

ESOS Assurance Fund

Annual Report 2009

Background

The ESOS Assurance Fund was established on 4 June 2001 under section 46 of the Education Services for Overseas Students Act 2000 (the Act) to protect the interests of current and intending overseas students of registered providers.

The following tables detail the key financial information for the years ended 31 December 2008 and 31 December 2009 and the payment of claims made by the Fund in 2009.

Financial Information

Table 1.1 shows the income received and expenses incurred in 2009 and 2008.

Table 1.1: Income and Expenses

	2009	2008
	\$	\$
Contributions income	3,351,831	1,565,363
Other revenue	(2,590,455)	7,093,628
Operating expenses	(205,043)	(130,584)
Reinsurance expense	-	(204,110)
Calls on the Fund (Provider default & Student default)	(1,357,823)	(3,458,266)
Calls on the Fund (Placement Cost)	(873,620)	(378,671)
Provision for claims	(7,186,000)	(4,570,112)
Fund Manager fees	(867,543)	(1,227,085)
Total comprehensive income for the year	(9,728,653)	(1,309,837)

Table 1.2 shows the assets and liabilities of the Fund as at 31 December 2009 and 31 December 2008.

Table 1.2: Assets and Liabilities

	2009	2008
	\$	\$
Assets		
Cash	3,503,020	1,874,771
Contributions receivable	275,440	34,811
Other current assets	22,411	29,958
Reinsurance and other recoveries	902,274	5,353,000
Total assets	4,703,145	7,292,540
Liabilities		
Payables	42,030	88,772
Provision for calls on the Fund	12,607,000	5,017,000
Non-current liabilities	-	404,000
Total liabilities	12,649,030	5,509,772
Net assets / (liabilities)	(7,945,885)	1,782,768

Claims on the Fund

Throughout the year, a number of claims have been referred to the Fund for assessment by the Department of Education, Employment and Workplace Relations (DEEWR). These claims are summarised as at 31 December 2009 as follows:

Default 1	
Date of default	23-Jan-08
Nature of default (provider or student)	Provider and Student
Number of students referred	1,071
Total refunds paid to students in 2009	\$289,206
Total cost of student placements in 2009	\$7,570
Estimate of outstanding claims ¹	\$30,000
Current status of default	In progress
Default 2	
Date of default	28-Aug-08 and 5-Sep-08
Nature of default (provider or student)	Provider and Student
Number of students referred	376
Total refunds paid to students in 2009	\$667,070
Estimate of outstanding claims ¹	\$82,000
Current status of default	In progress

Default 3	
Date of default	28-Nov-08 and 5-Dec-08
Nature of default (provider or student)	Provider and Student
Number of students referred	17
Total refunds paid to students in 2009	\$45,564
Estimate of outstanding claims ¹	\$0
Current status of default	In progress
Default 4	
Date of default	23-Jan-07
Nature of default (provider or student)	Provider
Number of students referred	2
Total refunds paid to students in 2009	\$4,423
Current status of default	Finalised
Default 5	
Date of default	4-Dec-08
Nature of default (provider or student)	Provider and Student
Number of students referred	4
Total refunds paid to students in 2009	\$41,696
Current status of default	Finalised
Default 6	
Date of default	17-Jul-09
Nature of default (provider or student)	Provider and Student
Number of students referred	78
Total refunds paid to students in 2009	\$58,634
Estimate of outstanding claims ¹	\$280,000
Current status of default	In progress
Default 7	
Date of default	28-Jul-09 and 6-Aug-09
Nature of default (provider or student)	Provider and Student
Number of students referred	386
Total refunds paid to students in 2009	\$143,095
Total cost of student placements in 2009	\$820,633
Estimate of outstanding claims ¹	\$950,000
Current status of default	In progress

Default 8	
Date of default	21-Aug-09
Nature of default (provider or student)	Provider and Student
Number of students referred	64
Total refunds paid to students in 2009	\$5,015
Total cost of student placements in 2009	\$45,417
Estimate of outstanding claims ¹	\$213,000
Current status of default	In progress
Default 9	
Date of default	5-Nov-09
Nature of default (provider or student)	Provider and Student
Number of students referred	1156
Total refunds paid to students in 2009	\$103,119
Estimate of outstanding claims ¹	\$8,113,000
Current status of default	In progress
Default 10	
Date of default	30-Sep-09
Nature of default (provider or student)	Provider and Student
Number of students referred	7
Total refunds paid to students in 2009	\$0
Estimate of outstanding claims ¹	\$62,000
Current status of default	In progress
Default 11	
Date of default	17-Sep-09 and 19-Nov-09
Nature of default (provider or student)	Provider and Student
Number of students referred	29
Total refunds paid to students in 2009	\$0
Estimate of outstanding claims ¹	\$103,000
Current status of default	In progress

Default 12	
Date of default	26-Nov-09
Nature of default (provider or student)	Provider and Student
Number of students referred	107
Total refunds paid to students in 2009	\$0
Estimate of outstanding claims ¹	\$2,774,000
Current status of default	In progress

1. The estimate of outstanding claims is taken from the “Valuation of Outstanding Liabilities as at 31 December 2009” prepared by the Fund’s actuary.
2. A Provider default applies to an overseas student or an intending overseas student in relation to a course if:
 - (a) the course does not start on the agreed starting day; or
 - (b) the course ceases to be provided at any time after it starts but before it is completed; or
 - (c) the course is not provided in full to the student because a sanction has been imposed on the registered provider and the student has not withdrawn before the default day.
3. A Student default applies to an overseas student or an intending overseas student in relation to a course if:
 - (a) the course starts on the agreed starting day, but the student does not start the course on that day (and has not previously withdrawn); or
 - (b) the student withdraws from the course (either before or after the agreed starting day); or
 - (c) the registered provider of the course refuses to provide, or continue providing, the course to the student because of one or more of the following events:
 - (i) the student failed to pay an amount he or she was liable to pay the provider, directly or indirectly, in order to undertake the course;
 - (ii) the student breached a condition of his or her student visa;
 - (iii) misbehaviour by the student.

Contact Details

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