

# ESOS ASSURANCE FUND 2009 CONTRIBUTIONS CRITERIA

The 2009 Contributions Criteria have been determined by the Contributions Review Panel in accordance with Section 60 of the *Education Services for Overseas Students Act 2000 (The ESOS Act)* and apply from 1 January 2009 to 31 December 2009.

Period of cover:	1 January 2009 to 31 December 2009										
Application:	<b>All non-exempt providers registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) at any time during 2009.</b>										
Components of the Criteria:	<ul style="list-style-type: none"> <li>• <b>Base Premium - \$530</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="margin-left: 40px;"> <thead> <tr> <th style="background-color: #d3d3d3;">Primary Assurance Mechanism / Ministerial Exemption</th> <th style="background-color: #d3d3d3;">Additional premium rate</th> </tr> </thead> <tbody> <tr> <td>Tuition Assurance Scheme member</td> <td>0.090%</td> </tr> <tr> <td>Indemnity Agreement</td> <td>0.090%</td> </tr> <tr> <td>Bank Guarantee</td> <td>0.090%</td> </tr> <tr> <td>Ministerial Exemption</td> <td>0.90%</td> </tr> </tbody> </table>	Primary Assurance Mechanism / Ministerial Exemption	Additional premium rate	Tuition Assurance Scheme member	0.090%	Indemnity Agreement	0.090%	Bank Guarantee	0.090%	Ministerial Exemption	0.90%
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*\* The definition of overseas student fee income is per the definition of course money under Section 7 of the Education Services for Overseas Students Act 2000.*

Each provider's contribution will be assessed based on their **estimated overseas student fee income** for the period **1 January 2009 to 31 December 2009**. For those providers who were liable to the ESOS Assurance Fund (the Fund) in the previous year, their 2008 contribution will also include an **adjustment for any variances between their estimated and actual overseas student fee income** for the period **1 January 2008 to 31 December 2008**.

## 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 - \$530</b></li> <li>• <b>Non-refundable Administration Fee - \$335</b></li> <li>• <b>Additional Premium</b></li> </ul> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th colspan="2" style="background-color: #d3d3d3;">Additional premium calculation</th> </tr> </thead> <tbody> <tr> <td style="background-color: #d3d3d3;">Non – responsive in 1 year</td> <td>The greater of either:                             <ul style="list-style-type: none"> <li>▪ the provider's 2008 estimated overseas student fee income increased by a <b>20% uplift factor</b>, multiplied by the applicable Additional Premium rate, or</li> <li>▪ the provider's 2008 estimated overseas student fee income multiplied by the applicable Additional Premium rate plus a <b>\$230 surcharge</b>.</li> </ul> </td> </tr> <tr> <td style="background-color: #d3d3d3;">Non-responsive in 2 or more consecutive years</td> <td>The greater of either:                             <ul style="list-style-type: none"> <li>▪ the provider's 2008 estimated overseas student fee income increased by a <b>20% uplift factor</b>, multiplied by the applicable Additional Premium rate <b>multiplied by a factor of 10</b>, or</li> <li>▪ the provider's 2008 estimated overseas student fee income multiplied by the applicable Additional Premium rate <b>multiplied by a factor of 10</b> plus a <b>\$230 surcharge</b>.</li> </ul> </td> </tr> </tbody> </table>	Additional premium calculation		Non – responsive in 1 year	The greater of either: <ul style="list-style-type: none"> <li>▪ the provider's 2008 estimated overseas student fee income increased by a <b>20% uplift factor</b>, multiplied by the applicable Additional Premium rate, or</li> <li>▪ the provider's 2008 estimated overseas student fee income multiplied by the applicable Additional Premium rate plus a <b>\$230 surcharge</b>.</li> </ul>	Non-responsive in 2 or more consecutive years	The greater of either: <ul style="list-style-type: none"> <li>▪ the provider's 2008 estimated overseas student fee income increased by a <b>20% uplift factor</b>, multiplied by the applicable Additional Premium rate <b>multiplied by a factor of 10</b>, or</li> <li>▪ the provider's 2008 estimated overseas student fee income multiplied by the applicable Additional Premium rate <b>multiplied by a factor of 10</b> plus a <b>\$230 surcharge</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:	<ul style="list-style-type: none"> <li>• <b>Base Premium - \$530</b></li> <li>• <b>Additional Base Fee - \$1,865</b></li> <li>• <b>Additional Premium – 0.90% of total overseas student fee income covered by ME.</b></li> </ul>
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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 0.090% 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>▪ 0.90% of overseas income with ME (up to a maximum of \$1 million), plus</li> <li>▪ 0.090% 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 PAM.</p>	<p>The provider's Additional Premium will be adjusted based on a rate between 0.090% and 0.90% (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 0.90% 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 undiscounted Additional Premium rate, for the period during which the provider is without coverage, **plus** an additional base fee of \$1,865.

The Fund Manager will also immediately request that the provider submit to the Fund Manager the necessary information required for the Fund Manager to undertake an individual exposure assessment to determine an appropriate additional premium rate. Failure to provide the required information to the Fund Manager within 30 days of the initial request will result in the Fund Manager advising the Department of Education, Employment and Workplace Relations of the provider's breach of section 26 of the *ESOS Act*.

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 an 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 suitable assets. This will result in a reduction in the provider's annual Fund contribution.