EXPLANATORY STATEMENT

Subject:- Education Services for Overseas Students Act 2000
2007 Contributions Criteria

Background – ESOS Assurance Fund

Part 5 of the Education Services for Overseas Students Act 2000 ("the Act") is about the ESOS Assurance Fund (the Fund). Sections 58 to 65 of the Act concern annual Fund contributions.

The Fund was established under the Act to protect the interests of overseas students on student visas or intending overseas students, who are studying or about to study in Australia.

The Fund can be used to place the student in a substitute course, or, failing that, to pay the student a refund in circumstances where:

- a student does not receive a course for which they have paid; and
- the provider cannot arrange for a suitable alternative course or provide a refund of course fees; and
- the circumstances of the case prevent the student being placed in a suitable alternative course by the provider’s Tuition Assurance Scheme (TAS) or other primary assurance mechanism.

All providers registered on the Commonwealth Register of Institutions and Courses for Overseas Students, other than those exempt under the Act (which includes providers that are administered by a state education authority or receive Commonwealth recurrent funding), must pay an annual contribution to the Fund. The Fund is managed by a Fund Manager. The contracted Fund Manager is PricewaterhouseCoopers.

Contributions Criteria

The Contributions Criteria are determined by the Contributions Review Panel (the Panel) which is established under subsection 55(1) of the Act.

Under section 59 of the Act, the Fund Manager must give the Panel a set of draft contributions criteria, which the Panel must either accept without alteration or ask the Fund Manager to revise.

In accordance with section 59 of the Act, the Panel determined the Contributions Criteria on 26 September 2006. The Fund Manager may now make this information publicly available, in accordance with section 62 of the Act.


The criteria apply to all non-exempt providers registered on the Commonwealth Register of Institutions and Courses for Overseas Students at any time during 2007. The criteria set out the base premium and additional premiums that apply to providers.

Each provider’s contribution is assessed based on their estimated overseas student fee income for the period 1 January to 31 December 2007. Discounts apply to any provider who has a
Primary Assurance Mechanism in place; i.e., the provider is either a member of a Tuition Assurance Scheme or has in place an indemnity agreement or a bank guarantee.

The Criteria also set out the consequences of a provider not submitting required information to the Fund Manager.

Consultation

The Panel is a 10 member Panel appointed by the Minister for Education, Science and Training. The Act requires that at least 5 of the members must be people who, in the Minister’s opinion, represent the interests of providers who are liable to pay annual Fund contributions. At least 4 of the 5 must be people who, in the Minister’s opinion, represent the interests of providers who are members of tuition assurance schemes. There is consultation with industry regarding Panel appointments.

The Fund Manager developed the draft contributions criteria and the Panel determined the criteria in accordance with the process set out in section 59 of the Act.

Commencement

This instrument commences on 1 January 2007.