Advisory Board will be expanded to encompass both the overseas and domestic (VSL and NUHEP) students' tuition assurance arrangements.

***If providers have any concerns about their TPS tuition assurance arrangements, further information about the TPS is available at:***

**Website:** [www.tps.gov.au](http://www.tps.gov.au)

- *Links to legislation*
- *Frequently asked questions*
- *News*

**Email:** [operations@tps.gov.au](mailto:operations@tps.gov.au)

**Q: What does this mean for tuition assurance for the remainder of 2018?**

**A:** The current interim tuition assurance arrangements will remain in place until 31 December 2018. This will allow the Government sufficient time to implement the new arrangements for 1 January 2019, and allows the sector to be consulted on the new model.

**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) or the Higher Education Standards Framework 2015 (Framework).

Students who prepay their fees will continue to be covered under the tuition assurance arrangements set out in the Standards and Framework.

**Q: Why include NUHEPs when closures have predominantly occurred with VET operators?**

**A:** The Government has opted to include NUHEP FEE-HELP in the new arrangements to ensure a consistent approach across the student loans programs.

The arrangements recognise the value in determining and charging fully informed, provider specific premiums across all NUHEPs, underpinning in turn a central fund. The arrangements also provide for surer mobility across all NUHEPs in the event of course closure. This solution design is coherent and specifically intended to place NUHEPs as a whole on the surest possible footing.

**Q: Will NUHEPs be subsidising costs associated with other sectors?**

**A:** No. Each sector will have its own, separately administered and independent reserve fund with no cross-subsidisation possible. This quarantining of funds is more transparently rigorous than previous arrangements.

**Q: Why not universities?**

**A:** Australian-owned, public universities (Table A providers) - are exempt under legislation from tuition assurance arrangements.

**Q: Can I include my full-fee payers in this scheme?**

**A:** The new arrangements continue to be provided for FEE-HELP students only. Full-fee paying students constitute a small proportion of the total cohort of NUHEP students and tuition assurance will continue to be provided by a commercial operator.