



# Tuition protection – Questions and answers on future arrangements for Higher Education

The Australian Government is expanding the successful Tuition Protection Service (TPS) for international students to include tuition 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 protection arrangements will commence on 1 January 2020, subject to the passage of legislation.

Non-exempt providers will be required to pay levies, commensurate with their size and risk. Consistent with the current *Higher Education Support Act 2003* (HESA) requirements, Table A providers are exempt from tuition protection arrangements. Students, providers and the training sector can be confident that the new tuition protection arrangements will support students, and replacement providers, if a provider defaults.

## Students

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

**A:** The new arrangements will ensure your continued protection and support. FEE-HELP and HECS-HELP students at private education providers or TAFEs who are actively studying or have a formal deferment in place at the time their provider ceases to deliver their course or closes, are supported under the new arrangements.

If your provider ceases to teach your course, or your provider closes, you will be assisted to either continue your studies in a suitable replacement course with a replacement provider (if one is available), or receive a re-credit of your HELP balance for your affected unit of study. If you are concerned about what this may mean to you, please contact the Department of Education at:

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

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

**A:** The tuition protection service administrator will contact you if your provider stops teaching the course or closes entirely. If you elect to continue your studies with a replacement provider, the service administrator will assist you to move to a new similar course, if one is found to be available. If you elect a re-credit of your HELP balance for eligible units of study, this will be arranged for you.

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

A: If your provider has closed, the Department of Education can help determine your eligibility for tuition protection and what the available options are for you. You can contact the department at:  
[FEE-HELPTuitionAssurance@education.gov.au](mailto:FEE-HELPTuitionAssurance@education.gov.au).

**Q: What happens if my provider closes before 2020 and my tuition protection has not been finalised?**

A: If your provider closes before 2020, your tuition protection will continue to be managed by the Department of Education. You can contact the department at:  
[FEE-HELPTuitionAssurance@education.gov.au](mailto:FEE-HELPTuitionAssurance@education.gov.au).

**Q. What does this mean for international students?**

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

**Q: What does this mean for students accessing a VET Student Loan?**

A: More information about tuition protection arrangements for VET Student Loans is available at:  
[www.employment.gov.au/provider-closures](http://www.employment.gov.au/provider-closures)

## Providers

**Q: What does it mean to me as a FEE-HELP or HECS-HELP 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 protection arrangements are funded. However, student protections will remain the same. Students will still be supported to continue their study or receive a re-credit of their HELP balance for eligible units of study, if their provider ceases to offer a course or closes.

The expanded Tuition Protection Service will see a return to sector-funded tuition protection. 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.

The new arrangements enable the Higher Education Provider Guidelines to make provisions regarding transfer payments, which may be paid to HELP approved providers that enrol students as a replacement provider.

A statutory appointed Director, supported by an independent Advisory Board, will manage each of the new HELP and VSL arrangements. 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 Higher Education and VET 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 to continue their studies or to re-credit loan amounts for eligible units. This means there will be no cross-subsidisation across the existing Tuition Protection Service for international students or new tuition protection arrangements for FEE-HELP/HECS-HELP or VSL.

**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 Department of Education's 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 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, a **risk** levy and a **surcharge**.

The final levy amounts for the 2020 collection for each provider will not be known until 2020. Parts of the levies will be calculated using a provider's 2019 validated Higher Education Information Management System (HEIMS) student data.

Contributing factors will be made available to providers before the levy collection in 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 students 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 students to continue their studies or for re-crediting HELP balances.

**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.

Requiring all TAFEs to pay the administrative levy will bring the tuition protection arrangements for all TAFEs into alignment.

**Q: Which providers are exempt from the new arrangements?**

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

In line with the current *Higher Education Support Act 2003* (HESA) requirements, Table A providers are exempt from HELP tuition protection requirements.

All non-exempt FEE-HELP and HECS-HELP providers are required to participate in the new arrangements and contribute levies, under the provider obligations in the HESA.

**Q: I am a provider operating within the Higher Education, VSL and/or International Education sectors. How will the new arrangements work for me?**

**A:** Providers operating across Higher Education, VSL and /or International Education will pay separate levies for each sector. Separate levy amounts will be calculated based on student data for each sector. Providers will be informed about the timing of each levy collection.

**Q: What will the levies pay for?**

**A:** The levies will be held in sector-specific quarantined accounts and be used to support students to continue their studies or to re-credit their HELP balances for eligible units of study.

The levies will be used to pay for:

- tuition assurance activation costs, including:
  - identify suitable replacement courses
  - assist students placement with another provider
  - assist students who request a re-credit of HELP balances
  - transfer payments which may be paid to providers that enrol students as a replacement provider
- the third party service administrator costs
- 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 protection requirements
- determine levies
- support students and providers if tuition assurance is activated
- provide general support to the sector regarding tuition protection.

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

**Q: Can the levy funds be accessed if a solvent FEE-HELP or HECS-HELP 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 is a special levy that will only be applied when the fund is below the target size. The Tuition Protection Service Director and Advisory Board (including the Australian Government Actuary) will review the target size annually. 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 before the levy collection in 2020, and implemented through a legislative instrument.

**Q: What is a transfer payment?**

**A:** The new model will provide for transfer payments which may be paid to replacement providers that enrol students who have been affected by a course or provider closure. These payments are intended to offset some costs a replacement provider may incur in enrolling these students.

**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 protection 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](mailto: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 the new arrangements are implemented.

**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 Education Standards Framework (Threshold Standards) 2015.

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

*Last updated 25 October 2019*