

## ESOS ASSURANCE FUND 2012 CONTRIBUTIONS CRITERIA

The 2012 Contributions Criteria have been determined by the Contributions Review Panel in accordance with Division 4 of Part 5 of the *Education Services for Overseas Students Act 2000 (the ESOS Act)* and apply from 1 January 2012 to 31 December 2012.

Period of cover:	1 January 2012 to 31 December 2012											
Application:	All non-exempt providers registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) at any time during 2012.											
Components of the Criteria:	<ul style="list-style-type: none"> <li>• <b>Base Premium - \$650</b></li> <li>• <b>Additional Premium</b> – <i>Applicable additional premium rate multiplied by annual overseas student fee income*</i></li> </ul>											
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #800000; color: white;"> <th style="text-align: left;">Primary Assurance Mechanism / Ministerial Exemption</th> <th style="text-align: left;">Initial additional premium rate (1)</th> </tr> </thead> <tbody> <tr> <td>Tuition Assurance Scheme member (Base rate)</td> <td>0.260%</td> </tr> <tr> <td>Indemnity Agreement (Base rate)</td> <td>0.260%</td> </tr> <tr> <td>Bank Guarantee (Base rate)</td> <td>0.260%</td> </tr> <tr> <td>Ministerial Exemption (Uncovered rate)</td> <td>2.600%</td> </tr> </tbody> </table>			Primary Assurance Mechanism / Ministerial Exemption	Initial additional premium rate (1)	Tuition Assurance Scheme member (Base rate)	0.260%	Indemnity Agreement (Base rate)	0.260%	Bank Guarantee (Base rate)	0.260%	Ministerial Exemption (Uncovered rate)	2.600%
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\* The definition of overseas student fee income is per the definition of course money under Section 7 of the ESOS Act.

**Note (1):** In determining the Contributions Criteria for 2012 the Contributions Review Panel has determined that the additional premium rate for 2012 should be set at a level which would ensure that the loan repayment obligation to the Federal Government can be fully met from provider contributions. The additional premium rate has initially been set at 0.26% (base rate) and providers will be invoiced accordingly. Should a further contribution be needed during 2012 in order to meet the Fund's loan repayment obligations the additional premium rate specified in the Contributions Criteria for 2012 will be increased in accordance with section 65 of the ESOS Act. Should an additional amount be required from providers, this will be invoiced accordingly.

As noted above the ESOS Fund has an obligation to repay in full a loan received from the Federal Government. The loan needs to be repaid prior to the proposed transfer of functions from the ESOS Fund to the Overseas Students Tuition Fund (OSTF) under proposed changes to the ESOS Act. The purpose of the loan was to provide financial support to the Fund to ensure that it could meet its obligations under the ESOS Act. Subsequent to the loan, further financial support has been provided by the Federal Government by way of a non repayable conditional gift. Further information on these arrangements can be found in the audited Financial Statements of the Fund at [http://esosassurancfund.com.au/financial\\_statistics.html](http://esosassurancfund.com.au/financial_statistics.html).

Each provider's contribution will be assessed based on their **estimated overseas student fee income** for the period **1 January 2012 to 31 December 2012**. For those providers who were liable to the ESOS Assurance Fund (the Fund) in the previous year, their 2011 contribution will also include an **adjustment for any variances between their estimated and actual overseas student fee income** for the period **1 January 2011 to 31 December 2011**.

### Non-submission of required information

Non-submission of the requested information in the timeframe specified by the Fund Manager will result in a contribution notice with the following components being issued:

Components of the Criteria:	<ul style="list-style-type: none"> <li>• <b>Base Premium - \$650</b></li> <li>• <b>Non-refundable Administration Fee - \$370</b></li> <li>• <b>Additional Premium</b></li> </ul>							
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**Providers with a Ministerial Exemption (ME) that covers greater than \$1 million in overseas student fee income**

**Components of the Criteria:**

- **Base Premium - \$650**
- **Additional Base Fee - \$2,045**
- **Additional Premium Uncovered Rate– 2.600% of total overseas student fee income covered by ME.**

In addition the provider is requested to pursue one of three alternatives set out below, which may result in an adjustment to their initial contribution

