

ESOS Assurance Fund

Annual Report 2010

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 2009 and 31 December 2010 and the payment of claims made by the Fund in 2010.

Financial Information

Table 1.1 shows the income received and expenses incurred in 2010 and 2009.

Table 1.1: Income and Expenses

	2010 \$	2009 \$
Conditional gift	3,000,000	-
Contributions income	4,343,439	3,351,831
Other income	60,819	(2,590,455)
Total income	7,404,252	761,376
Operating expenses	(752,614)	(205,043)
Calls on the Fund (Provider default & Student default)	(9,952,484)	(1,357,823)
Calls on the Fund (Placement Cost)	(1,576,369)	(873,620)
Commonwealth loan interest	(101,833)	-
Provision for claims	2,869,000	(7,186,000)
Fund Manager fees	(2,196,395)	(867,543)
Total expenses	(11,710,696)	(10,490,029)
Total comprehensive income for the year	(4,306,438)	(9,728,653)

Table 1.2 shows the assets and liabilities of the Fund as at 31 December 2010 and 31 December 2009.

Table 1.2: Assets and Liabilities

	2010	2009
	\$	\$
Assets		
Cash	3,048,017	3,503,020
Contributions receivable	-	275,440
Other current assets	51,108	22,411
Reinsurance and other recoveries	144,384	902,274
Total assets	3,243,509	4,703,145
Liabilities		
Payables	555,999	42,030
Provision for calls on the Fund	9,738,000	12,607,000
Interest bearing liabilities	1,133,833	-
Non-current liabilities	4,068,000	-
Total liabilities	15,495,832	12,649,030
Net assets / (liabilities)	(12,252,323)	(7,945,885)

Claims on the Fund

Throughout the year, a number of claims have been referred to the Fund for assessment. These claims are summarised as at 31 December 2010 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 2010	\$25,900
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$0
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 2010	\$36,859
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$0
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 2010	\$13,448
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$0
Current status of default	In progress
Default 4	
Date of default	17-Jul-09
Nature of default (provider or student)	Provider and Student
Number of students referred	77
Total refunds paid to students in 2010	\$96,906
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$20,000
Current status of default	In progress
Default 5	
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 2010	\$391,293
Total cost of student placements in 2010	\$213,731
Estimate of outstanding claims ¹	\$15,000
Current status of default	In progress
Default 6	
Date of default	21-Aug-09
Nature of default (provider or student)	Provider and Student
Number of students referred	62
Total refunds paid to students in 2010	\$116,557
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$13,000
Current status of default	In progress
Default 7	
Date of default	5-Nov-09
Nature of default (provider or student)	Provider and Student
Number of students referred	1157
Total refunds paid to students in 2010	\$4,003,157
Total cost of student placements in 2010	\$40,037

Estimate of outstanding claims ¹	\$2,285,000
Current status of default	In progress
Default 8	
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 2010	\$24,876
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$3,000
Current status of default	In progress
Default 9	
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	\$31,453
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$9,000
Current status of default	In progress
Default 10	
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	\$1,097,409
Total cost of student placements in 2010	\$819,957
Estimate of outstanding claims ¹	\$801,000
Current status of default	In progress
Default 11	
Date of default	1-Feb-2011
Nature of default (provider or student)	Provider and Student
Number of students referred	374
Total refunds paid to students in 2010	\$818,622
Total cost of student placements in 2010	\$3,905
Estimate of outstanding claims ¹	\$290,000
Current status of default	In progress
Default 12	
Date of default	29-Jan-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	2

Total refunds paid to students in 2010	\$6,614
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$7,000
Current status of default	In progress
Default 13	
Date of default	15-Feb-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	8
Total refunds paid to students in 2010	\$19,998
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$8,000
Current status of default	In progress
Default 14	
Date of default	26-Feb-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	57
Total refunds paid to students in 2010	\$776,227
Total cost of student placements in 2010	\$93,848
Estimate of outstanding claims ¹	\$1,197,000
Current status of default	In progress
Default 15	
Date of default	22-Jan-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	24
Total refunds paid to students in 2010	\$172,684
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$0
Current status of default	In progress
Default 16	
Date of default	11-Jan-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	2
Total refunds paid to students in 2010	\$6,680
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$4,000
Current status of default	In progress

Default 17	
Date of default	6-Apr-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	78
Total refunds paid to students in 2010	\$1,659,898
Total cost of student placements in 2010	\$397,650
Estimate of outstanding claims ¹	\$729,000
Current status of default	In progress
Default 18	
Date of default	26-Nov-2009
Nature of default (provider or student)	Provider and Student
Number of students referred	6
Total refunds paid to students in 2010	\$4,400
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$7,000
Current status of default	In progress
Default 19	
Date of default	1-Apr-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	2
Total refunds paid to students in 2010	\$13,200
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$0
Current status of default	In progress
Default 20	
Date of default	1-Mar-2010
Nature of default (provider or student)	Provider
Number of students referred	1
Total refunds paid to students in 2010	\$2,462
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$0
Current status of default	Finalised
Default 21	
Date of default	19-Mar-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	8
Total refunds paid to students in 2010	\$19,065
Total cost of student placements in 2010	\$0

Estimate of outstanding claims ¹	\$39,000
Current status of default	In progress
Default 22	
Date of default	23-June-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	11
Total refunds paid to students in 2010	\$40,773
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$23,000
Current status of default	In progress
Default 23	
Date of default	24-May-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	7
Total refunds paid to students in 2010	\$16,798
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$26,000
Current status of default	In progress
Default 24	
Date of default	3-June-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	14
Total refunds paid to students in 2010	\$22,993
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$61,000
Current status of default	In progress
Default 25	
Date of default	8-Jul-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	70
Total refunds paid to students in 2010	\$188,714
Total cost of student placements in 2010	\$7,241
Estimate of outstanding claims ¹	\$163,000
Current status of default	In progress
Default 26	
Date of default	12-Jul-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	82

Total refunds paid to students in 2010	\$100,527
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$1,030,000
Current status of default	In progress
Default 27	
Date of default	30-June-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	3
Total refunds paid to students in 2010	\$9,914
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$4,000
Current status of default	In progress
Default 28	
Date of default	11-June-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	4
Total refunds paid to students in 2010	\$6,554
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$18,000
Current status of default	In progress
Default 29	
Date of default	3-Aug-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	10
Total refunds paid to students in 2010	\$10,974
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$110,000
Current status of default	In progress
Default 30	
Date of default	29-Sep-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	12
Total refunds paid to students in 2010	\$8,021
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$294,000
Current status of default	In progress

Default 31	
Date of default	25-Mar-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	462
Total refunds paid to students in 2010	\$40,958
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$1,823,000
Current status of default	In progress
Default 32	
Date of default	8-Oct-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	16
Total refunds paid to students in 2010	\$168,550
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$172,000
Current status of default	In progress
Default 33	
Date of default	21-Jul-2010
Nature of default (provider or student)	Provider and Student
Number of students referred	15
Total refunds paid to students in 2010	\$0
Total cost of student placements in 2010	\$0
Estimate of outstanding claims ¹	\$303,000
Current status of default	In progress

1. The estimate of outstanding claims is taken from the “Valuation of Outstanding Liabilities as at 31 December 2010” 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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