<u>Alternatives:</u>	<u>Description</u>	<u>Adjustment to contribution</u>
<u>1</u>	<p>Obtain coverage under one of the options listed below for all or part of their overseas student fee income covered by ME to reduce their exposure to the Fund and their contribution fees:</p> <ul style="list-style-type: none"> <li>• insurance coverage</li> <li>• bank guarantee</li> <li>• their courses to be covered by one or more TASs</li> <li>• suitable assets over which the Fund can obtain security</li> <li>• enter into a legally-binding agreement with an alternative provider approved by the Fund Manager, where the agreement provides that should the first provider cease to be able to provide a course of study, the alternative provider will offer to enrol students of the first provider in a course leading to the same or a comparable qualification, with full credit for the units of study completed, and at no additional cost to the student for the part of the course for which course money has been paid to the original provider</li> <li>• any combination of the above.</li> </ul>	<p>Where this coverage is obtained for:</p> <ul style="list-style-type: none"> <li>• the provider's entire overseas student fee income covered by ME, then the Additional Premium portion of the provider's contribution will be adjusted based on 0.260% of their overseas income,</li> <li>• the portion of the provider's overseas student fee income covered by ME above \$1 million, then the Additional Premium portion of the provider's contribution will be adjusted based on: <ul style="list-style-type: none"> <li>▪ 2.60 % of overseas income with ME (up to a maximum of \$1 million), plus</li> <li>▪ 0.260% of overseas income with PAM coverage.</li> </ul> </li> </ul>
<u>2</u>	<p>Establish a trust account, at the provider's own cost. All overseas student fee income will need to be deposited into the trust account, which is required to be managed by an external party. All payments from the trust account will be managed in accordance with a trust deed agreed between the provider and the Fund Manager. The trust arrangements will aim to ensure that the risk to the Fund is mitigated to an extent equivalent to a Primary Assurance Mechanism.</p>	<p>The provider's Additional Premium will be adjusted based on a rate between 0.260% and 2.60 % (the final percentage to be determined by the Fund Manager) of their overseas student fee income covered by the trust account arrangement.</p>
<u>3</u>	<p>Discuss with the Fund Manager alternative ways of mitigating the risk to the Fund.</p>	<p>The provider's Additional Premium will be adjusted at the Fund Manager's discretion which may include a rate greater or less than 2.60 % of overseas student income depending on the circumstances.</p>

Where providers fail to obtain one of the alternatives listed above within 6 months of advising the Fund Manager of their overseas fee income, the Fund Manager will automatically apply Alternative 3.

**Providers not covered by a Primary Assurance Mechanism (PAM) or a Ministerial Exemption (ME)**

Should the situation occur where a provider is, for a period of time, for whatever reason, without a PAM or ME, the provider must inform the Fund Manager as soon as practicable, and the provider's contribution will be adjusted, based on the uncovered Additional Premium rate, for the period during which the provider is without coverage, plus an administration fee of \$370.

In addition, if the provider's overseas fee income is in excess of \$1 million, the provider will be requested to comply with alternative 1 or 2 in the above section of the Contributions Criteria.

Should the provider subsequently secure a PAM or ME (along with an additional form of coverage listed under alternative 1 or 2, where required) then the provider's contribution will be adjusted accordingly.

### **Security over Assets**

Providers can request (and will be assessed on a case-by-case basis) that the Fund Manager take a security over their suitable assets. If a security is taken over a provider's assets, this will result in a reduction in the provider's annual Fund contribution.

### **Providers operating overcapacity**

Should the situation occur where a provider's student enrolment numbers exceed their approved capacity, by more than 10%, the provider's contribution will be adjusted. The adjustment will result in the component of their overseas fee income that relates to enrolments above the approved capacity being invoiced at the uncovered rate in order to reflect the additional risk on the Fund.

The Fund Manager will obtain overcapacity data from the Department of Education, Employment and Workplace Relations (DEEWR). The overcapacity rate applicable to your contribution will initially be based on a point in time. However, the Fund Manager will make an adjustment to the overcapacity rate in the following year based on the actual average overcapacity for the prior year.